

APPENDIX DATED 15 APRIL 2016

This Appendix is circulated to the shareholders of Sakae Holdings Ltd. (the “**Company**”) together with the Company’s annual report for the year ended 31 December 2015 (the “**Annual Report**”). Its purpose is to provide shareholders of the Company (the “**Shareholders**”) with information relating to, and to explain the rationale for, the proposed renewal of the Share Buyback Mandate (as defined in this Appendix) to be tabled at the annual general meeting (the “**2016 AGM**”) to be held on 30 April 2016 at 2:00 p.m. at 28 Tai Seng Street, Sakae Building, Level 7, Singapore 534106.

The notice of the 2016 AGM and a proxy form are enclosed with the Annual Report.

If you are in doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately forward this Appendix, the Annual Report and proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser or transferee. The ordinary resolutions proposed to be passed in respect of the above matters are set out in the notice of the 2016 AGM enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.



SAKAE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199604816E)

APPENDIX IN RELATION TO:

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

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DEFINITIONS

For the purpose of this Appendix, the following definitions have, where appropriate, been used:

“AGM”	:	The annual general meeting of the Company
“Approval Date”	:	Has the meaning ascribed to it in paragraph 2.3.1 of this Appendix
“Associate”	:	Shall bear the meaning assigned to it by the Listing Manual
“Average Closing Price”	:	Has the meaning ascribed to it in paragraph 2.3.4 of this Appendix
“Board”	:	The board of the Directors of the Company for the time being
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act (Chapter 50 of Singapore) as amended, varied or supplemented from time to time
“Company”	:	Sakae Holdings Ltd.
“Constitution”	:	The memorandum of association and articles of association of the Company which were in force immediately before the Companies (Amendment) Act 2014 took effect in phases on 1 July 2015 and 3 January 2016, respectively
“Controlling Shareholder”	:	A person who (i) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (ii) in fact exercises control over the Company.
“date of the making of the offer”	:	Has the meaning ascribed to it in paragraph 2.3.4 of this Appendix
“Directors”	:	Directors of the Company for the time being
“EPS”	:	Earnings per Share
“Group”	:	The Company and its Subsidiaries
“Latest Practicable Date”	:	4 April 2016, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	:	The listing manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time
“Listing Rules”	:	The listing rules of the SGX-ST as set out in the Listing Manual
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	:	Has the meaning ascribed to it in paragraph 2.3.3 of this Appendix
“Maximum Price”	:	Has the meaning ascribed to it in paragraph 2.3.4 of this Appendix

“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in paragraph 2.3.3 of this Appendix
“Registrar”	:	The Registrar of Companies appointed under the Companies Act
“Relevant Period”	:	The period commencing from the date on which the last AGM of the Company was held or was required by law to be held before the resolution relating to the Share Buyback Mandate is passed, and expiring on the date the next AGM is held or required by law to be held, whichever is the earlier, after the said resolution is passed
“Rule 14”	:	Has the meaning ascribed to it in paragraph 2.10.1 of this Appendix
“Securities Account”	:	Securities accounts maintained by a depositor with CDP but not including securities sub-accounts maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buyback”	:	The buyback of Shares by the Company pursuant to the terms of the Share Buyback Mandate
“Share Buyback Mandate”	:	The proposed mandate to enable the Company to purchase or otherwise acquire its Shares, the terms of which are set out in paragraph 2 of this Appendix
“Shareholders”	:	Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term “ Shareholders ” shall in relation to such Shares mean the depositors whose Securities Accounts with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“Subsidiaries”	:	The subsidiaries of a company (as defined in Section 5 of the Companies Act) and “ Subsidiary ” shall be construed accordingly
“Substantial Shareholder”	:	A person who has an interest in one or more voting shares of a company, and the total votes attached to those shares are not less than 5% of the total votes attached to all the voting shares in the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, varied or supplemented from time to time
“usage”	:	Has the meaning ascribed to it in paragraph 2.5.3 of this Appendix
“2016 AGM”	:	The AGM of the Company to be held on 30 April 2016
“2015 Mandate”	:	Has the meaning ascribed to it in paragraph 2.1 of this Appendix
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Per centum or percentage

The terms “**depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act. The term “**treasury shares**” shall have the meaning ascribed to it in Section 4 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons, where applicable, shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act or the Listing Manual or any statutory modification thereof and not otherwise defined in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act or the Listing Manual or any statutory modification thereof, as the case may be.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference to a time of day and date in this Appendix shall be a reference to Singapore time and date, unless otherwise specified.

Any discrepancies in the figures included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

Directors:

Douglas Foo Peow Yong (Executive Chairman)
Foo Lilian (Executive Director and Chief Executive Officer)
Chan Wing Leong (Non-Executive and Lead Independent Director)
Lim Chee Yong (Non-Executive and Independent Director)
Nandakumar Ponniya (Non-Executive and Independent Director)

Registered Office:

28 Tai Seng Street
#07-00 Sakae Building
Singapore 534106

15 April 2016

To: The Shareholders of Sakae Holdings Ltd.

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information pertaining to, and to seek Shareholders' approval at the AGM to be held on 30 April 2016 for, *inter alia*, the proposed renewal of the Share Buyback Mandate.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 The Existing Share Buyback Mandate

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by the Companies Act, the Listing Manual, the Constitution of the Company and such other laws and regulations as may for the time being be applicable. The Shareholders had approved the Share Buyback Mandate to enable the Company to purchase or otherwise acquire its issued Shares at the AGM of the Company held on 21 April 2015 (the "**2015 Mandate**").

The 2015 Mandate will expire on the date of the forthcoming AGM of the Company to be held on 30 April 2016. Accordingly, Shareholders' approval is being sought for the renewal of the Share Buyback Mandate at the forthcoming AGM. If approved, the Share Buyback Mandate will take effect from the date of the 2016 AGM and continue in force until the date of the next AGM of the Company or such date as the next AGM is required by law to be held, whichever is earlier. This is unless prior thereto, Share Buybacks are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in a general meeting. The Share Buyback Mandate will be put to Shareholders for renewal at each subsequent AGM of the Company.

2.2 Rationale for Share Buyback Mandate

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. The proposed renewal of the Share Buyback Mandate will give the Directors the flexibility to purchase or acquire the Shares if and when circumstances permit.

Share Buybacks provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's dividend payout, cash reserves and share capital structure with a view to enhancing the earnings and/or NTA value per Share.

The Directors further believe that Share Buybacks by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster the confidence of Shareholders.

If and when circumstances permit, the Directors will decide whether to effect the share purchases via Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the prevailing market conditions, the costs, timing and the most cost-effective and efficient approach. Such purchases or acquisitions will only be made when the Directors are of the view that it will benefit the Company and its Shareholders. The Directors do not propose to carry out Share Buybacks to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group, taking into account the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

2.3 Terms of the Share Buyback Mandate

The authority and limitations placed on purchases of Shares by the Company under the Share Buyback Mandate are summarised below:

2.3.1 Maximum number of shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the AGM at which the renewal of the Share Buyback Mandate is approved (the "**Approval Date**") (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered, excluding any treasury Shares that may be held by the Company from time to time). Shares which are held as treasury Shares will be disregarded for the purpose of computing the 10% limit. As at the Latest Practicable Date, there are treasury Shares in total of 2,528,000 held in the name of the Company.

For illustrative purposes only, based on the existing issued ordinary share capital of the Company as at the Latest Practicable Date of S\$10,736,283 comprising (i) 139,472,000 issued Shares and (ii) 2,528,000 treasury Shares. Assuming that no further Shares are issued on or prior to the 2016 AGM, not more than 13,947,200 Shares (representing 10% of the issued ordinary share capital of the Company, as at the date of the AGM excluding treasury Shares) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the issued ordinary share capital of the Company (excluding treasury Shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued ordinary share capital of the Company (excluding treasury Shares). In particular, no purchase or acquisition of the Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.

2.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which the Share Buybacks are carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders in a general meeting.

2.3.3 Manner of purchase of Shares

Purchases of Shares may be made by way of, *inter alia*:

- (a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the ready market of the SGX-ST or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the Listing Rules.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (i) the offers for the purchase or acquisition of issued Shares under the scheme are to be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers are the same except that there shall be disregarded:
 - (1) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
 - (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

In addition, the Listing Rules provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed Share Buyback;
- (D) the consequences, if any, of Share Buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (E) whether the Share Buyback, if made, could have any effect on the listing of the Shares on the SGX-ST;
- (F) details of any Share Buyback made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (G) whether the Shares purchased by the Company will be cancelled or kept as treasury Shares.

2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 110% of the Average Closing Price (as defined hereinafter),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 **Status of Shares Purchased Under the Share Buyback Mandate**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation), unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury Shares.

All Shares purchased or acquired by the Company (other than treasury Shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

The Directors will decide whether the Shares purchased will be cancelled or kept as treasury Shares, or partly cancelled and partly kept as treasury Shares, depending on the needs of the Company.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury Shares. Some of the provisions on treasury Shares under the Companies Act are summarised below:

2.5.1 Maximum holdings

The number of Shares held as treasury Shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 Voting and other rights

The Company cannot exercise any right in respect of treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury Shares is allowed. Also, a subdivision or consolidation of any treasury Share into treasury Shares of a smaller amount is allowed so long as the total value of the treasury Shares after the subdivision or consolidation is the same as before.

2.5.3 Disposal and cancellation

Where Shares are held as treasury Shares, the Company may at any time:

- (a) sell the treasury Shares for cash;
- (b) transfer the treasury Shares for the purposes of or pursuant to an employee share scheme;
- (c) transfer the treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury Shares; or
- (e) sell, transfer or otherwise use the treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Pursuant to Rule 704(28) of the Listing Manual, the Company will immediately announce any sale, transfer, cancellation and/or use of treasury Shares (in each case, the "**usage**"), stating the following:

- (i) date of the usage;
- (ii) purpose of the usage;
- (iii) number of treasury Shares comprised in the usage;

- (iv) the number of treasury Shares before and after the usage;
- (v) percentage of the number of treasury Shares comprised in the usage against the total number of issued shares (of the same class as the treasury Shares) which are listed on the SGX-ST before and after the usage; and
- (vi) value of the treasury Shares if they are used for a sale or transfer, or cancelled.

2.6 Sources of Funds for Share Buyback

In buying back Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Constitution, and the applicable laws in Singapore. The Company may not buy Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. Previously, any purchase of Shares could only be made out of the Company's distributable profits that are available for payment as dividends. However the Companies Act now permits the Company to also purchase its own Shares out of capital, as well as from its distributable profits, provided that:

- (a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the twelve (12) months immediately following the purchase; and
- (b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

Further, for purposes of determining the value of a contingent liability, the Directors or managers of the Company may take into account the following:

- (i) the likelihood of the contingency occurring; and
- (ii) any claim the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company may use internal resources and/or external borrowings and/or a combination of both to finance purchases of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will, principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.7 Financial Effects of the Share Buyback Mandate

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, how the Shares are purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

The Company's total issued share capital will be diminished by the total nominal amount of the Shares purchased by the Company. The NTA of the Company and the Group will be reduced by the aggregate purchase price paid by the Company for the Shares. The purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2015, are based on the following principal assumptions:

- (a) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 January 2015 for the purpose of computing the financial effects on the EPS of the Group and the Company;
- (b) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 January 2015 for the purpose of computing the financial effects on the Shareholders' equity, NTA per Share and gearing of the Group and the Company; and
- (c) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

2.7.1 Purchase or acquisition out of capital or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased.

2.7.2 Information as at the Latest Practical Date

As at the Latest Practicable Date, the issued capital of the Company is S\$10,736,283 comprising (i) 139,472,000 issued Shares and (ii) 2,528,000 treasury Shares. No Shares are reserved for issue by the Company as at the Latest Practicable Date.

2.7.3 Financial effects

For illustrative purposes only, and on the basis of the principal assumptions (a) to (c) in paragraph 2.7 above and the assumptions set out below, the financial effects of the:

- (a) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made entirely out of capital and held as treasury Shares; and
- (b) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made entirely out of capital and cancelled,

based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2015 are set out in the sections below.

(i) **Purchases made entirely out of capital and held as treasury Shares**

Market Purchase

For illustrative purposes only, in a Market Purchase, based on the assumption that such purchase or acquisition of Shares is financed solely by borrowings of approximately S\$5,779,109 (comprising the principal amount and accrued interest thereon), and assuming that the Maximum Price is S\$0.4043 which is 5% above the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 13,947,200 Shares (representing approximately 10% of the issued ordinary share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date, which is the maximum number of Shares the Company is allowed to purchase) under and during the duration of the Share Buyback Mandate, is approximately S\$5,638,156. On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and Group's audited financial statements for the financial year ended 31 December 2015 is as follows:

As at 31 December 2015	Company		Group	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
Shareholders' equity (S\$'000)	41,257	35,478	44,953	39,174
NTA (S\$'000)	41,257	35,478	44,953	39,174
Current Assets (S\$'000)	21,753	21,612	32,297	32,156
Current Liabilities (S\$'000)	46,574	52,212	50,448	56,086
Total Borrowings (S\$'000)	43,346	48,984	43,346	48,984
Cash & Cash Equivalents (S\$'000)	7,228	7,078	11,713	11,572
Net Loss (S\$'000)	(3,652)	(3,793)	(4,631)	(4,772)
Number of Shares ('000)	139,472	125,525	139,472	125,525
Financial Ratios				
NTA per Share (cents)	29.58	28.26	32.23	31.21
Basic EPS (cents)	(2.62)	(3.02)	(3.32)	(3.80)
Gearing Ratio	1.05	1.38	0.96	1.25
Current Ratio (times)	0.47	0.41	0.64	0.57

Note:

(1) Number of Shares excludes 2,528,000 Shares that are held as treasury Shares.

Off-Market Purchase

For illustrative purposes only, in an Off-Market Purchase, based on the assumption that such purchase or acquisition of Shares is financed solely by borrowings of approximately S\$6,054,305 (comprising the principal amount and accrued interest thereon), and assuming that the Maximum Price is S\$0.4235 which is 10% above the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 13,947,200 Shares (representing approximately 10% of the total issued ordinary share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date, which is the maximum number of Shares the Company is allowed to purchase) under and during the duration of the Share Buyback Mandate, is approximately S\$5,906,639. On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 December 2015 is as follows:

As at 31 December 2015	Company		Group	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
Shareholders' equity (S\$'000)	41,257	35,202	44,953	38,898
NTA (S\$'000)	41,257	35,202	44,953	38,898
Current Assets (S\$'000)	21,753	21,605	33,297	32,149
Current Liabilities (S\$'000)	46,574	52,481	50,448	56,355
Total Borrowings (S\$'000)	43,346	49,253	43,346	49,253
Cash & Cash Equivalents (S\$'000)	7,228	7,080	11,713	11,565
Net Loss (S\$'000)	(3,652)	(3,800)	(4,631)	(4,779)
Number of Shares ('000)	139,472	125,525	139,472	125,525
Financial Ratios				
NTA per Share (cents)	29.58	28.04	32.23	30.99
Basic EPS (cents)	(2.62)	(3.03)	(3.32)	(3.81)
Gearing Ratio	1.05	1.40	0.96	1.27
Current Ratio (times)	0.47	0.41	0.64	0.57

Note:

(1) Number of Shares excludes 2,528,000 Shares that are held as treasury Shares.

(ii) **Purchases made entirely out of capital and cancelled**

Market Purchase

For illustrative purposes only, in a Market Purchase, based on the assumption that such purchase or acquisition of Shares is financed solely by borrowings of approximately S\$5,779,109 (comprising the principal amount and accrued interest thereon), and assuming that the Maximum Price is S\$0.4043, which is 5% above the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date on which transactions in the Shares were recorded, the maximum amount of funds required for the purchase of up to 13,947,200 Shares (representing approximately 10% of the total issued ordinary share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date, which is the maximum number of Shares the Company is allowed to purchase) under and during the duration of the Share Buyback Mandate, is approximately S\$5,638,156. On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 December 2015 is as follows:

As at 31 December 2015	Company		Group	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
Shareholders' equity (S\$'000)	41,257	35,478	44,953	39,174
NTA (S\$'000)	41,257	35,478	44,953	39,174
Current Assets (S\$'000)	21,753	21,612	32,297	32,156
Current Liabilities (S\$'000)	46,574	52,212	50,448	56,086
Total Borrowings (S\$'000)	43,346	48,984	43,346	48,984
Cash & Cash Equivalents (S\$'000)	7,228	7,078	11,713	11,572
Net Loss (S\$'000)	(3,652)	(3,793)	(4,631)	(4,772)
Number of Shares ('000)	139,472	125,525	139,472	125,525
Financial Ratios				
NTA per Share (cents)	29.58	28.26	32.23	31.21
Basic EPS (cents)	(2.62)	(3.02)	(3.32)	(3.80)
Gearing Ratio	1.05	1.38	0.96	1.25
Current Ratio (times)	0.47	0.41	0.64	0.57

Note:

(1) Number of Shares excludes 2,528,000 Shares that are cancelled.

Off-Market Purchase

For illustrative purposes only, in an Off-Market Purchase, based on the assumption that such purchase or acquisition of Shares is financed solely by borrowings of approximately S\$6,054,305 (comprising the principal amount and accrued interest thereon), and assuming that the Maximum Price is S\$0.4235, which is 10% above the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date on which transactions in the Shares were recorded, the maximum amount of funds required for the purchase of up to 13,947,200 Shares (representing approximately 10% of the total issued ordinary share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date, which is the maximum number of Shares the Company is allowed to purchase) under and during the duration of the Share Buyback Mandate, is approximately S\$5,906,639. On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 December 2015 is as follows:

As at 31 December 2015	Company		Group	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
Shareholders' equity (S\$'000)	41,257	35,202	44,953	38,898
NTA (S\$'000)	41,257	35,202	44,953	38,898
Current Assets (S\$'000)	21,753	21,605	32,297	32,149
Current Liabilities (S\$'000)	46,574	52,481	50,448	56,355
Total Borrowings (S\$'000)	43,346	49,253	43,346	49,253
Cash & Cash Equivalents (S\$'000)	7,228	7,080	11,713	11,565
Net Loss (S\$'000)	(3,652)	(3,800)	(4,631)	(4,779)
Number of Shares ('000)	139,472	125,525	139,472	125,525
Financial Ratios				
NTA per Share (cents)	29.58	28.04	32.23	30.99
Basic EPS (cents)	(2.62)	(3.03)	(3.32)	(3.81)
Gearing Ratio	1.05	1.40	0.96	1.27
Current Ratio (times)	0.47	0.41	0.64	0.57

Note:

(1) Number of Shares excludes 2,528,000 Shares that are cancelled.

The Directors do not propose to exercise the Share Buyback Mandate to an extent that would materially and adversely affect the working capital requirements of the Company. Purchases or acquisitions of Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Share Buyback Mandate will only be exercised in the best interests of the Company, for example, to enhance the EPS and/or the NTA value per Share of the Company.

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for the financial year ended 31 December 2015 and is not necessarily representative of future financial performance.

Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the issued ordinary share capital of the Company (excluding treasury Shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued ordinary share capital of the Company (excluding treasury Shares). In addition, the Company may cancel all or part of the Shares repurchased, or hold all or part of the Shares repurchased, in treasury.

2.8 Reporting Requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve the proposed Share Buyback Mandate, the Directors shall lodge a copy of the relevant Shareholders' resolution with the Registrar.

The Directors shall lodge with the Registrar a notice of share purchase within thirty (30) days of a share purchase. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury Shares, the Company's issued ordinary share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

The Listing Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement currently requires the inclusion of details of, *inter alia*, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable. Such announcement will be made in the form prescribed by the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

2.9 Listing Status of the Shares

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period of two (2) weeks and one (1) month immediately preceding the announcement of the Company's interim results and the annual (full-year) results respectively.

The Company's decision to purchase or acquire Shares would only be made with an arrangement that could reasonably be expected to ensure that information that is not generally available would not be communicated or informed to the person within the Company who makes the decision to transact.

At any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate until the price-sensitive information has been publicly announced.

The Listing Manual requires a listed company to ensure that at least 10% of any class of its issued Shares (excluding treasury Shares) must be held by public shareholders. The “public”, as defined under the Listing Manual, are persons other than the Directors, substantial shareholders, chief executive officers or controlling shareholders of the company and its subsidiaries, as well as Associates of such persons.

Based on the Register of Members’ shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, there are 31,767,500 Shares in the hands of public shareholders, representing approximately 22.78% of the issued Shares. As at the Latest Practicable Date and assuming the Company undertakes purchases or acquisitions of its Shares up to the full ten per cent (10%) limit pursuant to the Share Buyback Mandate, approximately 17,820,300 Shares, representing approximately 14.20% of the issued Shares will be held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.10 Take-over Implications

Appendix 2 of the Take-over Code contains the share buyback guidance note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.10.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”). If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14.

2.10.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

- (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser with its client in respect of the shareholdings of (i) the adviser and the persons controlling, controlled by or under the same control as the adviser, and (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions of that individual, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders of the Company (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.10.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Mr Douglas Foo Peow Yong, a trustee company, his father Mr Foo Kia Hee, his sisters Ms Foo Lena and Ms Foo Lilian, and his wife Ms Koh Yen Khoon, who collectively hold 92,697,500 Shares representing 66.5% of the issued share capital of the Company are deemed parties acting in concert with each other under the Take-over Code. In the circumstances, Rule 14 of the Code will not be triggered pursuant to any acquisition or purchases of Shares under the Share Buyback Mandate.

Save as disclosed above and to the best of their knowledge, the Directors are not aware of any fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buyback Mandate.

Based on the Register of Members' Shareholding and the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Director or Substantial Shareholder (together with persons acting in concert with them) who may become obliged to make a mandatory offer under Rule 14 of the Take-over Code in the event that the Company purchases the maximum number of 13,947,200 Shares under the proposed Share Buyback Mandate.

The statements herein in relation to the Take-over Code do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchases or acquisitions by the Company pursuant to the Share Buyback Mandate.

2.11 Limits on shareholdings

The Company does not have any limits on the shareholding of any Shareholder.

2.12 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive of the Company or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Register of Directors' shareholdings, and the interests of the substantial Shareholders in the Shares (being a Shareholder whose interests in the Company's issued ordinary share capital is equal to or more than 5%), as extracted from the Register of Substantial Shareholders, are as follows:

Names of Directors and Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Douglas Foo Peow Yong	17,926,740	12.85	74,000,100 ⁽²⁾	53.06
Foo Lilian	100	–	–	–
Substantial Shareholders				
Douglas Foo Peow Yong	17,926,740	12.85	74,000,100 ⁽²⁾	53.06
28 Holdings Pte. Ltd.	–	–	13,860,000 ⁽³⁾	9.94
Goh Khoon Lim	1,147,000	0.82	13,860,000 ⁽⁴⁾	9.94
Gan Suat Lui	–	–	13,860,000 ⁽⁵⁾	9.94

Notes:

- (1) As a percentage of the total 139,472,000 issued Shares as at the Latest Practicable Date.
- (2) Mr Douglas Foo Peow Yong is deemed to be interested in the 74,000,100 Shares comprising 60,000,000 Shares held in trust by Raffles Nominees (Pte) Limited, 14,000,000 Shares held in trust by Mayban Nominees (Singapore) Private Limited and 100 Shares held by his wife, Ms Koh Yen Khoon.
- (3) 28 Holdings Pte. Ltd. is deemed to be interested in 13,860,000 shares held in trust by KGI Fraser Securities Pte. Ltd. (formerly known as Amfraser Securities Pte. Ltd.).
- (4) Mr Goh Khoon Lim is deemed to be interested in 13,860,000 Shares held by 28 Holdings Pte. Ltd. through his shareholdings of not less than 20% in 28 Holdings Pte. Ltd.
- (5) Ms Gan Suat Lui is deemed to be interested in 13,860,000 Shares held by 28 Holdings Pte. Ltd. through her shareholdings of not less than 20% in 28 Holdings Pte. Ltd.

Save as disclosed in this Appendix, none of the Directors or Substantial Shareholders has any direct or indirect interest in the above transactions other than their respective shareholdings in the Company.

4. SHARES PURCHASED BY THE COMPANY IN THE PREVIOUS 12 MONTHS

The Company has not purchased or acquired any Shares during the 12-month period preceding the Latest Practicable Date.

5. THE 2016 ANNUAL GENERAL MEETING

The 2016 AGM, notice of which is circulated with this Appendix, will be held at 28 Tai Seng Street, Sakae Building, Level 7, Singapore 534106 on 30 April 2016 at 2:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification the Ordinary Resolution set out in the notice of AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2016 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the attached Proxy Form in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 28 Tai Seng Street, Sakae Building, Level 7, Singapore 534106, not later than forty-eight (48) hours before the time fixed for the 2016 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2016 AGM if he so wishes in place of the proxy if he finds that he is able to do so.

A depositor shall not be regarded as a member of the Company entitled to attend the 2016 AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Division 7A of Part IV of the Companies Act at least seventy-two (72) hours before the AGM.

7. DIRECTORS' RECOMMENDATION

7.1 Proposed renewal of the Share Purchase Mandate

The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate at the 2016 AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the issuer and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

Shareholders are advised to read this Appendix in its entirety and for any Shareholder who may require advice in the context of his specific investment, to consult his bank manager, stockbroker, solicitor, accountant or other professional adviser.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 28 Tai Seng Street, Sakae Building, Level 7, Singapore 534106, during normal business hours from the date of this Appendix up to and including the date of the 2016 AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company.

Yours faithfully
For and on behalf of the Board of Directors of
SAKAE HOLDINGS LTD.

Douglas Foo Peow Yong
Executive Chairman

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