

CIRCULAR DATED 30 NOVEMBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT IN RELATION TO THIS CIRCULAR OR AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of Miyoshi Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore branch (the “**Sponsor**”) for compliance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Tony Toh, Director, Investment Banking. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.



MIYOSHI LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 198703979K)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO:

- (1) THE PROPOSED ADOPTION OF THE MIYOSHI RESTRICTED SHARE PLAN;**
- (2) THE PROPOSED ADOPTION OF THE MIYOSHI PERFORMANCE SHARE PLAN; AND**
- (3) THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE.**

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form : 21 December 2016 at 10.30 a.m.

Date and time of Extraordinary General Meeting : 23 December 2016 at 10.30 a.m. (or as soon thereafter following the conclusion of the annual general meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)

Place of Extraordinary General Meeting : 5 Second Chin Bee Road
Singapore 618772

TABLE OF CONTENTS

	Page No.
DEFINITIONS	3
LETTER TO SHAREHOLDERS	7
1. INTRODUCTION.....	7
2. THE 2001 MIYOSHI EMPLOYEES' SHARE OPTION SCHEME.....	8
3. THE PROPOSED NEW SHARE PLANS.....	8
4. THE PROPOSED PARTICIPATION OF CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES IN EACH OF THE MIYOSHI RSP AND THE MIYOSHI PSP	21
5. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE.....	22
6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	40
7. DIRECTORS' RECOMMENDATIONS.....	40
8. ABSTENTION FROM VOTING	40
9. EXTRAORDINARY GENERAL MEETING.....	41
10. ACTION TO BE TAKEN BY SHAREHOLDERS.....	41
11. DIRECTORS' RESPONSIBILITY STATEMENT	41
12. DOCUMENTS AVAILABLE FOR INSPECTION	42
NOTICE OF EXTRAORDINARY GENERAL MEETING	43
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“2001 Miyoshi ESOS”	:	The 2001 Miyoshi Employees’ Share Option Scheme, as modified or amended from time to time.
“ACRA”	:	Accounting & Corporate Regulatory Authority of Singapore
“AGM”	:	The annual general meeting of the Company
“Associated Company”	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
“Associates”	:	<p>(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and</p> <p>(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
“Auditors”	:	The auditors of the Company for the time being
“Award”	:	A contingent award of Shares granted under the Miyoshi PSP and/or the Miyoshi RSP
“Award Date”	:	In relation to an Award, the date on which the Award is granted pursuant to the Miyoshi RSP and/or the Miyoshi PSP
“Board” or “Directors”	:	The board of directors of the Company for the time being
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended, supplemented or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 30 November 2016
“Committee”	:	The Remuneration Committee which has been duly authorised, appointed and nominated by the Board to administer the New Share Plans
“Company”	:	Miyoshi Limited

DEFINITIONS

“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
“Concert Parties”	:	Collectively, Mr Sin Kwong Wah, Andrew, Mdm. Pek Yee Chew and Ms. Sin Shi Min Andrea
“Constitution”	:	The constitution of the Company, comprising the memorandum and articles of association of the Company or other regulations of the Company for the time being in force
“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the of the issued Shares (excluding treasury shares) in the Company; or (b) (subject to the SGX-ST determining that such a person is not a controlling shareholder) in fact exercises control over the Company
“Date of Grant”	:	In relation to an Option, the date on which the Option is granted to a Participant pursuant to Rule 5 of the Miyoshi 2001 ESOS
“EGM”	:	The extraordinary general meeting of the Company to be held on 23 December 2016, notice of which is set out in pages 43 to 46 of this Circular
“EPS”	:	Earnings per Share
“FRS”	:	Financial Reporting Standard
“FY”	:	Financial year ending or ended (as the case may be) 31 August of a particular year as stated
“Group”	:	The Company and its subsidiaries
“Group Employee”	:	Any employee of the Group including any Group Executive Director (provided that any employee of the Group including a Group Executive Director who meets the relevant age and rank criteria and who has been seconded to any Associated Company shall be regarded as a Group Employee for the purposes of the New Share Plans) selected by the Committee to participate in the New Share Plans in accordance with the provisions thereof
“Group Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Latest Practicable Date”	:	17 November 2016, being the latest practicable date prior to the printing of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchases”	:	On-market purchases transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose
“Miyoshi PSP”	:	The proposed Miyoshi Performance Share Plan, as modified or amended from time to time

DEFINITIONS

“Miyoshi RSP”	:	The proposed Miyoshi Restricted Share Plan, as modified or amended from time to time
“NAV”	:	Net asset value
“New Share Plans”	:	The Miyoshi PSP and the Miyoshi RSP
“New Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of Options granted under the 2001 Miyoshi ESOS and/or pursuant to the vesting of Awards granted under the Miyoshi PSP and/or Miyoshi RSP.
“Notice of EGM”	:	The notice of EGM as set out on pages 43 to 46 of this Circular
“NTA”	:	Net tangible assets
“Off-Market Purchases”	:	Off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as defined in Section 76C of the Companies Act
“Option”	:	The right to subscribe for New Shares granted pursuant to the 2001 Miyoshi ESOS
“Participant”	:	The holder of an Award
“Relevant Period”	:	Has the meaning ascribed to it in paragraph 5.3.2 of this Circular
“Relevant Persons”	:	The Concert Parties and the parties acting in concert with them
“Remuneration Committee”	:	The remuneration committee of the Company, comprising such Directors as may be nominated by the Board from time to time
“Securities Account”	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buy-Back Mandate”	:	The mandate to authorize the Directors to exercise all powers of the Company to purchase or otherwise acquire, on behalf of the Company, its issued Shares on the terms of such mandate
“Shareholders”	:	Registered holder(s) of the Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose securities accounts are credited with those Shares
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“Sponsor”	:	CIMB Bank Berhad, Singapore branch

DEFINITIONS

“Substantial Shareholder”	:	A person who has an interest (directly or indirectly) in 5% or more of the total issued share capital of the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent”	:	Per cent. or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term **“treasury shares”** shall have the meaning ascribed to it in Section 4 of the Companies Act.

The term **“subsidiary”** shall have the meaning ascribed to it under Section 5 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. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the SFA, the Companies Act or the Catalist Rules, or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the SFA, the Companies Act or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

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

LETTER TO SHAREHOLDERS

MIYOSHI LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198703979K)

Directors:

LIM THEAN EE (Non-Executive Chairman and Independent Director)
SIN KWONG WAH, ANDREW (Chief Executive Officer and Executive Director)
WEE PIEW (Independent Director)
MASAYOSHI TAIRA (Non-Independent & Non-Executive Director)
PEK EE PERH, THOMAS (Non-Independent & Non-Executive Director)

Registered Office:

5 Second Chin Bee Road
Singapore 618772

30 November 2016

To: Shareholders of Miyoshi Limited (the “**Company**”)

Dear Sir/Madam

- (1) **THE PROPOSED ADOPTION OF THE MIYOSHI RESTRICTED SHARE PLAN;**
- (2) **THE PROPOSED ADOPTION OF THE MIYOSHI PERFORMANCE SHARE PLAN; AND**
- (3) **THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE.**

1. INTRODUCTION

- 1.1 **EGM.** The Directors are convening the EGM to be held on 23 December 2016 to seek Shareholders’ approval for the following proposals:
 - (a) the proposed adoption of the Miyoshi RSP;
 - (b) the proposed adoption of the Miyoshi PSP; and
 - (c) the proposed adoption of the Share Buy-Back Mandate.
- 1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the proposals to be tabled at the EGM.
- 1.3 The SGX-ST has on 22 November 2016 granted in-principle approval for the listing of and quotation for the New Shares to be allotted and issued pursuant to the New Share Plans, subject to compliance with the SGX-ST’s listing requirements and Shareholders’ approval to be obtained for the Miyoshi RSP and the Miyoshi PSP at the EGM to be convened. Shareholders are advised that the in-principle approval from SGX-ST for the listing of and quotation for the New Shares issued under the New Share Plans on the SGX-ST is not to be taken as an indication of the merits of the New Shares, the New Share Plans, the Company, its subsidiaries and their securities.
- 1.4 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.
- 1.5 Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

LETTER TO SHAREHOLDERS

2. THE 2001 MIYOSHI EMPLOYEES' SHARE OPTION SCHEME

- 2.1 **The 2001 Miyoshi ESOS.** The Company has an existing share option scheme, the 2001 Miyoshi ESOS, which was adopted at an extraordinary general meeting of the Company held on 4 May 2001. The duration for the 2001 Miyoshi ESOS is a maximum of one hundred and twenty (120) months commencing on 4 May 2001. Accordingly, the 2001 Miyoshi ESOS has automatically terminated on 3 May 2011. However, Options granted and outstanding prior to such termination will continue to be valid and be subject to the terms and conditions of the 2001 Miyoshi ESOS. The rationale for adopting the New Share Plans is set out in paragraph 3.2 below.
- 2.2 **Existing Options.** As at the Latest Practicable Date, there were outstanding and unexercised Options granted to participants under the 2001 Miyoshi ESOS to subscribe for up to an aggregate of 1,044,000 Shares, representing approximately 0.23% of the issued Shares as at the Latest Practicable Date, details of which are as follows:

Date of Grant	Exercise Period	Acquisition Price (S\$)	Number of Shares comprised in the Existing Options	Number of Participants ⁽¹⁾
31 January 2007	31 January 2008 to 30 January 2017	0.188	1,044,000	6

Note:

- (1) None of the Participants are Directors and Controlling Shareholders of the Company.

3. THE PROPOSED NEW SHARE PLANS

- 3.1 **The New Share Plans.** The Directors are proposing to implement two new share plans, namely, the Miyoshi RSP and the Miyoshi PSP. Details of the New Share Plans are set out in paragraph 3.3 below.
- 3.2 **Rationale for the New Share Plans.** The New Share Plans are proposed to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The New Share Plans will strengthen the Company's competitiveness in attracting and retaining talented key senior management and senior executives.

The Miyoshi RSP is intended to apply to a broader base of senior executives while the Miyoshi PSP is intended to apply to a select group of key senior management. Generally, it is envisaged that the range of performance targets to be set under the Miyoshi RSP and the Miyoshi PSP will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer term growth.

The New Share Plans will provide incentives to high performing key senior management and senior executives to excel in their performance and encourage greater dedication and loyalty to the Company. Through the New Share Plans, the Company will be able to motivate key senior management and senior executives to continue to strive for the Group's long-term shareholder value. In addition, the New Share Plans aim to foster a greater ownership culture within the Group which more directly align the interests of key senior management and senior executives with the interests of Shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment.

The New Share Plans use methods fairly common among major local and multinational companies to incentivise and motivate key senior management and senior executives to achieve pre-determined targets which create and enhance economic value for Shareholders. The Company believes that the New Share Plans will be effective tools in motivating key senior management and senior executives to strive to deliver long-term shareholder value.

The New Share Plans contemplate the award of fully paid Shares, when and after pre-determined performance or service conditions are accomplished.

LETTER TO SHAREHOLDERS

A Participant's Awards under the New Share Plans will be determined at the sole discretion of the Committee. In considering an Award to be granted to a Participant, the Committee may take into account, *inter alia*, the Participant's performance during the relevant period, and his capability, entrepreneurship, scope of responsibility and skill set.

3.2.1 ***The Proposed Miyoshi RSP***

One of the primary objectives of the Miyoshi RSP is to serve as an additional motivational tool to recruit and retain talented senior executives as well as to reward for Company and individual performance. In addition, the Miyoshi RSP acts as an enhancement of the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent. Potential senior executive hires who decide on a career switch often have to forego substantial share options/share incentives when they join the Group. Through the Miyoshi RSP, the Company will be able to compensate such new hires for share options or incentives that they may have to forego when they join the Group.

Awards granted under the Miyoshi RSP will typically vest only after the satisfactory completion of time-based service conditions, that is, after the Participant has served the Group for a specified number of years (time-based restricted Awards) or, where the Award is performance-related (performance-based restricted Awards), after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the Miyoshi RSP, and the length of the vesting period(s) in respect of each Award will be determined on a case-by-case basis.

A time-based restricted Award may be granted, for example, as a supplement to the cash component of the remuneration packages of senior executives. A performance-based restricted Award may be granted, for example, with a performance target based on the successful completion of a project, or on the Company meeting certain specified corporate target(s), and thereafter with a further vesting period to encourage the Participant to continue serving the Group for a further period of time following completion of the project.

It is the intention of the Company to award performance-based restricted Awards to ensure that the earning of Shares under the Miyoshi RSP is aligned with the pay-for-performance principle. The use of time-based restricted Awards will only be made on a case-by-case basis where business needs justify such Awards.

3.2.2 ***The Proposed Miyoshi PSP***

One of the primary objectives of the Miyoshi PSP is to further motivate key senior management to strive for superior performance and to deliver long-term shareholder value. The Miyoshi PSP is targeted at senior management in key positions who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through superior performance.

Awards granted under the Miyoshi PSP are performance-based. Performance targets set under the Miyoshi PSP are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth. Examples of performance targets to be set include targets based on criteria such as total shareholders' return, economic value added, market share, market ranking or return on sales.

Awards granted under the Miyoshi RSP differ from those granted under the Miyoshi PSP in that an extended vesting period is normally (but not always) imposed for performance-based restricted Awards granted under the Miyoshi RSP beyond the performance target completion date, that is, they also incorporate a time-based service condition as well, to encourage Participants to continue serving the Group beyond the achievement date of the pre-determined performance targets.

LETTER TO SHAREHOLDERS

3.2.3 *Flexibility of Grants*

Participants may be granted Awards under both the Miyoshi RSP and the Miyoshi PSP. For example, an individual Participant who is a key senior management staff may be granted an Award under the Miyoshi PSP based on specified medium-term critical target objectives (for example, targets relating to market position and Company profitability and growth) over the next three (3) years which vests at the end of the performance period. Concurrently, the individual could also be granted an Award under the Miyoshi RSP based on different performance targets (for example, ensuring that a particular project is successfully completed on time or that the Company meets certain specified corporate target(s)) and with a longer vesting period with the aim of retaining the individual as the Company's employee. It is unlikely that performance targets for any individual Participant under the Miyoshi PSP and the Miyoshi RSP will be identical.

3.3 **Summary of Rules.** The following are summaries of the principal rules of the Miyoshi RSP and the Miyoshi PSP.

3.3.1 *Summary of Rules of Miyoshi RSP*

Eligibility

Group Employees who have attained the legal age of 21 years and hold such rank as may be designated by the Committee from time to time shall be eligible to participate in the Miyoshi RSP at the absolute discretion of the Committee.

Controlling Shareholders and their Associates are also eligible to participate in the Miyoshi RSP provided they meet the aforesaid eligibility criteria and that all conditions for their participation in the Miyoshi RSP as may be required by the Catalyst Rules from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation as listed in paragraph 4 of this Circular, are satisfied.

Directors and employees of the parent company of the Company and the subsidiaries of such parent company, directors and employees of Associated Companies of the Company, and non-executive Directors of the Group will not be eligible to participate in the Miyoshi RSP.

Awards

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance targets are met within the prescribed performance period and/or time period has lapsed.

Participants

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Miyoshi RSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and, if applicable, the difficulty required to achieve the performance target(s) within the performance period.

Details of Awards

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the Award Date;
- (b) the number of Shares which are the subject of the Award;

LETTER TO SHAREHOLDERS

- (c) in the case of performance-related Awards:
 - (i) the prescribed performance condition(s);
 - (ii) the performance period during which the prescribed performance condition(s) are to be satisfied; and
 - (iii) the extent to which Shares which are the subject of that Award shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;
- (d) the prescribed vesting periods (if any) and the vesting dates (if any);
- (e) the release schedule (if any) setting out the extent to which Shares, which are the subject of that Award, shall be released at the end of each prescribed vesting period; and
- (f) any other condition which the Committee may determine in relation to that Award.

Timing

While the Committee has the discretion to grant Awards at any time in the year, it is currently anticipated that Awards would in general be made once a year. Further, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made by the Company, grant of Awards may only be made on or after the second Market Day following the release of such announcement. An Award letter confirming the Award and specifying (*inter alia*) the vesting period and, in relation to a performance-related Award, the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance condition(s), will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

- (a) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (b) the misconduct on the part of a Participant as determined by the Committee in its discretion;
- (c) the Participant ceasing to be in the employment of the Group or (if seconded to an Associated Company) ceasing to be so seconded for any reason whatsoever (other than as specified in paragraphs (e), (f) and (g) below);
- (d) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (e) the Participant ceasing to be in the employment of the Group or (if seconded to an Associated Company) ceasing to be so seconded by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;

LETTER TO SHAREHOLDERS

- (iii) retirement at or after the legal retirement age;
- (iv) retirement before the legal retirement age with the consent of the Committee;
- (v) the company by which he is employed ceasing to be a company within the Group or, as the case may be, the company to which he is seconded ceasing to be an Associated Company or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company;
- (vi) any other event approved by the Committee;
- (f) the death of the Participant;
- (g) any other event approved by the Committee; or
- (h) a general offer being made for all or any of the Shares, a reconstruction or amalgamation of the Company, or an order being made for the compulsory winding-up or a resolution passed for the winding-up of the Company (other than as provided in paragraph (a) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in paragraphs (a), (b) and (c), an Award then held by a Participant shall, as provided in the rules of the Miyoshi RSP and to the extent not yet released, immediately lapse without any claim whatsoever against the Company. For the avoidance of doubt, no Award shall lapse pursuant to paragraph (c) above in the event of the transfer of employment of a Participant between the Group and any Associated Company.

Upon the occurrence of any of the events specified in paragraphs (d), (e), (f) and (g) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant vesting period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related Awards, the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in paragraph (h) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the vesting period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

Size and Duration of the Miyoshi RSP

The total number of Shares which may be delivered pursuant to Awards granted under the Miyoshi RSP on any date, when added to:

- (a) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered, pursuant to Options granted under the 2001 Miyoshi ESOS;
- (b) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered, pursuant to Awards granted under the Miyoshi RSP;

LETTER TO SHAREHOLDERS

- (c) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered, pursuant to Awards granted under the Miyoshi PSP; and
- (d) all options or awards granted under any other share option schemes or share schemes implemented by the Company and for the time being in force (if any),

shall not exceed 15% of the total number of issued Shares (excluding treasury shares) on the date preceding the date of the relevant Award.

In addition, the aggregate number of Shares available to Controlling Shareholders and their Associates over which Awards are granted under the Miyoshi RSP shall not exceed 50% of the total Shares available under the Miyoshi RSP, and the number of Shares available to each Controlling Shareholder or each of his Associates over which Awards are granted under the Miyoshi RSP shall not exceed 30% of the total Shares available under the Miyoshi RSP.

The Company believes that this limit allows the Group sufficient flexibility to decide upon the number of Awards to offer to Participants. The Group, in line with its goal of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new management personnel and employees. The employee base and talent base, and thus the number of eligible Participants will increase as a result. The Company is of the opinion that it should have a sufficient number of Awards to offer to new Participants as well as existing ones. However, it does not necessarily mean that the Committee will definitely issue Awards up to the prescribed limit. The Committee shall exercise its discretion in deciding the number of Awards to be granted to each Participant, and this will depend on the performance and value of the Participant to the Group.

The Miyoshi RSP shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Miyoshi RSP is adopted by the Company in general meeting, provided always that the Miyoshi RSP may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Miyoshi RSP, Awards made to Participants prior to such expiry or termination will continue to remain valid.

Operation of the Miyoshi RSP

Subject to the prevailing legislation and the Catalist Rules, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of New Shares; and/or
- (b) the delivery of existing Shares.

In determining whether to issue New Shares or to deliver existing Shares to Participants upon vesting of their Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing New Shares or delivering existing Shares.

The financial effects of the above methods are discussed in paragraph 3.7 below.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the release of an Award shall be eligible for all entitlements, including voting rights, dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

LETTER TO SHAREHOLDERS

The Committee shall have the discretion to determine whether the performance condition has been satisfied and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance condition(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

3.3.2 ***Summary of Rules of Miyoshi PSP***

Eligibility

Group Employees who have attained the legal age of 21 years and hold such rank as may be designated by the Committee from time to time shall be eligible to participate in the Miyoshi PSP at the absolute discretion of the Committee.

Controlling Shareholders and their Associates are also eligible to participate in the Miyoshi PSP provided they meet the aforesaid eligibility criteria and that all conditions for their participation in the Miyoshi PSP as may be required by the Catalist Rules from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation as listed in paragraph 4 of this Circular, are satisfied.

Directors and employees of the parent company of the Company and the subsidiaries of such parent company, directors and employees of Associated Companies of the Company, and non-executive Directors of the Group will not be eligible to participate in the Miyoshi PSP.

Awards

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met within the prescribed performance period.

Participants

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Miyoshi PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and the difficulty required to achieve the performance condition(s) within the performance period.

Details of Awards

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the Award Date;
- (b) the number of Shares which are the subject of the Award;
- (c) the prescribed performance condition(s);
- (d) the performance period during which the prescribed performance condition(s) are to be satisfied;
- (e) the extent to which Shares which are the subject of that Award shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;

LETTER TO SHAREHOLDERS

- (f) the prescribed vesting periods (if any) and vesting dates (if any); and
- (g) any other condition which the Committee may determine in relation to that Award.

Timing

While the Committee has the discretion to grant Awards at any time in the year, it is currently anticipated that Awards would in general be made once a year. Further, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made by the Company, grant of Awards may only be made on or after the second Market Day following the release of such announcement. An Award letter confirming the Award and specifying (*inter alia*), in relation to a performance-related Award, the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance condition(s), will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

- (a) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (b) the misconduct on the part of a Participant as determined by the Committee in its discretion;
- (c) the Participant ceasing to be in the employment of the Group or (if seconded to an Associated Company) ceasing to be so seconded for any reason whatsoever (other than as specified in paragraphs (e), (f) and (g) below);
- (d) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (e) the Participant ceasing to be in the employment of the Group or (if seconded to an Associated Company) ceasing to be so seconded by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed ceasing to be a company within the Group or, as the case may be, the company to which he is seconded ceasing to be an Associated Company or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company;
 - (vi) any other event approved by the Committee;
- (f) the death of the Participant;
- (g) any other event approved by the Committee; or

LETTER TO SHAREHOLDERS

- (h) a general offer being made for all or any of the Shares, a reconstruction or amalgamation of the Company, or an order being made for the compulsory winding-up or a resolution passed for the winding-up of the Company (other than as provided in paragraph (a) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in paragraphs (a), (b) and (c), an Award then held by a Participant shall, as provided in the rules of the Miyoshi PSP and to the extent not yet released, immediately lapse without any claim whatsoever against the Company. For the avoidance of doubt, no Award shall lapse pursuant to paragraph (c) above in the event of the transfer of employment of a Participant between the Group and any Associated Company.

Upon the occurrence of any of the events specified in paragraphs (d), (e), (f) and (g) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant performance period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in paragraph (h) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

Size and Duration of the Miyoshi PSP

The total number of Shares which may be delivered pursuant to Awards granted under the Miyoshi PSP on any date, when added to:

- (a) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered, pursuant to Options granted under the 2001 Miyoshi ESOS;
- (b) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards granted under the Miyoshi PSP;
- (c) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards granted under the Miyoshi RSP; and
- (d) all options or awards granted under any other share option schemes or share schemes implemented by the Company and for the time being in force (if any),

shall not exceed 15% of the total number of issued Shares (excluding treasury shares) on the date preceding the date of the relevant Award.

In addition, the aggregate number of Shares available to Controlling Shareholders and their Associates over which Awards are granted under the Miyoshi PSP shall not exceed 50% of the total Shares available under the Miyoshi PSP, and the number of Shares available to each Controlling Shareholder or each of his Associates over which Awards are granted under the Miyoshi PSP shall not exceed 30% of the total Shares available under the Miyoshi PSP.

LETTER TO SHAREHOLDERS

The Company believes that this limit allows the Group sufficient flexibility to decide upon the number of Awards to offer to Participants. The Group, in line with its goal of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new management personnel and employees. The employee base and talent base, and thus the number of eligible Participants will increase as a result. The Company is of the opinion that it should have a sufficient number of Awards to offer to new Participants as well as existing ones. However, it does not necessarily mean that the Committee will definitely issue Awards up to the prescribed limit. The Committee shall exercise its discretion in deciding the number of Awards to be granted to each Participant, and this will depend on the performance and value of the Participant to the Group.

The Miyoshi PSP shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Miyoshi PSP is adopted by the Company in general meeting, provided always that the Miyoshi PSP may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Miyoshi PSP, Awards made to Participants prior to such expiry or termination will continue to remain valid.

Operation of the Miyoshi PSP

Subject to the prevailing legislation and the Catalist Rules, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of New Shares; and/or
- (b) the delivery of existing Shares.

In determining whether to issue New Shares or to deliver existing Shares to Participants upon vesting of their Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing New Shares or delivering existing Shares.

The financial effects of the above methods are discussed in paragraph 3.7 below.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the release of an Award shall be eligible for all entitlements, including voting rights, dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee shall have the discretion to determine whether the performance condition has been satisfied and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance condition(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

LETTER TO SHAREHOLDERS

- 3.4 **Adjustments and Alterations under the New Share Plans.** The following describes the adjustment events under, and provisions relating to alterations of, the New Share Plans.

3.4.1 ***Adjustment Events***

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution, or otherwise) shall take place or if the Company shall make a capital distribution or a declaration of a special dividend in specie via issue of new Shares, then the Committee may, in its sole discretion, determine whether the class and/or number of Shares which are the subject of an Award to the extent not yet vested shall be adjusted and if so, the manner in which such adjustments should be made.

The issue of securities as consideration for a private placement of securities or in connection with an acquisition of any assets or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share buyback mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment, unless the Committee considers an adjustment to be appropriate.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable. Any adjustments must be made in such a way that a Participant does not receive a benefit that a Shareholder does not.

3.4.2 ***Modifications or Alterations to the New Share Plans***

Each of the New Share Plans may be modified and/or altered at any time and from time to time by a resolution of the Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Participants under the relevant New Share Plan who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding Awards under the relevant New Share Plan.

No alteration shall be made to the rules of each of the New Share Plans relating to the matters contained in Catalist Rules 843 to 848, and Catalist Rules 852 to 853, to the advantage of the holders of the Awards, as the case may be, except with the prior approval of Shareholders in general meeting.

- 3.5 **Disclosures in Annual Reports.** The following disclosures (as applicable) will be made by the Company in its annual report for so long as the New Share Plans continue in operation:

- (a) the names of the members of the Committee administering the New Share Plans;
- (b) information as required in the table below in respect of Awards granted to the following Participants of the New Share Plans:
 - (i) Participants who are Directors of the Company;
 - (ii) Participants who are Controlling Shareholders and their Associates; and

LETTER TO SHAREHOLDERS

- (iii) Participants (other than those in paragraph (i) and (ii) above) who receive Awards comprising Shares representing 5% or more of the aggregate of the Shares available under the Miyoshi RSP or Miyoshi PSP (as the case may be):

Name of Participant	Number of Shares comprised in Awards granted during financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of Plan to end of financial year under review (including terms)	Aggregate number of New Shares allotted and existing Shares purchased for delivery pursuant to Released Awards since commencement of the Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review

- (c) the names of and number and terms of Awards granted to each director or employee of the Company's parent company and its subsidiaries who receives 5% or more of the total number of Awards available to all directors and employees of such parent company and its subsidiaries under the Miyoshi RSP or Miyoshi PSP (as the case may be), during the financial year under review;
- (d) the aggregate number of Awards granted to the directors and employees of the Company's parent company and its subsidiaries for the financial year under review, and since the commencement of the Miyoshi RSP or Miyoshi PSP (as the case may be), to the end of the financial year under review; and
- (e) any other information required to be so disclosed pursuant to the Catalist Rules and all other applicable laws and requirements.

If any of the information above is not applicable, an appropriate negative statement shall be included therein.

- 3.6 **Role and Composition of the Committee.** The Remuneration Committee (the "RC") of the Company, whose function is to assist the Board of Directors in reviewing remuneration and human resource matters in the Company as set out in their terms of reference, will be designated as the Committee responsible for the administration of the New Share Plans, and will comprise Directors to administer the New Share Plans.

In compliance with the requirements of the Catalist Rules, a Participant of the New Share Plans who is a member of the RC shall not be involved in its deliberations in respect of Awards to be granted to or held by that member of the RC.

- 3.7 **Financial Effects of the New Share Plans.** Financial Reporting Standard 102, Share-based payment ("FRS 102"), is effective for the financial statements of the Company for the financial year beginning 1 April 2005. Participants may receive Shares or their equivalent cash value, or combinations thereof. In the event that the Participants receive Shares, the Awards would be accounts for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit and loss account over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each balance sheet date, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the profit and loss account with a corresponding adjustment to equity. After the vesting date, no adjustment to the charge to the profit and loss account is made. This accounting treatment has been referred to as the "modified grant date method".

LETTER TO SHAREHOLDERS

The amount charged to the profit and loss account would be the same whether the Company settles the Awards using New Shares or existing Shares. The amount of the charge to the profit and loss account also depends on whether or not the performance target attached to an Award is a “market condition”, that is, a condition which is related to the market price of the Shares. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Shares granted at the grant date, and no adjustments to amounts charged to profit and loss account is made if the market condition is not met. On the other hand, if the performance target is not a market condition, the probability of the target being met is not taken into account in estimating the fair value of the Shares granted at the grant date. Instead, it is subsequently considered at each accounting date in assessing whether the Awards would vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to the profit and loss account if the Awards do not ultimately vest.

The following sets out the financial effects of the New Share Plans.

3.7.1 **Share Capital**

The New Share Plans will result in an increase in the Company’s issued ordinary share capital only if New Shares are issued to Participants. The number of New Shares issued will depend on, *inter alia*, the size of the Awards granted under the New Share Plans. In any case, the New Share Plans provide that the total number of New Shares to be issued and existing Shares delivered under the New Share Plans will be subject to the maximum limit of 30% of the issued Shares (excluding treasury shares) preceding the date of grant of the relevant Award. If, instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants, the New Share Plans will have no impact on the Company’s issued ordinary share capital.

3.7.2 **NTA**

As described below in the paragraph on EPS, the New Share Plans are likely to result in a charge to the Company’s profit and loss account over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with the modified grant date method under FRS 102. If New Shares are issued under the New Share Plans, there would be no effect on the NTA. However, if instead of issuing New Shares to Participants, existing Shares are delivered to Participants or the Company pays the equivalent cash value, the NTA would decrease by the cost of the existing Shares delivered or the cash payment, respectively.

Nonetheless, it should be noted that the delivery of Shares to Participants under the New Share Plans will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

3.7.3 **EPS**

The New Share Plans are likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with the modified grant date method under FRS 102.

Nonetheless, it should again be noted that the delivery of Shares to Participants of the New Share Plans will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

3.7.4 **Dilutive Impact**

It is expected that the dilutive impact of the New Share Plans on the NTA per Share and will not be significant.

The 2001 Miyoshi ESOS provided for the issue of New Shares pursuant to the exercise of Options of up to a maximum of 15% of the Company’s total issued Shares from time to time.

LETTER TO SHAREHOLDERS

4 THE PROPOSED PARTICIPATION OF CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES IN EACH OF THE MIYOSHI RSP AND THE MIYOSHI PSP

4.1 Rationale

The key objectives of the New Share Plans are to motivate employees to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that the New Share Plans may be effective in motivating employees to put in their best efforts whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with multinational companies.

To this end, employees and directors of the Group who are Controlling Shareholders and their Associates shall be treated equally regardless of whether they are Controlling Shareholders or Associates of the same. The Company's view is that all deserving and eligible employees and directors should be similarly entitled to take part and benefit from the Company's fair and equitable system of remuneration.

Although the Controlling Shareholders and their Associates may already have shareholding interests in the Company, the extension of the New Share Plans to include them ensures that they are similarly entitled, with the other eligible employees and directors who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. The Directors are of the view that the Company should have a fair and equitable system to reward eligible employees and directors who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or Associates of such Controlling Shareholders.

The terms of the New Share Plans do not differentiate between Controlling Shareholders and their Associates from other employees or directors in determining the eligibility of such persons to be granted Awards. They should not unduly favour Controlling Shareholders and their Associates. Likewise, Controlling Shareholders and their Associates should not be excluded from participating in the New Share Plans solely for the reason that they are Controlling Shareholders or their Associates. In addition, to deny participation by the Controlling Shareholders and their Associates may undermine the objectives of the New Share Plans.

As a safeguard against abuse, all members of the Board (and not just members of the Committee) who are not Controlling Shareholders or their Associates will be involved in deliberations in respect of Awards to be granted to Controlling Shareholders and/or their Associates and the terms and conditions attached to such Awards. The limits on the aggregate number of Shares comprised in Awards that may be granted to Controlling Shareholders or their Associates are set out in paragraphs 3.3.1 and 3.3.2 of this Circular respectively.

Furthermore, specific approval of independent Shareholders in a separate resolution is required for the grant of Awards to Controlling Shareholders and their Associates as well as the actual number of and terms of such Awards. In seeking such independent Shareholders' approval, clear justification as to their participation, the number of Awards and the terms of such Awards to be granted to Controlling Shareholders and their Associates will be provided.

The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of Controlling Shareholders and their Associates in the New Share Plans.

The rationale for the participation of the Controlling Shareholder, Mr. Sin Kwong Wah, Andrew, in the New Share Plans is set out below:

4.2 Mr Sin Kwong Wah, Andrew

Mr. Sin Kwong Wah, Andrew is the Executive Director and Chief Executive Officer of the Company. He is the key figure in leading the Group's overall business, operations and marketing activities globally and has more than 24 years of experience in the metal stamping industry. Mr. Sin Kwong Wah, Andrew plays a key role in developing the strategic direction and ensuring the continued growth and expansion of the Group, and also oversees the Group's operations in Singapore, the Philippines, Thailand, China and Malaysia.

LETTER TO SHAREHOLDERS

5 THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE

The Company had at an extraordinary general meeting of the Company held on 25 January 2002 sought and obtained the approval of Shareholders for the adoption of the share buy-back mandate (the “**2002 Share Buy-Back Mandate**”) to enable the Company to purchase or otherwise acquire its issued Shares. The 2002 Share Buy-Back Mandate was subsequently renewed at the annual general meetings held on 24 January 2003, 29 January 2004, 29 December 2005, 27 December 2006, 27 December 2007, 29 December 2008, 29 December 2009 and 29 December 2010. The 2002 Share Buy-Back Mandate expired and was not renewed at the Company’s annual general meeting held on 29 December 2011.

The Company is now proposing the adoption of a new share buy-back mandate (the “**Share Buy-Back Mandate**”) for approval by Shareholders at the EGM. The authority and limitations on the Share Buy-Back Mandate are substantially similar as the previously approved 2002 Share Buy-Back Mandate.

5.1 Background

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and the Catalist Rules, in particular Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares, and such other laws and regulations as may for the time being be applicable. Accordingly, approval is now being sought from Shareholders at the EGM for the proposed adoption of the Share Buy-Back Mandate.

An ordinary resolution will be proposed at the EGM pursuant to which the Share Buy-Back Mandate will be granted to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Buy-Back Mandate.

If approved by Shareholders at the EGM, the authority conferred by the Share Buy-Back Mandate will take effect from the date of the EGM at which the proposed adoption of the Share Buy-Back Mandate is approved (“**Approval Date**”) and continue to be in force from the Approval Date until the earlier of the date on which the next AGM is held or is required by law to be held (whereupon it will lapse, unless renewed at such meeting), the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate, or the date the said mandate is varied or revoked by the Company in a general meeting. Subject to its continued relevance to the Company, the Share Buy-Back Mandate will be put to Shareholders for renewal at each subsequent AGM.

5.2 Rationale for the Share Buy-Back Mandate

The Share Buy-Back Mandate will give the Company the flexibility to purchase or otherwise acquire its Shares if and when circumstances permit. The Directors believe that share buy-backs would allow the Company and the Directors to better manage the Company’s share capital structure, dividend payout and cash reserves. In addition, it also provides the Directors a mechanism to facilitate the return of surplus cash over and above the Company’s ordinary capital requirements in an expedient and cost-efficient manner, and the opportunity to exercise control over the Company’s share capital structure with a view to enhancing the EPS and/or NAV per Share. Share buy-backs also help the Company to mitigate short term market volatility, offset the effects of short term speculation and bolster Shareholder’s confidence.

Pursuant to the Companies Act, Shares purchased or otherwise acquired pursuant to the Share Buy-Back Mandate may be held or dealt with as treasury shares.

If and when circumstances permit, the Directors will decide whether to effect the Shares purchases via on-market purchases or off-market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

LETTER TO SHAREHOLDERS

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company or the Group and when the Directors believe that such purchases or acquisitions would benefit the Company and its Shareholders.

5.3 Terms of the Share Buy-Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy-Back Mandate are summarised below:

5.3.1 *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 during the Relevant Period shall not exceed ten per cent. (10%) of the total number of issued Shares of the Company as at the Approval Date, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered. For the purposes of calculating the ten per cent. (10%) limit, any of the Shares which are held as treasury shares will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 452,669,490 Shares, as at the Latest Practicable Date, and assuming that:

- (a) no further Shares are issued; and
- (b) no further Shares are held by the Company as treasury shares,

on or prior to the EGM, no more than 45,266,949 Shares (representing ten per cent. (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) as at the date of the EGM) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

5.3.2 *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 earliest of:

- (a) the conclusion of the next AGM or the date by which such AGM is required by law to be held;
- (b) the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate; or
- (c) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by Shareholders in a general meeting.

(the “**Relevant Period**”)

5.3.3 *Manner of purchase or acquisitions of Shares*

Purchases or acquisitions of Shares may be effected by the Company by way of:

- (a) on-market purchases (“**Market Purchases**”), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

LETTER TO SHAREHOLDERS

- (b) off-market purchases (“**Off-Market Purchases**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are consistent with the Share Buy-Back Mandate, the Catalist Rules, the Companies Act, the Constitution and other applicable laws and regulations as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme. Pursuant to the Companies Act, an Off-Market Purchase must satisfy all of the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their 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 shall be the same, except that there shall be disregarded, where applicable:
 - (1) differences in consideration attributable to the fact that 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 person is left with a whole number of Shares.

In addition, Rule 870 of the Catalist Rules provides that, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders containing at least the following information:

- (aa) the terms and conditions of the offer;
- (bb) the period and procedures for acceptance;
- (cc) the reasons for the proposed purchase or acquisition of Shares;
- (dd) the consequences, if any, of the purchase or acquisition of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (ee) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (ff) details of any purchase or acquisition of Shares made by the Company in the previous twelve (12) months (whether by way of Market Purchases or Off-Market Purchases in accordance with an equal access scheme), setting out the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchase or acquisition of Shares, where relevant, and the total consideration paid for the purchase or acquisition; and
- (gg) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

LETTER TO SHAREHOLDERS

5.3.4 *Maximum purchase price*

The purchase price per Share (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for Shares to be purchased or acquired pursuant to the Share Buy-Back Mandate will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, one hundred and five per cent. (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, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined hereinafter),

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

For the above purposes of determining the Maximum Price:

- (i) “**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-Market Day period; and
- (ii) “**date of making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

- 5.4 **Status of purchased or acquired Shares.** A Share purchased or otherwise 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 to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or otherwise 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 delisted by the SGX-ST, and (where applicable) the 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.

At the time of each purchase of Shares by the Company, the Company may decide whether the Shares purchased will be cancelled or held as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

LETTER TO SHAREHOLDERS

5.5 Treasury Shares

Under the Companies Act, Shares purchased or otherwise 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:

5.5.1 *Maximum holdings*

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within six (6) months or such further periods as ACRA may allow.

The Company has no Shares held as treasury shares as at the Latest Practicable Date.

5.5.2 *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. A subdivision of any treasury shares into treasury shares of a larger amount, or a consolidation of any treasury shares 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.

5.5.3 *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 of the Company;
- (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.

Under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the 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 the value of the treasury shares comprised in the usage.

5.6 Reporting Requirements

Within thirty (30) days of the passing of a Shareholders' ordinary resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such ordinary resolution with ACRA.

LETTER TO SHAREHOLDERS

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include, *inter alia*, details of the purchase, including the date of the purchase or acquisition, the total number of Shares purchased or otherwise acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required by ACRA.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

The Catalist Rules specifies that a listed company shall announce on the SGXNET all purchases or acquisitions of its shares no later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

Such announcement shall be in the form of Appendix 8D prescribed by the Catalist Rules. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary announcements.

5.7 Source of funds

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the applicable laws of Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

As stated in the Companies Act, the share buy-back may be made out of the Company's profits or capital so long as the Company is solvent. In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimation of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings to finance the Company's purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate. The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that it would have a material adverse effect on the financial position, liquidity and/or the capital adequacy of the Group.

5.8 Financial effects

Under the Companies Act, the purchase or acquisition 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 brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the profits of the Company and hence the amount available for the distribution of cash dividends by the Company.

LETTER TO SHAREHOLDERS

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the share capital of the Company but the amount available for the distribution of cash dividends by the Company will not be reduced. The NTA of the Company and of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buy-Back Mandate on the NTA per Share and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or otherwise acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and whether the Shares purchased or otherwise acquired are cancelled or held as treasury shares.

For illustration purposes only, the financial effects of the Share Buy-Back Mandate on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2016 are based on the following assumptions:

- (a) based on 452,669,490 Shares in issue (excluding treasury shares) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the EGM, the purchase or acquisition by the Company of ten per cent. (10%) of its issued Shares (excluding treasury shares) will result in the purchase or acquisition of 45,266,949 Shares;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 45,266,949 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) assuming a Maximum Price of S\$0.045 for one Share which is five per cent. (5%) above the Average Closing Price of the Shares over the five (5) Market Days on the SGX-ST immediately preceding the Latest Practicable Date, is approximately S\$2.04 million; and
- (c) in the case of the Off-Market Purchases by the Company and assuming that the Company purchases or acquires 45,266,949 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) assuming a Maximum Price of S\$0.052 for one Share which is twenty per cent. (20%) above the Average Closing Price of the Shares over the last five (5) Market Days on the SGX-ST immediately preceding the Latest Practicable Date, is approximately S\$2.35 million.

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 5.8(a), (b) and (c) above, the financial effects of the:

- (i) purchase or acquisition of 45,266,949 Shares by the Company pursuant to the Share Buy-Back Mandate made entirely out of profits and cancelled;
- (ii) purchase or acquisition of 45,266,949 Shares by the Company pursuant to the Share Buy-Back Mandate made entirely out of profits and held in treasury;
- (iii) purchase or acquisition of 45,266,949 Shares by the Company pursuant to the Share Buy-Back Mandate made entirely out of capital and cancelled; and
- (iv) purchase or acquisition of 45,266,949 Shares by the Company pursuant to the Share Buy-Back Mandate made entirely out of capital and held in treasury,

on the audited financial statements of the Company and the Group for FY2016 are set out respectively in the following pages.

LETTER TO SHAREHOLDERS

Scenario 1: Purchases made entirely out of profits and cancelled

	Group			Company		
	Before Share Buy-Back	After Share Buy-Back		Before Share Buy-Back	After Share Buy-Back	
		Market Purchase	Off-Market Purchase		Market Purchase	Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>As at 31 August 2016</u>						
Share capital	39,309	35,378	35,378	39,309	35,378	35,378
Reserves	14,371	16,265	15,948	(3,747)	(1,853)	(2,170)
Treasury shares	–	–	–	–	–	–
Equity attributable to owners of the parent	53,680	51,643	51,326	35,562	33,525	33,208
NTA	53,680	51,643	51,326	35,562	33,525	33,208
Current assets	31,923	29,886	29,569	10,159	8,122	7,805
Current liabilities	14,749	14,749	14,749	5,314	5,314	5,314
Working capital	17,174	15,137	14,820	4,845	2,808	2,491
Total borrowings	11,250	11,250	11,250	4,168	4,168	4,168
Cash and cash equivalents	12,559	10,522	10,205	5,638	3,601	3,284
Total issued number of Shares (excluding treasury shares)	452,669.49	407,402.541	407,402.541	452,669.49	407,402.541	407,402.541
Weighted average number of shares	452,669.49	407,402.541	407,402.541	452,669.49	407,402.541	407,402.541
Profit for the year	1,045	1,045	1,045	2,666	2,666	2,666
Profit attributable to owners of the parent	1,153	1,153	1,153	2,666	2,666	2,666
<u>Financial Ratios</u>						
NTA per Share ⁽¹⁾ (cents)	0.12	0.13	0.13	0.08	0.08	0.08
Gearing ratio ⁽²⁾ (times)	0.21	0.22	0.22	0.12	0.12	0.13
Current ratio (times)	2.16	2.03	2.00	1.91	1.53	1.47
EPS (cents) ⁽³⁾	0.25	0.28	0.28	0.59	0.65	0.65

Notes:

- (1) NTA per Share equals to NTA divided by the number of issued Shares (excluding treasury shares) as at 31 August 2016.
- (2) Gearing ratio represents total borrowings divided by equity attributable to owners of the parent.
- (3) EPS is calculated based on profits attributable to owners of the parent and aggregated weighted average number of issued and paid-up Shares (excluding treasury shares) based on the audited consolidated financial statements of the Group for FY2016.

LETTER TO SHAREHOLDERS

Scenario 2: Purchases made entirely out of profits and held as treasury shares

	Group			Company		
	Before Share Buy-Back	After Share Buy-Back		Before Share Buy-Back	After Share Buy-Back	
		Market Purchase	Off-Market Purchase		Market Purchase	Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>As at 31 August 2016</u>						
Share capital	39,309	39,309	39,309	39,309	39,309	39,309
Reserves	14,371	14,371	14,371	(3,747)	(3,747)	(3,747)
Treasury shares	–	(2,037)	(2,354)	–	(2,037)	(2,354)
Equity attributable to owners of the parent	53,680	51,643	51,326	35,562	33,525	33,208
NTA	53,680	51,643	51,326	35,562	33,525	33,208
Current assets	31,923	29,886	29,569	10,159	8,122	7,805
Current liabilities	14,749	14,749	14,749	5,314	5,314	5,314
Working capital	17,174	15,137	14,820	4,845	2,808	2,491
Total borrowings	11,250	11,250	11,250	4,168	4,168	4,168
Cash and cash equivalents	12,559	10,522	10,205	5,638	3,601	3,284
Total issued number of Shares (excluding treasury shares)	452,669.49	407,402.541	407,402.541	452,669.49	407,402.541	407,402.541
Weighted average number of shares	452,669.49	407,402.541	407,402.541	452,669.49	407,402.541	407,402.541
Profit for the year	1,045	1,045	1,045	2,666	2,666	2,666
Profit attributable to owners of the parent	1,153	1,153	1,153	2,666	2,666	2,666
<u>Financial Ratios</u>						
NTA per Share ⁽¹⁾ (cents)	0.12	0.13	0.13	0.08	0.08	0.08
Gearing ratio ⁽²⁾ (times)	0.21	0.22	0.22	0.12	0.12	0.13
Current ratio (times)	2.16	2.03	2.00	1.91	1.53	1.47
EPS (cents) ⁽³⁾	0.25	0.28	0.28	0.59	0.65	0.65

Notes:

- (1) NTA per Share equals to NTA divided by the number of issued Shares (excluding treasury shares) as at 31 August 2016.
- (2) Gearing ratio represents total borrowings divided by equity attributable to owners of the parent.
- (3) EPS is calculated based on profits attributable to owners of the parent and aggregated weighted average number of issued and paid-up Shares (excluding treasury shares) based on the audited consolidated financial statements of the Group for FY2016.

LETTER TO SHAREHOLDERS

Scenario 3: Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Buy-Back	After Share Buy-Back		Before Share Buy-Back	After Share Buy-Back	
		Market Purchase	Off-Market Purchase		Market Purchase	Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 31 August 2016						
Share capital	39,309	37,272	36,955	39,309	37,272	36,955
Reserves	14,371	14,371	14,371	(3,747)	(3,747)	(3,747)
Treasury shares	–	–	–	–	–	–
Equity attributable to owners of the parent	53,680	51,643	51,326	35,562	33,525	33,208
NTA	53,680	51,643	51,326	35,562	33,525	33,208
Current assets	31,923	29,886	29,569	10,159	8,122	7,805
Current liabilities	14,749	14,749	14,749	5,314	5,314	5,314
Working capital	17,174	15,137	14,820	4,845	2,808	2,491
Total borrowings	11,250	11,250	11,250	4,168	4,168	4,168
Cash and cash equivalents	12,559	10,522	10,205	5,638	3,601	3,284
Total issued number of Shares (excluding treasury shares)	452,669.49	407,402.541	407,402.541	452,669.49	407,402.541	407,402.541
Weighted average number of shares	452,669.49	407,402.541	407,402.541	452,669.49	407,402.541	407,402.541
Profit for the year	1,045	1,045	1,045	2,666	2,666	2,666
Profit attributable to owners of the parent	1,153	1,153	1,153	2,666	2,666	2,666
Financial Ratios						
NTA per Share ⁽¹⁾ (cents)	0.12	0.13	0.13	0.08	0.08	0.08
Gearing ratio ⁽²⁾ (times)	0.21	0.22	0.22	0.12	0.12	0.13
Current ratio (times)	2.16	2.03	2.00	1.91	1.53	1.47
EPS (cents) ⁽³⁾	0.25	0.28	0.28	0.59	0.65	0.65

Notes:

- (1) NTA per Share equals to NTA divided by the number of issued Shares (excluding treasury shares) as at 31 August 2016.
- (2) Gearing ratio represents total borrowings divided by equity attributable to owners of the parent.
- (3) EPS is calculated based on profits attributable to owners of the parent and aggregated weighted average number of issued and paid-up Shares (excluding treasury shares) based on the audited consolidated financial statements of the Group for FY2016.

LETTER TO SHAREHOLDERS

Scenario 4: Purchases made entirely out of capital and held as treasury shares

	Group			Company		
	Before Share Buy-Back	After Share Buy-Back		Before Share Buy-Back	After Share Buy-Back	
		Market Purchase	Off-Market Purchase		Market Purchase	Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 31 August 2016						
Share capital	39,309	39,309	39,309	39,309	39,309	39,309
Reserves	14,371	14,371	14,371	(3,747)	(3,747)	(3,747)
Treasury shares	–	(2,037)	(2,354)	–	(2,037)	(2,354)
Equity attributable to owners of the parent	53,680	51,643	51,326	35,562	33,525	33,208
NTA	53,680	51,643	51,326	35,562	33,525	33,208
Current assets	31,923	29,886	29,569	10,159	8,122	7,805
Current liabilities	14,749	14,749	14,749	5,314	5,314	5,314
Working capital	17,174	15,137	14,820	4,845	2,808	2,491
Total borrowings	11,250	11,250	11,250	4,168	4,168	4,168
Cash and cash equivalents	12,559	10,522	10,205	5,638	3,601	3,284
Total issued number of Shares (excluding treasury shares)	452,669.49	407,402.541	407,402.541	452,669.49	407,402.541	407,402.541
Weighted average number of shares	452,669.49	407,402.541	407,402.541	452,669.49	407,402.541	407,402.541
Profit for the year	1,045	1,045	1,045	2,666	2,666	2,666
Profit attributable to owners of the parent	1,153	1,153	1,153	2,666	2,666	2,666
Financial Ratios						
NTA per Share ⁽¹⁾ (cents)	0.12	0.13	0.13	0.08	0.08	0.08
Gearing ratio ⁽²⁾ (times)	0.21	0.22	0.22	0.12	0.12	0.13
Current ratio (times)	2.16	2.03	2.00	1.91	1.53	1.47
EPS (cents) ⁽³⁾	0.25	0.28	0.28	0.59	0.65	0.65

Notes:

- (1) NTA per Share equals to NTA divided by the number of issued Shares (excluding treasury shares) as at 31 August 2016.
- (2) Gearing ratio represents total borrowings divided by equity attributable to owners of the parent.
- (3) EPS is calculated based on profits attributable to owners of the parent and aggregated weighted average number of issued and paid-up Shares (excluding treasury shares) based on the audited consolidated financial statements of the Group for FY2016.

The actual impact will depend on the number and price of the Shares purchased or acquired. As stated, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of Shares will only be effected after assessing the relative impact of a share buy-back taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and performance of the Shares).

LETTER TO SHAREHOLDERS

Shareholders should note that the financial effects illustrated above, based on the respective aforesaid assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Company and the Group for FY2016, and is not necessarily representative of the future financial performance of the Company and the Group.

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or otherwise acquire up to ten per cent. (10%) of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire ten per cent. (10%) of the issued Shares (excluding treasury shares). In addition, the Company may cancel, or hold as treasury shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution.

5.9 Take-over implications arising from share buy-backs

Appendix 2 of the Take-over Code contains the Share Buy-Back 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.

5.9.1 Obligation to make a take-over offer

Rule 14 of the Take-over Code (“**Rule 14**”) requires, *inter alia*, that except with the consent of SIC, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry thirty per cent. (30%) or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than one per cent. (1%) of the voting rights.

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentage of voting rights of such person and their concert parties, treasury shares shall be excluded.

5.9.2 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), co-operate, 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 following persons will, *inter alia*, be presumed to be acting in concert under the Take-over Code:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

LETTER TO SHAREHOLDERS

- (b) a company with any of its directors, together with their close relatives, related trusts and any 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, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and 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, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors 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.

5.9.3 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, the Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of any purchase or acquisition by the Company of its Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or in the event that such Directors and their concert parties hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors 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 would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Buy-Back Mandate.

LETTER TO SHAREHOLDERS

5.9.4 Application of the Take-over Code

As at the Latest Practicable Date, Mr Sin Kwong Wah, Andrew, has a total direct and deemed interest of approximately 32.1% of the entire issued and paid up share capital of the Company, and is the chief executive officer and executive Director, and Controlling Shareholder of the Company. Mr. Sin Kwong Wah, Andrew is deemed to have an interest in the 30,175,000 Shares held by DBS Nominees Pte Ltd, 31,269,000 Shares held by his spouse, Mdm. Pek Yee Chew and 1,500,000 Shares held by his daughter, Ms. Sin Shi Min Andrea. Please refer to shareholding details as set out in paragraph 6 of the Circular.

Accordingly, by virtue of their relationships, Mr Sin Kwong Wah, Andrew, Mdm. Pek Yee Chew and Ms. Sin Shi Min Andrea (“**Concert Parties**”) are presumed acting in concert with each other in relation to the Company for the purposes of the Take-over Code in respect of their combined direct and deemed holdings of approximately 32.1% of the entire issued and paid up share capital of our Company.

The obligation of the Concert Parties under (i) Market Purchase; and (ii) Off-Market Purchase in accordance with an equal access scheme, is illustrated using the following examples:

(a) Market Purchase

Assumptions

- (i) the Company purchases a maximum 45,266,949 Shares, being ten per cent (10%) of the total number of Shares in issue;
- (ii) the 45,266,949 Shares are not held as treasury shares and are cancelled; and
- (iii) there was no change in the number of Shares held or deemed to be held by the Concert Parties.

Concert Parties	Interests in Shares directly held or held by a nominee company before Share Buy-Back (No. of Shares)	Interests in Shares directly held or held by a nominee company after Share Buy-Back (No. of shares)	Before Share Buy-Back assuming Market Purchases (%)⁽¹⁾	After Share Buy-Back assuming Market Purchases (%)⁽²⁾
Mr Sin Kwong Wah, Andrew,	112,500,900	112,500,900	24.9	27.6
Mdm. Pek Yee Chew	31,269,000	31,269,000	6.9	7.7
Ms. Sin Shi Min Andrea	1,500,000	1,500,000	0.3	0.4
Total	145,269,900	145,269,900	32.1	35.7

Notes:

- (1) The percentages are calculated on the basis of the share capital of 452,669,490 Shares as at the Latest Practicable Date. As at the Latest Practicable Date, the Company did not hold any treasury shares.
- (2) The percentages are calculated on the basis of the issued share capital of 407,402,541 Shares after the purchase or acquisition by the Company of 45,266,949 Shares, being ten per cent. (10%) of the existing issued share capital of the Company.

LETTER TO SHAREHOLDERS

Based on the example above, in the event that the Company purchases or acquires up to ten per cent. (10%) of its Shares pursuant to the proposed Share Buy-Back Mandate, the aggregate holdings of Mr Sin Kwong Wah, Andrew, Mdm. Pek Yee Chew and Ms. Sin Shi Min Andrea and their concert parties will increase by more than one per cent. (1%) within a six (6) month period.

Accordingly, under the Take-over Code, the Concert Parties and the parties acting in concert with them (collectively the “**Relevant Persons**”), unless exempted, will become obliged to make a general offer under the Take-over Code for the Shares not owned by them, if as a result of the exercise of the Share Buy-Back Mandate, their interest in the voting rights of the Company increase by more than one per cent. (1%) within a six (6) month period.

(b) Off-Market Purchase

Assumptions

- (i) the Company purchases a maximum 45,266,949 Shares, being ten per cent. (10%) of the total number of Shares in issue; and
- (ii) the 45,266,949 Shares are not held as treasury shares and are cancelled.

Concert Parties	Interests in Shares directly held or held by a nominee company before Share Buy-Back (No. of shares)	Interests in Shares directly held or held by a nominee company after Share Buy-Back (No. of shares)	Before Share Buy-Back assuming Off-Market Purchases (%) ⁽¹⁾	After Share Buy-Back assuming Off-Market Purchases (%) ⁽²⁾
Mr Sin Kwong Wah, Andrew,	112,500,900	101,250,810	24.9	24.9
Mdm. Pek Yee Chew	31,269,000	28,142,100	6.9	6.9
Ms. Sin Shi Min Andrea	1,500,000	1,350,000	0.3	0.3
Total	145,269,900	130,742,910	32.1	32.1

Notes:

- (1) The percentages are calculated on the basis of the share capital of 452,669,490 Shares as at the Latest Practicable Date. As at the Latest Practicable Date, the Company did not hold any treasury shares.
- (2) The percentages are calculated on the basis of the issued share capital of 407,402,541 Shares after the purchase or acquisition by the Company of 45,266,949 Shares, being ten per cent. (10%) of the existing issued share capital of the Company.

Based on the example above, in the event that the Company purchases or acquires up to ten per cent. (10%) of its Shares pursuant to the proposed Share Buy-Back Mandate, the percentage shareholding interests of Mr Sin Kwong Wah, Andrew, Mdm. Pek Yee Chew and Ms. Sin Shi Min Andrea and their concert parties will remain the same after the purchases or acquisition of up to ten per cent. (10%) by the Company of its Shares pursuant to the proposed Share Buy-Back Mandate and the Relevant Persons will not be obliged to make a general offer under the Take-over Code for the Shares not owned by them.

LETTER TO SHAREHOLDERS

5.9.5 Exemptions under the Take-over Code

The Relevant Persons will be exempted from the requirement under Rule 14.1, Note 6 of notes on dispensation from Rule 14, and Appendix 2 – Share Buyback Guidance Note of the Take-over Code to make a general offer for the Company in the event that their total shareholding increases by more than one per cent. (1%) in any six (6) month period as a result of the Company acquiring its own shares under the proposed Share Buy-Back Mandate (“**Relevant Scenario**”), subject to the following conditions:

- (a) this Circular to Shareholders on the resolution to authorise the proposed Share Buy-Back Mandate contains advice to the effect that by voting for the approval of the proposed Share Buy-Back Mandate, Shareholders are waiving their rights to a general offer at the required price from Relevant Persons who, as a result of the Company buying back its Shares, would increase their voting rights by more than one per cent. (1%) in any six (6) month period and the names of the Relevant Persons and their voting rights at the time of the resolution and after the share buy-back are disclosed in the same circular;
- (b) the resolution to authorise the proposed Share Buy-Back Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buy-back;
- (c) the Relevant Persons abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the proposed Share Buy-Back Mandate;
- (d) within seven (7) days after the passing of the resolution to authorise the proposed Share Buy-Back Mandate, each of the Directors is to submit to the SIC a duly signed form as prescribed by the SIC;
- (e) the Relevant Persons have not acquired and will not acquire any Shares of the Company between the date on which they know that the announcement of the proposed Share Buy-Back Mandate is imminent and the earlier of:
 - (i) the date on which the authority of the proposed Share Buy-Back Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the proposed Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase to thirty per cent. (30%) or more; and
- (f) the Relevant Persons, together holding between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the proposed Share Buy-Back Mandate is imminent and the earlier of:
 - (i) the date on which the authority of the proposed Share Buy-Back Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the proposed Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,if such acquisitions, taken together with the buy-back would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months.

LETTER TO SHAREHOLDERS

The required price in relation to the obligation of the Relevant Persons to make a general offer arising from the proposed Share Buy-Back Mandate is the higher of:

- (a) the highest price paid by the Relevant Persons for the Shares in the preceding six (6) months; or
- (b) the highest price paid by the Company for the Shares in the preceding six (6) months.

It follows that where the aggregate voting rights held by the Relevant Persons increase by more than one per cent. (1%) solely as a result of the Relevant Scenario and none of them has acquired any Shares during the relevant period defined in paragraph (f) above, then the Relevant Persons would be eligible for the SIC's exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy back its Shares under the proposed Share Buy-Back Mandate and the increase in the aggregate voting rights held by the Relevant Persons as a result of the Company repurchasing its Shares at the time of such cessation is less than one per cent. (1%) in any six (6) month period, the Relevant Persons will be allowed to acquire Shares. However, any increase in the Relevant Persons' percentage of voting rights in the Company as a result of the share buy-back will be taken into account together with any Shares acquired by the Relevant Persons (by whatever means) in determining whether the Relevant Parties have increased their aggregate voting rights in the Company by more than one per cent. (1%) in any six (6) month period.

Shareholders should therefore note that by voting in favour of the ordinary resolution to approve the proposed Share Buy-Back Mandate, they will be waiving their rights to a general offer at the required price by Relevant Persons in the circumstances set out above.

For the purposes of this Circular, “**required price**” shall mean in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 of the Take-over Code which is the highest of the price paid by the Relevant Persons for the Company's Shares (i) during the offer period and within the preceding six (6) months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six (6) months of the offer and during the offer period, or (iii) acquire through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six (6) months of the offer or during the offer period; or at such price as determined by SIC under Rule 14.3 of the Take-over Code.

Save as disclosed, the Directors confirm that they are not aware of any facts or factors 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 proposed Share Buy-Back Mandate.

As at the Latest Practicable Date, the Relevant Persons consist of the Concert Parties.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share buy-backs by the Company.

LETTER TO SHAREHOLDERS

5.9.6 Listing status of Shares on the SGX-ST

The Company does not have any individual shareholding limit or foreign shareholding limit. However, the Company is required under Rule 723 of the Catalist Rules to ensure that at least ten per cent. (10%) of its Shares (excluding treasury shares, preference shares and convertible equity securities) are in the hands of the public. The term “public”, as defined under the Catalist Rules, are persons other than (a) the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries; and (b) the Associates of persons in (a).

As at the Latest Practicable Date, approximately 221,835,800 issued Shares were held by the public, representing approximately 49.0% of the total number of issued Shares. For illustration purposes only, assuming that the Company purchases the maximum number of ten per cent. (10%) of the issued Shares (excluding treasury shares), being 45,266,949 Shares as at the Latest Practicable Date, and assuming that such Shares are held in public hands, the resultant number of Shares held by the public after the purchase of such Shares would be 176,568,851 Shares, representing approximately 43.3% of the remaining issued Shares of the Company.

Before deciding to effect a purchase of Shares, the Directors will consider whether, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

The Directors will use their best efforts to ensure that the Company does not effect a purchase or acquisition of Shares if the purchase or acquisition of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

5.9.7 Shares purchased by the Company

There was no share buy-back mandate in force in the last twelve (12) months prior to the Latest Practicable Date. The Company has not purchased or acquired any Shares in the last twelve (12) months immediately preceding the Latest Practicable Date.

5.10 **Timing of purchases**

While the Catalist Rules do 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 Share Buy-Back 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, in observing the best practices recommended in the Catalist Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of two (2) weeks immediately preceding the announcement of the Company’s results for each of the first three (3) quarters and one (1) month immediately preceding the announcement of the Company’s full-year results, as the case may be, and ending on the date of announcement of the relevant results.

5.11 **Tax implications**

Shareholders who are in doubt as to their respective tax positions or the tax implications arising from the purchase or acquisition of Shares by the Company, or who may be subject to tax in a jurisdiction, should consult their own professional advisers.

LETTER TO SHAREHOLDERS

6 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders (both direct and deemed) in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	(%)(⁽¹⁾)	Number of Shares	(%)(⁽¹⁾)	Number of Shares	(%)(⁽¹⁾)
Directors						
Sin Kwong Wah, Andrew ⁽²⁾	82,325,900	18.2	62,944,000	13.9	145,269,900	32.1
Masayoshi Taira ⁽³⁾	–	–	69,509,290	15.4	69,509,290	15.4
Pek Ee Perh, Thomas	15,954,500	3.5	–	–	15,954,500	3.5
Wee Piew	–	–	–	–	–	–
Lim Thean Ee	100,000	0.0	–	–	100,000	0.0
Substantial Shareholders (other than Directors)						
Miyoshi Industry Co., Ltd	69,509,290	15.4	–	–	69,509,290	15.4
Pek Yee Chew ⁽⁴⁾	31,269,000	6.9	114,000,900	25.2	145,269,900	32.1

Notes:

- (1) Based on the issued share capital of the Company of 452,669,490 Shares as at the Latest Practicable Date.
- (2) Mr. Sin Kwong Wah, Andrew is deemed to have an interest in the 30,175,000 Shares held by DBS Nominees Pte Ltd, 31,269,000 Shares held by his spouse, Mdm. Pek Yee Chew and 1,500,000 Shares held by his daughter, Ms. Sin Shi Min Andrea.
- (3) Mr. Masayoshi Taira is deemed to have an interest in the 69,509,290 Shares held by Miyoshi Industry Co., Ltd.
- (4) Mdm. Pek Yee Chew is deemed to have an interest in the Shares held or deemed to be held by her spouse, Mr. Sin Kwong Wah, Andrew.

7 DIRECTORS' RECOMMENDATIONS

- 7.1 **Proposed Adoption of the New Share Plans.** The Directors (save for Mr Sin Kwong Wah, Andrew, who is eligible to participate, and therefore interested in the New Share Plans, and who has accordingly refrained from making any voting recommendations to Shareholders in respect of Resolutions 1 and 2), are of the opinion that the proposed adoption of the New Share Plans is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolutions 1 and 2, being the Ordinary Resolutions relating to the proposed adoption of the New Share Plans to be proposed at the EGM.
- 7.2 **Proposed Adoption of the Share Buy-Back Mandate.** The Directors (save for Mr Sin Kwong Wah, Andrew, who is a Relevant Person, has accordingly refrained from making any voting recommendations to Shareholders in respect of Resolution 3) are of the opinion that the proposed adoption of the Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Resolution 3, being the Ordinary Resolution in respect of the proposed adoption of the Share Buy-Back Mandate to be proposed at the EGM.

8 ABSTENTION FROM VOTING

8.1 Proposed Adoption of the New Share Plans.

Shareholders who are entitled to participate in the New Share Plans should abstain from voting at the EGM on any resolution relating to the New Share Plans, and should decline appointment as proxies for voting at the EGM in respect of the aforesaid resolution, unless specific instructions have been given in the proxy form on how the votes are to be cast for the resolution.

LETTER TO SHAREHOLDERS

In particular, Shareholders who are eligible to participate in the New Share Plans shall abstain from voting on the following resolutions, where applicable: (a) implementation of the New Share Plans and (b) participation by and awards granted to Controlling Shareholders and their Associates.

Mr Sin Kwong Wah, Andrew, will abstain from voting at the EGM on the ordinary resolutions relating to the New Share Plans, and will decline appointment as proxies for voting at the EGM in respect of the aforesaid resolutions, unless specific instructions have been given in the proxy form on how the votes are to be cast for the resolutions.

8.2 Proposed Adoption of the Share Buy-Back Mandate.

The Relevant Persons will abstain from voting at the EGM in respect of the Ordinary Resolution relating to the adoption of the proposed Share Buy-Back Mandate in view of Note 3(iii) of Appendix 2 of the Take-over Code and would not accept nominations as proxy or otherwise for voting at the EGM in respect of the said ordinary resolution.

The Relevant Persons have also undertaken to ensure that their Associates will abstain from making any recommendation and from voting at the EGM in respect of the ordinary resolution relating to the Proposed Share Buy-Back Mandate and would not accept nominations as proxy or otherwise for voting at the EGM relating to the Proposed Share Buy-Back Mandate.

9 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 43 to 46 of this Circular, will be held at 5 Second Chin Bee Road, Singapore 618772, on 23 December 2016 at 10.30 a.m. (or as soon thereafter following the conclusion of the AGM to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without modification the resolutions set out in the Notice of EGM.

10 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM 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 5 Second Chin Bee Road, Singapore 618772, not later than 48 hours before the time fixed for holding the EGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP not less than 72 hours before the time fixed for the EGM or any adjournment thereof.

11 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the New Share Plans, the Share Buy-Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

LETTER TO SHAREHOLDERS

12 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Constitution of the Company;
- (b) The proposed rules of the New Share Plans; and
- (c) the annual report of the Company for FY2016.

Yours faithfully

For and on behalf of the Board of Directors of
MIYOSHI LIMITED
Sin Kwong Wah, Andrew
Chief Executive Officer and Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

MIYOSHI LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198703979K)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Miyoshi Limited (the “**Company**”) will be held at 5 Second Chin Bee Road, Singapore 618772 on 23 December 2016 at 10.30 a.m. (or as soon thereafter following the conclusion of the annual general meeting of the Company to be held at 10.00 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

*All capitalised terms in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular dated 30 November 2016 (the “**Circular**”) to the Shareholders of the Company.*

AS ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 1: THE PROPOSED ADOPTION OF THE MIYOSHI RESTRICTED SHARE PLAN

That:

- (a) a new restricted share plan to be known as the “Miyoshi Restricted Share Plan” (the “**Miyoshi RSP**”), the rules of which, for the purpose of identification, have been subscribed to by the Chairman of the Meeting, under which awards (“**RSP Awards**”) of fully paid-up ordinary shares in the capital of the Company (“**Shares**”), their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees (including executive Directors) of the Company and/or its subsidiaries, details of which are set out in the Circular, be and is hereby approved;
- (b) the Directors of the Company be and are hereby authorised:
 - (i) to establish and administer the Miyoshi RSP; and
 - (ii) to modify and/or alter the Miyoshi RSP at any time and from time to time, provided that such modification and/or alteration is effected in accordance with the provisions of the Miyoshi RSP, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the Miyoshi RSP; and
- (c) the Directors of the Company be and are hereby authorised to grant RSP Awards in accordance with the provisions of the Miyoshi RSP and to allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of RSP Awards under the Miyoshi RSP, provided that the aggregate number of (1) new Shares allotted and issued and/or to be allotted and issued, (2) existing Shares (including Shares held in treasury) delivered and/or to be delivered, and (3) Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to the 2001 Miyoshi Employee Share Option Scheme, the Miyoshi RSP and the Miyoshi PSP (as defined in Resolution 2 below) and all options or awards granted under any other share option schemes or share schemes implemented by the Company and for the time being in force (if any), shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time.

ORDINARY RESOLUTION 2: THE PROPOSED ADOPTION OF THE MIYOSHI PERFORMANCE SHARE PLAN

That:

- (a) a new performance share plan to be known as the “Miyoshi Performance Share Plan” (the “**Miyoshi PSP**”), the rules of which, for the purpose of identification, have been subscribed to by the Chairman of the Meeting, under which awards (“**PSP Awards**”) of fully paid-up Shares, their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees (including executive directors) of the Company and/or its subsidiaries, details of which are set out in the Circular, be and is hereby approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the Directors of the Company be and are hereby authorised:
 - (i) to establish and administer the Miyoshi PSP; and
 - (ii) to modify and/or alter the Miyoshi PSP at any time and from time to time, provided that such modification and/or alteration is effected in accordance with the provisions of the Miyoshi PSP, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the Miyoshi PSP; and
- (c) the Directors of the Company be and are hereby authorised to grant PSP Awards in accordance with the provisions of the Miyoshi PSP and to allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of PSP Awards under the Miyoshi PSP, provided that the aggregate number of (1) new Shares allotted and issued and/or to be allotted and issued, (2) existing Shares (including Shares held in treasury) delivered and/or to be delivered, and (3) Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to the 2001 Miyoshi Employee Share Option Scheme, the Miyoshi RSP (as defined in Resolution 1 above) and the Miyoshi PSP, and all options or awards granted under any other share option schemes or share schemes implemented by the Company and for the time being in force (if any), shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time.

ORDINARY RESOLUTION 3: THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50) of Singapore (“**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) market purchase(s) (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and/or
 - (ii) off-market purchase(s) (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Manual Section B: Rules of Catalist of the SGX-ST (“**Catalist Rules**”) and the Companies Act,and otherwise in accordance with all other laws and regulations, including but not limited to, the Catalist Rules as may for the time being be applicable be and is hereby authorised and approved generally and unconditionally (the “**Share Buy-Back Mandate**”);
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company is held or date by which such annual general meeting is required to be held;
 - (ii) the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate; or
 - (iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) for purposes of this ordinary resolution:

“Average Closing Price” means the average of the closing market prices of the Shares for the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the date 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 in accordance with the listing rules of the SGX-ST for any corporate action that occurs after the relevant five (5)-Market Day period;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price (as hereinafter defined) for an off-market purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

“Maximum Limit” means ten per cent. (10%) of the total issued Shares of the Company as at the date of the passing of this ordinary resolution, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buy-back) in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined) in which event the issued Shares of the Company shall be taken to be the total number of the issued Shares as altered by such capital reduction (the total number of Shares shall exclude any Shares that may be held as treasury shares by the Company from time to time);

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price;

“Market Day” means a day on which the SGX-ST is open for trading in securities;

- (d) the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;
- (e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy-Back Mandate in any manner as they think fit, which is permitted under the Companies Act; and
- (f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this ordinary resolution.

By Order of the Board
MIYOSHI LIMITED

Sin Kwong Wah, Andrew
Chief Executive Officer and Executive Director
30 November 2016

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1.
 - (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of share shall be specified)

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
2. A proxy need not be a member of the Company.
3. An instrument appointing a proxy must be deposited at the registered office of the Company at 5 Second Chin Bee Road, Singapore 618772, not less than 48 hours before the time for holding the EGM or any adjournment thereof.
4. Where a member appoints two (2) proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. (100%) of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

PERSONAL DATA PRIVACY: By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

MIYOSHI LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198703979K)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. For investors who have used their CPF monies to buy Miyoshi Limited's shares, this Circular is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the EGM as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____ (Name)

of _____ (Address)

being a member/members of Miyoshi Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the extraordinary general meeting ("EGM") of the Company as my/our proxy/proxies to vote for me/us on my/our behalf at the EGM to be held at 5 Second Chin Bee Road, Singapore 618772 on Monday, 23 December 2016 at 10.30 a.m. (or as soon thereafter following the conclusion of the annual general meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

All resolutions put to the vote of the EGM shall be decided by way of poll.

No.	Resolutions relating to:	No. of Votes For*	No. of Votes Against*
1	Proposed adoption of the Miyoshi Restricted Share Plan		
2	Proposed adoption of the Miyoshi Performance Share Plan		
3	Proposed adoption of the Share Buy-Back Mandate		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total number of shares held in:	
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore, you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
 - (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of the shareholding (expressed as a percentage of the whole) to be represented by each proxy.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of share shall be specified)
- "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore. A proxy need not be a member of the Company.
2. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 5 Second Chin Bee Road, Singapore 618772 not less than forty-eight (48) hours before the time appointed for the EGM in accordance with the instructions stated herein.
4. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
5. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
6. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting and to vote thereat unless his name appears on the Depository Register seventy-two (72) hours before the time appointed for the meeting.

PERSONAL DATA PRIVACY: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.