APPENDIX DATED 10 OCTOBER 2022

This Appendix is circulated to the Shareholders of Spindex Industries Limited (the "**Company**") together with the Company's annual report for the financial year ended 30 June 2022 ("**Annual Report 2022**"). Its purpose is to explain to Shareholders the rationale and provide information for the proposed renewal of the Share Purchase Mandate (as defined herein) of the Company to be tabled at the Annual General Meeting ("**AGM**") of the Company to be held on 26 October 2022 at 2.30 p.m. at 8 Boon Lay Way #10-03, 8@TradeHub 21 Singapore 609964.

The Notice of AGM and Proxy Form are enclosed with the Company's Annual Report 2022.

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

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



SPINDEX INDUSTRIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198701451M)

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated.

"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	The annual general meeting of the Company
"Annual Report 2022"	:	The Company's annual report for FY2022
"Appendix"	:	This appendix to the Annual Report 2022 dated 10 October 2022 issued by the Company to the Shareholders
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act 1967 of Singapore, as amended, supplemented or otherwise modified from time to time
"Company"	:	Spindex Industries Limited
"Constitution"	:	The Constitution of the Company, as amended, varied or supplemented from time to time
"Directors"	:	The directors of the Company for the time being (collectively, the "**Board of Directors**")
"**FY2021**"	:	Financial year ended 30 June 2021
"**FY2022**"	:	Financial year ended 30 June 2022
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	3 October 2022, being the latest practicable date prior to this Appendix
"Listing Manual"	:	The Listing Manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date
"Market Day"	:	A day on which the SGX-ST is open for securities trading
"Market Purchase"	:	Has the meaning ascribed to it in Paragraph 2.3.3
"NTA"	:	Net tangible assets
"Off-Market Purchase"	:	Has the meaning ascribed to it in Paragraph 2.3.3
"Register of Members"	:	The Register of Members of the Company
"SFA"	:	Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Purchase"	:	The purchase or acquisition of issued Share(s) by the Company pursuant to the terms of the Share Purchase Mandate

"Share Purchase Mandate"	:	The general and unconditional mandate given by the Shareholders at the AGM to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, issued Shares
"Shareholders"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors to whose securities accounts maintained with CDP are credited with the Shares
"Shares"	:	Ordinary shares in the capital of the Company
"SIC"	:	The Securities Industry Council of Singapore
"Substantial Shareholder"	:	A person (including a corporation) who has an interest, directly or indirectly, in 5% or more of the total number of voting Shares of the Company
"Take-Over Code"	:	Singapore Code on Take-overs and Mergers
"Treasury Shares"	:	Issued Shares which were purchased by the Company and have been held by the Company continuously since purchase and have not been cancelled
"S$", "$" and "cents"	:	Singapore dollars and cents, respectively
"%" or "per cent"	:	Per centum or percentage

The terms "**subsidiary**" and "**associated company**" shall have the meaning ascribed to them in the Companies Act and the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, as the case may be.

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

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

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual, the Take-Over Code or any relevant laws of Singapore or any modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual, the Take-Over Code or any relevant laws of Singapore or any modification thereof, as the case may be, unless otherwise provided.

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

Any reference to a date and/or time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

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

Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the proposed renewal of the Share Purchase Mandate.

SPINDEX INDUSTRIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No: 198701451M)

Directors

Mr. Tan Choo Pie @ Tan Chang Chai (Chairman)
Mr. Tan Heok Ting (Managing Director)
Mr. Chen Chang Rong (Non-Executive Director)
Mr. Peter Tan Boon Heng (Independent Director)
Mr. Hoon Tai Meng (Independent Director)

Registered Office

8 Boon Lay Way
#10-03, 8@TradeHub 21
Singapore 609964

10 October 2022

To: The Shareholders of Spindex Industries Limited

Dear Shareholders

1. INTRODUCTION

1.1 The Directors are convening the AGM to be held on 26 October 2022 at 2.30 p.m. at 8 Boon Lay Way #10-03, 8@TradeHub 21 Singapore 609964 to seek Shareholders' approval for the proposed renewal of the Share Purchase Mandate. Such purchases of Shares will be made subject to the Constitution, the Listing Manual, Companies Act and Take-over Code.

1.2 The purpose of this Appendix, to be circulated to Shareholders together with the Company's Annual Report 2022, is to explain the reasons for, and to provide Shareholders with relevant information pertaining to the proposed renewal of the Share Purchase Mandate to be tabled at the AGM.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 **Introduction**. 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, the Listing Manual and such other laws and regulations as may, for the time being, be applicable. Regulation 69(2) of the Constitution expressly permits the Company to authorise the Directors in general meeting to purchase or otherwise acquire its issued Shares on such terms as the Company may think fit and in the manner prescribed by the Companies Act.

At the AGM of the Company held on 27 October 2021, Shareholders had approved a general and unconditional mandate to enable the Company to purchase or otherwise acquire its issued Shares (the "**2021 Share Purchase Mandate**"). The authority and limitations of the 2021 Share Purchase Mandate were set out in the appendix to the Company's annual report for FY2021 dated 12 October 2021 and the Ordinary Resolution in the notice of the 2021 AGM dated 12 October 2021. The 2021 Share Purchase Mandate will expire on the date of the forthcoming AGM to be held on 26 October 2022 and the Directors propose that the 2021 Share Purchase Mandate be renewed at the forthcoming AGM.

If approved by Shareholders at the AGM, the authority conferred by the Share Purchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company following the passing of the resolution granting the said authority, or the date by which such annual general meeting is required to be held (whereupon it will lapse, unless renewed at such meeting) or it is revoked or varied by ordinary resolution of the Company in general meeting (if so varied or revoked prior to the next annual general meeting), or the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earliest, and may thereafter be renewed by Shareholders in a general meeting of the Company.

2.2 **Rationale**. The Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares if and when circumstances permit. Share purchases or acquisitions provide the Company and its Directors with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The purchase or acquisition of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the earnings per Share and/or net tangible asset per Share. Share purchases or acquisitions also allow the Directors to exercise control over the Company's share capital structure with a view to enhance the earnings per Share and/or net tangible asset per Share. The Share Purchase Mandate will further give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued and help to buffer short-term share price volatility and offset the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases or acquisitions via Market Purchases or Off-Market Purchases (both as defined below), after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Purchase Mandate when they consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.3 **Authority and Limits of the Share Purchase Mandate**. The authority and limitations placed on Share Purchases pursuant to the Share Purchase Mandate, if approved at the AGM, are summarised below:

2.3.1 ***Maximum Number of Shares***

Only Shares which are issued and fully paid up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired under the Share Purchase Mandate will not exceed 10% of the issued Shares of the Company as at the date of the forthcoming AGM at which the Share Purchase Mandate is approved (the "**Approval Date**") unless the Company has reduced its share capital by a special resolution under Section 78C of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution. Any of the Company's Shares which are held as Treasury Shares and/or held by a subsidiary of the Company in accordance with the provisions of the Companies Act, will be disregarded for purposes of computing the 10% limit.

As at the Latest Practicable Date, the issued ordinary share capital of the Company (excluding Shares which are held as Treasury Shares by the Company and subsidiary holdings) comprised 115,365,000 Shares. As at the Latest Practicable Date, the Company does not hold any Treasury Shares. For illustration purposes only, on the basis of 115,365,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the AGM, not more than 11,536,500 Shares (representing 10% of the Shares in issue as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

However, purchases or acquisitions of Shares pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would affect the listing status of the Company on the SGX-ST. The public float in the issued Shares as at the Latest Practicable Date is disclosed in Paragraph 2.11 below.

2.3.2 ***Duration of Authority***

Share purchases or acquisitions may be made, at any time and from time to time, on and from the Approval Date, up to:

(a) the conclusion of the next annual general meeting of the Company, or the date by which such annual general meeting is required by law to be held;

(b) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by ordinary resolution of the Company in general meeting,

whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next annual general meeting or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 ***Manner of Purchases or Acquisitions of Shares***

Share purchases or acquisitions may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose of the Share Purchase; and/or

(b) off-market purchases ("**Off-Market Purchases**"), otherwise than on a securities exchange, in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act, the Constitution and/or other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). Under the Companies Act, an equal access scheme must, however, satisfy all the following conditions:

(a) offers for the purchase or acquisition of Shares under the equal access scheme shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements, (2) (if applicable) 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 Shareholder is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by the Listing Manual, issue an offer document to all Shareholders containing at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share purchase;

(d) the consequences, if any, of the Share purchases by the Company that will arise under the Takeover Code or other applicable take-over rules;

(e) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(f) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.3.4 ***Maximum Purchase Price***

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors.

However, the purchase price to be paid for the Shares purchased or acquired pursuant to the Share Purchase Mandate must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

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

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, 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 Manual, for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made; and

"**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 Shareholders, 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.

2.4 **Status of Purchased Shares**. Under the Companies Act, a Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation), unless such Share is held by the Company as a Treasury Share. Accordingly, the Company has the discretion to hold the purchased Shares as Treasury Shares or to cancel them.

2.5 **Cancellation of Shares.** Where Shares purchased or acquired by the Company are cancelled, the total number of Shares will be diminished by such number of Shares purchased or acquired.

Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

2.6 **Treasury Shares**. Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Companies Act. Some of the provisions on Treasury Shares under the Companies Act are summarised below:

2.6.1 ***Maximum Holdings***

The aggregate number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares excluding Treasury Shares and subsidiary holdings as at the date of the resolution passed to approve the renewal of the Share Purchase Mandate. Any Shares held as Treasury Shares in excess of this limit shall be disposed of or cancelled by the Company in accordance with Section 76K of the Companies Act within six (6) months from the date such limit is exceeded, or such further period as may be allowed by the ACRA.

2.6.2 ***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 or consolidation of any Treasury Shares is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

2.6.3 ***Disposal and Cancellation***

Where Shares are held as Treasury Shares, the Company may at any time (but subject always to the Take-Over Code):

(a) sell the Treasury Shares for cash;

(b) transfer the Treasury Shares for the purposes of or pursuant to share schemes implemented by 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.

Where the Company cancels or disposes the Treasury Shares in accordance with this Paragraph 2.6, the Company shall lodge with ACRA a prescribed notice of the cancellation or disposal of Treasury Shares together with the prescribed fee within 30 days after the cancellation or disposal of Treasury Shares.

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (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 such usage, and the value of the Treasury Shares comprised in such usage.

2.7 **Reporting Requirements**.

Within 30 days after the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the ACRA.

The Company shall notify the ACRA within 30 days after a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchase, whether Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

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

(a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares after the purchase. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion with the necessary information which will enable the Company to make the notifications to the SGX-ST.

For an Off-Market Purchase, the Listing Manual requires that the listed company issue an offer document to all shareholders containing the information as set out in Paragraph 2.3.3 above.

2.8 **Source of Funds**. In purchasing or acquiring Shares, the Company shall only apply funds legally available in accordance with its Constitution and any other applicable laws in Singapore. Furthermore, the Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits, so long as the Company is solvent. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. Under Section 76F(4) of the Companies Act, the Company is solvent if at the date of payment for the purchase or acquisition of its Shares, (a) there is no ground on which the Company could be found to be unable to pay its debts, (b) if it is intended to commence winding up within the period of 12 months immediately after the date of payment, the Company will be able to pay its debts in full within such period, or if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of payment, and (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of Shares become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal resources or external borrowings, or a combination of both, to finance its purchase or acquisition of Shares pursuant to the Share Purchase Mandate. However, in considering the option of external financing, the Directors will consider, amongst others, the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected. The purchase of its own Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

2.9 **Financial Impact**. The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate would depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2022 are based on the assumptions set out below.

2.9.1 ***Purchase or Acquisition out of Capital, and/or Profits***

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

Where the purchased Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

(a) the share capital of the Company where the Shares were purchased out of the capital of the Company;

(b) the profits of the Company where the Shares were purchased out of the profits of the Company; or

(c) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by the Company will not be reduced.

For the purposes of this Paragraph 2.9.1, the total amount of the purchase price shall include any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares which is paid out of the Company's capital or profits.

2.9.2 ***Number of Shares Acquired or Purchased***

As at the Latest Practicable Date, the Company has 115,365,000 Shares in issue. The Company does not hold any Treasury Shares and does not have any subsidiary holdings.

Purely for illustrative purposes, on the basis of 115,365,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the AGM, not more than 11,536,500 Shares (representing 10% of the issued and paid-up share capital of the Company) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

2.9.3 ***Funding Required***

The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchases of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend, *inter alia*, on the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

2.9.4 ***Net Tangible Assets, Earnings per Share and Gearing***

The impact of purchases or acquisitions under the Share Purchase Mandate on net tangible assets, earnings per Share and gearing of the Company and the Group will depend, *inter alia*, on the number of Shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to accurately calculate or quantify the impact at this point of time.

2.9.5 ***Maximum Price Paid for Shares Acquired or Purchased***

(a) In the case of Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 11,536,500 Shares at the Maximum Price of S$1.134 per Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the last five market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 11,536,500 Shares (excluding any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares) is approximately S$13,082,391.

(b) In the case of Off-Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 11,536,500 Shares at the Maximum Price of S$1.296 per Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the last five market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 11,536,500 Shares (excluding any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares) is approximately S$14,951,304.

2.9.6 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in Paragraphs 2.9.1 to 2.9.5 above, as well as the following:

(a) the Share Purchase Mandate had been effective on 30 June 2022 and 11,536,500 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date) were purchased and cancelled on 30 June 2022;

(b) such purchase or acquisition of Shares is financed by the internal resources of the Company available as at 30 June 2022;

(c) there were no issuances of Shares by the Company after the Latest Practicable Date; and

(d) the transaction costs incurred for such purchase or acquisition of Shares pursuant to the Share Purchase Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects,

an illustration of the financial impact of Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate on the Group and the Company's audited financial statements for the financial year ended 30 June 2022 is set out below:

Scenario A: Shares purchased and cancelled[3]

	Group			Company		
	Before purchase	**After Market Purchase**	**After Off-Market Purchase**	**Before purchase**	**After Market Purchase**	**After Off-Market Purchase**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
As at 30 June 2022						
Profit after tax	17,158	17,158	17,158	12,604	12,604	12,604
Shareholders' Funds	159,102	146,020	144,151	42,654	29,572	27,703
NTA	159,102	146,020	144,151	42,654	29,572	27,703
Current Assets	130,862	117,780	115,911	23,339	10,257	8,388
Non-current Assets	101,079	101,079	101,079	46,047	46,047	46,047
Current Liabilities	63,660	63,660	63,660	23,426	23,426	23,426
Non-current Liabilities	9,179	9,179	9,179	3,306	3,306	3,306
Total Borrowings	14,719	14,719	14,719	14,719	14,719	14,719
Cash and Cash Equivalents[1]	45,639	32,557	30,688	14,176	1,094	(775)
Number of Shares ('000)	115,365	103,829	103,829	115,365	103,829	103,829
Financial Ratios						
Earnings per Share (cents)	14.87	16.53	16.53	10.93	12.14	12.14
NTA per Share (cents)	137.91	140.64	138.84	36.97	28.48	26.68
Gearing (%) [2]	9.25	10.08	10.21	34.51	49.77	53.13
Current Ratio (times)	2.06	1.85	1.82	1.00	0.44	0.36

Scenario B: Shares purchased and held as treasury shares[3]

	Group			Company		
	Before purchase	After Market Purchase	After Off-Market Purchase	Before purchase	After Market Purchase	After Off-Market Purchase
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
As at 30 June 2022						
Profit after tax	17,158	17,158	17,158	12,604	12,604	12,604
Shareholders' Funds	159,102	146,020	144,151	42,654	29,572	27,703
NTA	159,102	146,020	144,151	42,654	29,572	27,703
Current Assets	130,862	117,780	115,911	23,339	10,257	8,388
Non-current Assets	101,079	101,079	101,079	46,047	46,047	46,047
Current Liabilities	63,660	63,660	63,660	23,426	23,426	23,426
Non-current Liabilities	9,179	9,179	9,179	3,306	3,306	3,306
Total Borrowings	14,719	14,719	14,719	14,719	14,719	14,719
Cash and Cash Equivalents[1]	45,639	32,557	30,688	14,176	1,094	(775)
Number of Shares ('000)	115,365	115,365	115,365	115,365	115,365	115,365
Financial Ratios						
Earnings per Share (cents)	14.87	14.87	14.87	10.93	10.93	10.93
NTA per Share (cents)	137.91	126.57	124.95	36.97	25.63	24.01
Gearing (%)[2]	9.25	10.08	10.21	34.51	49.77	53.13
Current Ratio (times)	2.06	1.85	1.82	1.00	0.44	0.36

Notes:

(1) Bank balances and fixed deposits (unsecured).

(2) Total borrowings divided by Shareholders' funds.

(3) The above financial effects remain the same irrespective of whether the purchases of the Shares are effected out of capital or profits.

The actual financial effects of the Share Purchase Mandate will depend on the number and purchase price of the Shares purchased or acquired by the Company. As stated, the Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements, financial position and/or gearing of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical numbers for FY2022, and is not necessarily representative of future financial performance.

It should be noted that although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares as mandated. In particular, the maximum number of Shares that the Company may purchase under the Companies Act is limited by the solvency requirements set out in the Companies Act, as described in Paragraph 2.8 above.

In addition, the Company may cancel or hold as Treasury Shares all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, the public float of the Company, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution.

2.10 **Taxation. Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.**

2.11 **Listing Status**. The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The "**public**", as defined under the Listing Manual, are persons other than (a) the directors, chief executive officer, substantial shareholders, or controlling shareholders of the Company or its subsidiaries, and (b) the associates of such persons named in (a).

As at the Latest Practicable Date, there are 28,894,688 Shares in the hands of the public, representing 25.05% of the issued Shares of the Company. Assuming that the Company purchases its Shares up to the full 10% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 17,358,188 Shares, representing approximately 16.72% of the remaining issued Shares of the Company (on the assumption that the purchased Shares are cancelled and not held as treasury shares). As such, the Company will continue to remain in compliance with Rule 723 of the Listing Manual even if the Company purchases its Shares up to the full 10% limit pursuant to the Share Purchase Mandate.

The Company, when purchasing its Shares, will ensure (i) that there is a sufficient float for an orderly market in its securities, and (ii) that the listing status of the Shares on the SGX-ST is not affected by such purchase.

In undertaking any purchases of its Shares, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share purchase(s) will not:

(a) affect the listing status of the Shares on the SGX-ST;

(b) cause market illiquidity; or

(c) affect the orderly trading of the Shares.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because a listed company would be regarded as an "**insider**" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after any matter of a price sensitive nature has occurred or has been the subject of a consideration and/or decision of the board of directors of the Company until the price sensitive information has been publicly announced. In addition, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) two weeks immediately preceding, and including the date of, the announcement of the Company's results for each of the first three quarters of its financial year; and

(b) one month immediately preceding, and including the date of, the announcement of the Company's results for the financial year.

2.12 **Share Purchases in the Previous 12 Months**. The Company has not purchased or acquired any Shares in the previous 12 months prior to the Latest Practicable Date.

2.13 **Listing Rules**. The Listing Manual restricts a listed company from purchasing its shares by way of market purchases at a price per share which is more than 5% above the "average closing price", being the average of the closing market prices of the shares over the last five Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made. The Maximum Price for the Shares in relation to Market Purchases referred to in Paragraph 2.3.4 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20% above the average closing price of the Shares as the Maximum Price for the Shares to be purchased or acquired by way of an Off-Market Purchase.

2.14 **Implications under the Take-Over Code**. Appendix 2 of the Take-Over Code ("**Appendix 2**") contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.14.1 ***Obligation to make a Take-over Offer***

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-Over Code ("**Rule 14**"). Consequently, depending on the number of Shares purchased by the Company and the total number of Shares issued by the Company at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate control of the Company and could become obliged to make an offer under Rule 14.

Rule 14.1 of the Take-Over Code requires, *inter alia*, that, except with the consent of the 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 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 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 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.

The offer required to be made under the provisions of Rule 14.1 of the Take-Over Code shall, in respect of each class of shares in the capital involved, be in cash or be accompanied by a cash alternative at the Required Price.

For the above purposes, "**Required Price**" means 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 highest price paid by the offerors and/ or person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding six months; (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six months of the offer and during the offer period; or (iii) acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six months of the offer or during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-Over Code.

2.14.2 ***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 Take-Over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

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

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser

(f) directors of a company (together with their close relative, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

(i) an individual;

(ii) the close relatives of (i);

(iii) the related trusts of (i);

(iv) any person who is accustomed to act in accordance with the instructions of (i); and

(v) companies controlled by any of (i), (ii), (iii) or (iv); and

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

For this purpose, 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 general offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2.

2.14.3 ***Effect of Rule 14 and Appendix 2 of the Take-Over Code***

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a general offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, (a) the voting rights of such Directors and their concert parties would increase to 30% or more; or (b) if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares shall be excluded.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate, unless so required under the Companies Act.

Based on the interests of the Directors and Substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the Directors or Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-Over Code as a result of the acquisition or purchase by the Company of the maximum limit of 10% of its issued Shares (excluding Treasury Shares) as at the Latest Practicable Date. Further details of the Directors and substantial Shareholders in the Shares as at the Latest Practicable Date are set out in Paragraph 3 of this Appendix.

The Directors are not aware of any other Shareholder who may become obligated to make a mandatory take-over offer in the event that the Company purchases or acquires its Shares up to the full 10% limit pursuant to the Share Purchase Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Share Purchase Mandate is in force.

2.15 **Interested Persons**. The Company is prohibited from knowingly buying Shares on the SGX- ST from an interested person, that is a Director, the chief executive officer or controlling shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 The shareholdings of the Directors and the Substantial Shareholders (as defined in the Companies Act) in the Company as at the Latest Practicable Date and the percentage shareholdings of the Directors and the Substantial Shareholders as a proportion of the total issued share capital of the Company (excluding Shares held as treasury shares by the Company and subsidiary holdings) as at the Latest Practicable Date and after the purchase of Shares assuming (i) the Company undertakes Share purchases up to the maximum 10% of the issued share capital of the Company, (ii) there is no change in the holding of Shares between the Latest Practicable Date and the date of the AGM, (iii) no new Shares are issued following approval being received from Shareholders at the AGM and (iv) none of the foregoing parties sell or otherwise dispose of their holding in Shares, are as follows:

	Before the Share Purchase						After the Share Purchase
	Direct Interest		Deemed Interest[2]		Total Interest		Total Interest
	No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[1]	%[7]
Directors							
Tan Choo Pie @ Tan Chang Chai[3]	–	–	86,470,312	74.95	86,470,312	74.95	83.28
Tan Heok Ting [4]	–	–	86,470,312	74.95	86,470,312	74.95	83.28
Substantial Shareholders							
Hong Wei Holdings Ltd ("**Hong Wei**")[5]	86,470,312	74.95	–	–	86,470,312	74.95	83.28
Tan Ai Wang[6]	–	–	86,470,312	74.95	86,470,312	74.95	83.28

Notes:

(1) Based on the total number of issued Shares as at the Latest Practicable Date.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

(3) Mr. Tan Choo Pie @ Tan Chang Chai owns 55% of the issued share capital of Hong Wei and is deemed to be interested in all of the shares in which Hong Wei has an interest.

(4) Mr. Tan Heok Ting owns 20% of the issued share capital of Hong Wei and is deemed to be interested in all of the shares in which Hong Wei has an interest.

(5) Hong Wei's interest registered under UOB Kay Hian Pte Ltd.

(6) Ms. Tan Ai Wang, the spouse of Mr. Tan Choo Pie @ Tan Chang Chai, owns 25% of the issued share capital of Hong Wei, and is deemed to be interested in all of the shares in which Hong Wei has an interest.

(7) Assuming the Company purchases or acquires 11,536,500 Shares pursuant to the Share Purchase Mandate, the percentage after the Share Purchase is calculated based on 115,365,000 issued Shares.

Shareholders should note the following:

(a) the figures in the above table are set out for illustrative purposes only and calculated on the assumption that (i) the maximum amount of 10% of the Shares of the Company purchased under the Share Purchase Mandate will be cancelled and not held as treasury shares and (ii) there is no change in the number of Shares held or deemed to be held by the Directors; and

(b) if all the purchased Shares are held as treasury shares and not cancelled, there will be no change in the interests of the Directors before and after such purchase.

4. ANNUAL GENERAL MEETING

The AGM, notice of which is enclosed with the Annual Report 2022 will be held on 26 October 2022 at 2.30 p.m. at 8 Boon Lay Way #10-03, 8@TradeHub 21 Singapore 609964. Shareholders' approval for the proposed renewal of the Share purchase Mandate is being sought at the AGM. The resolution relating to the renewal of the Share Purchase Mandate is contained in the Notice of AGM as an Ordinary Resolution.

5. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the proposed renewal of the Share Purchase Mandate as set out in Paragraph 2.1 of this Appendix, the Directors, are of the opinion that the proposed renewal of the Share Purchase Mandate is in the interests of the Company and recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Share Purchase Mandate.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

7. DOCUMENTS FOR INSPECTION

Subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents are available for inspection at 8 Boon Lay Way #10-03, 8@TradeHub 21, Singapore 609964 during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the Annual Report of the Company for FY2022; and

(b) the Constitution of the Company.

Yours faithfully

Tan Choo Pie @ Tan Chang Chai
Chairman
for and on behalf of the Board of Directors of
Spindex Industries Limited