

APPENDIX DATED 6 APRIL 2023

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix is circulated to shareholders (the “**Shareholders**”) of InnoTek Limited (the “**Company**”), together with the Company’s annual report for the financial year ended 31 December 2022 (the “**Annual Report 2022**”). Its purpose is to explain to the Shareholders the rationale for, and provide the Shareholders with relevant information relating to, the proposed renewal of the Share Purchase Mandate (as defined herein) to be tabled at the annual general meeting (“**2023 AGM**”) of the Company to be held on 28 April 2023 at 9.30 a.m. by electronic means.

The ordinary resolution proposed to be passed in respect of the above matter is set out in the notice of the AGM convening the 2023 AGM (“**Notice of AGM**”). The Notice of the AGM and a proxy form are enclosed with the Annual Report 2022.

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

If you have sold or transferred all your ordinary shares in the issued and paid-up share capital of the Company, you should forward this Appendix and the Annual Report 2022 (including the Notice of AGM of the Company and the accompanying proxy form) immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser or transferee.

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

INNOTEK

INNOTEK LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 199508431Z)

**APPENDIX TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF
THE SHARE PURCHASE MANDATE (“THE SHARE PURCHASE MANDATE”)**

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DEFINITIONS

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

“2022 Mandate”	:	Has the meaning ascribed to it in Section 1
“2023 AGM”	:	The AGM of the Company to be held on 28 April 2023 at 9.30 a.m. by electronic means, notice of which is enclosed with the Annual Report 2022
“AGM”	:	Annual general meeting of the Company
“Annual Report 2022”	:	The annual report of the Company for the financial year ended 31 December 2022
“Appendix”	:	This appendix to the Annual Report 2022 setting out the letter to Shareholders relating to the renewal of the Share Purchase Mandate
“Approval Date”	:	The date on which the resolution authorising the proposed renewal of the Share Purchase Mandate is passed
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	InnoTek Limited
“Companies Act”	:	The Companies Act 1967, as amended, modified or supplemented from time to time
“Directors”	:	The directors of the Company as at the date of this Appendix
“EPS”	:	Earnings per Share
“FY2022”	:	The financial year ended 31 December 2022
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	31 March 2023, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NTA”	:	Net tangible asset
“public”	:	Persons other than the Directors, chief executive officer, substantial shareholders or controlling shareholders of the Company or its subsidiaries, and their respective associates (as defined in the Listing Manual)
“Registrar”	:	The Registrar of Companies
“Relevant Period”	:	The period commencing from the date on which the ordinary resolution in relation to the renewal of the Share Purchase Mandate is passed at the 2023 AGM, and expiring on the date the next AGM is or is required by law to be held, whichever is the earlier

“Securities Account”	:	Securities account maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent
“Securities and Futures Act”	:	The Securities and Futures Act 2001, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Persons who are registered as holders of the Shares in the register of members of the Company, or where CDP is the registered holder of the Shares, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Share Purchase Mandate”	:	The general mandate to enable the Company to purchase Shares in accordance with the Constitution of the Company, the Companies Act and the Listing Manual, the terms of which are set out in this Appendix
“subsidiaries”	:	The subsidiaries of a company (as defined in Section 5 of the Companies Act) and “subsidiary” shall be construed accordingly
“substantial shareholder”	:	A person who has an interest in not less than 5% of the total votes attached to all the voting shares of the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
<i>Currencies and others</i>		
“S\$”, “\$” and “cents”	:	Singapore dollars and cents respectively
“%” or “per cent”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act. The term **“treasury share”** shall have the meaning ascribed to it in Section 4 of the Companies Act. The term **“subsidiary holdings”** shall have the meaning ascribed to it in the Listing Manual.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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

Any reference to a time and date in this Appendix is a reference to Singapore time and date, unless otherwise stated.

Any discrepancies in this Appendix between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

INNOTEK

LETTER TO SHAREHOLDERS

Directors:

Mr Neal M. Chandaria (Chairman and Non-Executive Director)
Mr Lou Yiliang (Executive Director and Chief Executive Officer)
Mr Steven Chong Teck Sin (Independent Director)
Mr Sunny Wong Fook Choy (Independent Director)
Mr Teruo Kiriya (Independent Director)
Dr Xu Jinsong (Independent Director)

Registered Office:

160 Robinson Road
#24-12 SBF Center
Singapore 068914

6 April 2023

To: The Shareholders of
InnoTek Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. BACKGROUND

- 1.1 The purpose of this Appendix is to explain the rationale for, and provide Shareholders with relevant information relating to, the proposed renewal of the Share Purchase Mandate to be tabled at the 2023 AGM.
- 1.2 At the AGM of the Company held on 28 April 2022, the Company had approved, *inter alia*, the Share Purchase Mandate to enable the Company to purchase or otherwise acquire Shares (the “**2022 Mandate**”). The validity period of the 2022 Mandate will expire at the forthcoming 2023 AGM. Accordingly, the Company is seeking approval from its Shareholders for the proposed renewal of the Share Purchase Mandate at the 2023 AGM.
- 1.3 The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) takes no responsibility for the accuracy of the statements made, or opinions expressed or reports contained in this Appendix.

2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 The Share Purchase Mandate

- 2.1.1 Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by the Companies Act 1967 as amended, modified or supplemented from time to time (the “**Companies Act**”), the listing manual of the SGX-ST as amended, modified or supplemented from time to time (the “**Listing Manual**”), the Constitution and such other laws and regulations as may for the time being be applicable.
- 2.1.2 It is a requirement under the Listing Manual and the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. As the 2022 Mandate will expire at the forthcoming 2023 AGM, approval is being sought from Shareholders at the AGM for the renewal of the Share Purchase Mandate.

2.2 Rationale for the Share Purchase Mandate

- 2.2.1 The purchase by a company of its issued shares is one of the ways in which the return on equity of the company may be improved, thereby increasing shareholder value. By renewing the Share Purchase Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.
- 2.2.2 The Share Purchase Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group's financial needs in an expedient and cost-effective manner.
- 2.2.3 The Directors further believe that Share purchases by the Company may help to mitigate short-term market volatility in the price of the Shares, off-set the effects of short-term speculation and bolster Shareholders' confidence.
- 2.2.4 Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised.

2.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if approved at the 2023 AGM, are summarised below:

2.3.1 *Maximum Number of Shares*

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed 10% of the number of its issued Shares as at the date of the 2023 AGM on which the resolution authorising the proposed renewal of the Share Purchase Mandate is passed.

Any shares which are held as treasury shares as well as subsidiary holdings will be disregarded for purposes of computing the 10% limit. As at the Latest Practicable Date, the Company held 15,351,000 treasury shares.

Purely for illustrative purposes, on the basis of 231,305,428 Shares in issue (excluding treasury shares) as at the Latest Practicable Date and assuming that no further Shares are issued on or before the Approval Date, not more than 23,130,542 Shares, representing 10% of 231,305,428 Shares (being 246,656,428 total Shares in issue less 15,351,000 treasury shares) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

2.3.2 *Duration of Authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the forthcoming AGM at which the Share Purchase Mandate is approved, up to the earliest of:

- (a) the date on which the next AGM is or is required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares have been carried out to the full extent permitted under the Share Purchase Mandate; or
- (c) the time when the authority conferred by the Share Purchase Mandate is revoked or varied by an ordinary resolution of Shareholders in a general meeting.

2.3.3 *Manner of Purchases or Acquisitions of Shares*

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

- (a) on-market purchases (“**Market Purchases**”); and
- (b) 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 (“**Off-Market Purchases**”).

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST, through one or more duly licensed dealers appointed by the Company for the purpose.

In an Off-Market Purchase, the directors of the Company may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act and 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 or schemes. An equal access scheme must, however, satisfy the following conditions:

- (a) 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;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
 - (ii) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Under the Listing Manual, if the Company wishes to make an Off-Market Purchase, it will issue an offer document containing, *inter alia*, the following information to all Shareholders:

- (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 Share Purchases by the Company that will arise under the Take-Over Code or other applicable take-over rules;
- (e) whether the Share Purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share Purchase made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury Shares.

2.3.4 **Maximum Purchase Price**

The purchase price (excluding ancillary expenses such as brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors of the Company. However, the purchase price to be paid for the Shares must not exceed the maximum price ("**Maximum Price**") as set out below:

- (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, 115% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded on the SGX-ST 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 after the relevant five-day period; and

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 **Status of Purchased Shares or Acquired Shares**

2.4.1 Under the Companies Act, a Share which is purchased or acquired by the Company may be:

- (a) held by the Company as a treasury share; or
- (b) dealt with by the Company in the following manner:
 - (i) sold for cash;
 - (ii) transferred for the purposes of or pursuant to an employees' share scheme;
 - (iii) transferred as consideration for the acquisition of shares in or assets of another company or assets of a person;
 - (iv) cancelled; or
 - (v) sold, transferred or otherwise used for such other purposes as the Minister may by order prescribe.

2.4.2 The maximum number of treasury shares which may be held by the Company is as follows:

- (a) the Company if having only one class of shares shall not hold treasury shares exceeding 10% of the total number of such shares; or

- (b) the Company if having more than one class of shares shall not hold treasury shares of that class exceeding 10% of the total number of issued shares in that class at any time;

and in the event that the Company holds in its treasury more than 10% of the total number of issued shares in any class of its shares, it shall cancel the excess within six months or such further period as the Registrar may allow.

2.4.3 The Company shall not exercise any right in respect of the treasury shares, including:

- (a) the right to attend or vote at meetings; and
- (b) the right to receive dividend or any other distribution (in cash or otherwise) of its assets (including any distribution of assets to members on a winding up).

2.4.4 The Company may receive allotments of fully paid bonus shares in respect of its treasury shares and its treasury shares may be sub-divided or consolidated so long as the total value of the treasury shares after the subdivision or consolidation is the same as before the subdivision or consolidation.

2.5 Source of Funds

2.5.1 The Companies Act provides that any purchase or acquisition of Shares by the Company may be made out of its capital or profits, so long as it is solvent (i.e. the Company is able to pay its debts in full at the time which the share buy-back is being conducted and the value of its assets exceed its liabilities, including any contingent liability and will not after the proposed share buy-back become less than the value of its liabilities, including any contingent liability). The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that the financial position of the Group would be materially adversely affected.

2.5.2 The Company intends to use internal sources of funds or external borrowings to finance purchases or acquisitions of its Shares. 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 such purchases or acquisitions of the Shares pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

2.6 Financial Effects

2.6.1 Where the Company chooses to cancel any of the Shares it repurchases, it shall:

- (a) reduce the amount of its share capital where the Shares are purchased or acquired out of its capital;
- (b) reduce the amount of its profits where the Shares are purchased or acquired out of its profits; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares are purchased or acquired out of both its capital and the profits,

by the total amount of the purchase price paid by it for the Shares cancelled.

2.6.2 The consideration if paid by the Company out of its profits for the purchase or acquisition of Shares (including related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

- 2.6.3 The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Group to fund the purchases or acquisitions.
- 2.6.4 Based on 231,305,428 shares in issue (excluding treasury shares) as at the Latest Practicable Date, and assuming no further shares are issued on or prior to the 2023 AGM, the exercise in full of the Share Purchase Mandate, on the Latest Practicable Date, would result in the purchase or acquisition of 23,130,542 Shares, representing 10% of 231,305,428 Shares (being 246,656,428 total Shares in issue less 15,351,000 treasury shares). As the Company holds 15,351,000 Shares as treasury shares, the Company may only retain a further 9,314,643 Shares as treasury shares as it is only allowed to hold a maximum of 24,665,643 treasury shares (being 10% of the total number of issued shares of 246,656,428 Shares).
- 2.6.5 Assuming the Company purchases or acquires the 9,314,643 Shares at the Maximum Price, the maximum amount of funds required (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is:
- (a) in the case of Market Purchases of Shares, approximately S\$0.52 based on S\$0.50 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date); and
 - (b) in the case of Off-Market Purchases of Shares, approximately S\$0.57 based on S\$0.50 for one Share (being the price equivalent to 15% above the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date).
- 2.6.6 For illustrative purposes only, on the basis of the assumptions set out above, and based on the audited financial statements of the Group for the reporting year ended 31 December 2022, and assuming that:
- (a) the Share Purchase Mandate had been effected on the Latest Practicable Date; and
 - (b) the purchases or acquisitions of Shares are financed solely by internal resources,

the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group for the reporting year ended 31 December 2022 would have been as follows:

Market Purchases:

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2022				
Shareholders' Funds (S\$'000)	176,703	171,859	97,222	92,378
NTA (S\$'000) ⁽¹⁾	176,230	171,386	97,222	92,378
Current Assets (S\$'000)	177,276	172,432	40,761	35,917

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Current Liabilities (S\$'000)	64,760	64,760	599	599
Total Liabilities (S\$'000)	81,680	81,680	654	654
Cash and Cash Equivalents (S\$'000)	56,806	51,962	16,889	12,045
Number of Shares ('000)	228,240	218,925	228,240	218,925
Financial Ratios				
NTA per Share (cents)	76.2	74.1	42.0	39.9
Earnings Per Share ("EPS") (cents) ⁽²⁾	0.98	1.02	2.70	2.81
Gearing (%) ⁽³⁾	10.75	11.06	0.06	0.06
Current Ratio (times) ⁽⁴⁾	2.74	2.66	68.05	59.96

Notes:

- (1) NTA equals total equity less intangible assets and minority interests, if any.
- (2) EPS is computed based on FY2022 net profit attributable to ordinary shareholders of the Company divided by the number of shares.
- (3) Gearing equals total borrowings divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

Off-Market Purchases:

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2022				
Shareholders' Funds (S\$'000)	176,703	171,394	97,222	91,913
NTA (S\$'000) ⁽¹⁾	176,230	170,921	97,222	91,913
Current Assets (S\$'000)	177,276	171,967	40,761	35,452
Current Liabilities (S\$'000)	64,760	64,760	599	599
Total Liabilities (S\$'000)	81,680	81,680	654	654
Cash and Cash Equivalents (S\$'000)	56,806	51,497	16,889	11,580
Number of Shares ('000)	228,240	218,925	228,240	218,925

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Financial Ratios				
NTA per Share (cents)	76.2	73.9	42.0	39.7
EPS (cents) ⁽²⁾	0.98	1.03	2.73	2.84
Gearing (%) ⁽³⁾	10.75	10.75	0.06	0.06
Current Ratio (times) ⁽⁴⁾	2.74	2.66	68.05	59.18

Notes:

- (1) NTA equals total equity less intangible assets and minority interests, if any.
- (2) EPS is computed based on FY2022 net profit attributable to ordinary shareholders of the Company divided by the number of shares.
- (3) Gearing equals total borrowings divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE PURELY FOR ILLUSTRATIVE PURPOSES ONLY. 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. IN PARTICULAR, THE MAXIMUM NUMBER OF SHARES THAT THE COMPANY MAY PURCHASE UNDER THE SHARE PURCHASE MANDATE IS LIMITED TO THE EXTENT THAT THE COMPANY WILL REMAIN SOLVENT. THE DIRECTORS DO NOT INTEND TO EXERCISE THE SHARE PURCHASE MANDATE UP TO THE MAXIMUM LIMIT IF SUCH EXERCISE WOULD MATERIALLY AND ADVERSELY AFFECT THE FINANCIAL POSITION OF THE GROUP.

- 2.7 For illustrative purposes, it has been assumed that the purchases or acquisitions of Shares are financed solely by internal resources and in the event that there is a shortfall, the purchases and acquisitions are to be financed by long-term borrowings. Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on, *inter alia*, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.
- 2.8 **Shareholders should note that the financial effects set out above are for illustration purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, Shareholders should note that the above analysis is based on the audited financial statements of the Group for the reporting year ended 31 December 2022 and is not necessarily representative of future financial performance.**
- 2.9 The Company may 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 before execution.

3. TAXATION

Shareholders who are in any doubt as to their respective tax positions or the tax implications of Share Purchases by the Company, or who may be subject to tax whether inside or outside of Singapore, should consult their own professional advisers.

3.1 Requirements in the Listing Manual

- 3.1.1 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. (i) in the case of a Market Purchase, on the market day following the day on which the Market Purchase was effected, and (ii) in the case of an Off-Market Purchase, on the second market day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form, and shall include such details, as may be prescribed by the SGX-ST in the Listing Manual.
- 3.1.2 The Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s). However, as the Company would be regarded as an insider in relation to any proposed purchase or acquisition of its shares, it will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in the following circumstances:
- (a) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced; and
 - (b) in the case of Market Purchases, during the period commencing one month immediately before the announcement of the Company's full-year results and the period of two weeks before the announcement of the Company's first quarter, half-year and third quarter results.
- 3.1.3 The Listing Manual requires a company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.
- 3.1.4 As at the Latest Practicable Date, there are approximately 116,487,628 Shares in the hands of the public, representing approximately 50.36% of the issued Shares of the Company (excluding treasury shares). Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares held by public shareholders which would permit it to undertake purchases and acquisitions of its Shares up to 10% of its issued Shares pursuant to the Share Purchase Mandate, without adversely affecting the listing status of its Shares on the SGX-ST. The Directors will use their best efforts to ensure that the Company does not effect a Share Purchase if the Share Purchase will result in the number of Shares remaining in the hands of the public to fall to such a level as to cause market illiquidity and/or adversely affect the listing status of the Company on the SGX-ST.

3.2 Certain Take-over Code Implications

3.2.1 *Obligation to Make a Take-over Offer*

Any resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any purchase or acquisition 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 or acquired by the Company and the number of issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14.

3.2.2 **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, *inter alia*, will be presumed to be acting in concert, namely:

- (a) 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); and
- (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other.

3.2.3 **Effect of Rule 14 and Appendix 2**

- (a) The circumstances under which Shareholders (including directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in 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 of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such directors and their concert parties would increase to 30% or more, or, if the voting rights of such directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such directors and their concert parties would increase by more than 1% in any period of six months.
- (b) Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder 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.
- (c) As at the Latest Practicable Date, approximately 50.36% of the issued shares of the Company are in the hands of the public. Mr Lou Yiliang, who is a director as well as a substantial shareholder of the Company has an aggregate interest (both direct and indirect) of approximately 13.40% in the Company. Advantec Holding SA is a substantial shareholder of the Company with an aggregate interest (both direct and indirect) of approximately 36.05% and Trustee of Chandaria Trust I is deemed to be interested in the shares held by Advantec Holding SA with an aggregate interest of 36.24%. Save for the aforesaid, the Company has no other substantial shareholders.
- (d) Purely for illustrative purposes, on the basis of 231,305,428 issued Shares as at the Latest Practicable Date (excluding treasury shares), and assuming that no further Shares are issued on or prior to the AGM, not more than 23,130,542 Shares, representing 10% of 231,305,428 Shares (being 246,656,428 total Shares in issue less 15,351,000 treasury shares) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate, if so approved by Shareholders at the AGM.

Further assuming that:

- (i) the Share Purchase Mandate is validly and fully exercised prior to the next annual general meeting of the Company, provided that the number of Shares purchased by the Company under the Share Purchase Mandate do not exceed the maximum limit the Company is permitted under the Companies Act to retain as treasury shares (being 10% of the total number of issued shares);
- (ii) there is no change to the number of issued Shares at the time of such exercise;
- (iii) the re-purchased Shares are not acquired from the substantial shareholders;
- (iv) there is no change in the holding of Shares of the substantial shareholders between the Latest Practicable Date and the date of the AGM; and
- (v) the substantial shareholders do not sell or otherwise dispose of their holding of Shares,

the shareholdings of the substantial shareholders would be changed as follows:

		Before Share Purchase ⁽¹⁾		After Share Purchase ⁽¹⁾	
		Number of Shares	%	Number of Shares	%
<u>Director</u>					
Lou Yiliang		30,985,500	13.40	30,985,500	13.96
<u>Substantial Shareholders</u>					
Advantec Holding SA		83,382,300	36.05	83,382,300	37.56
Trustee of Chandaria Trust I		83,832,300	36.24	83,832,300	37.76

(1) Please refer to paragraph 4 of this Appendix for additional details on the substantial shareholders' shareholdings in the Company.

As illustrated above, Advantec Holding SA and Trustee of Chandaria Trust I may incur an obligation to make a general offer to other Shareholders under the Take-over Code due to the Share Purchase Mandate. However, the Securities Industry Council had on 22 November 2007 confirmed that neither Advantec Holding SA nor Trustee of Chandaria Trust I will incur such a general offer obligation arising from the exercise by the Company of the Share Purchase Mandate.

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

3.2.4 Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of Share

Purchases by the Company are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.

3.2.5 Advice to Shareholders

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers, the Securities Industry Council 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 purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The direct and indirect interests of the Directors and the substantial shareholders in the Shares as at the Latest Practicable Date are as follows:

<u>Director</u>	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Lou Yiliang ⁽²⁾	19,082,700	8.25	11,902,800	5.15
Steven Chong Teck Sin	-	-	-	-
Sunny Wong Fook Choy	-	-	-	-
Neal M. Chandaria	-	-	-	-
Teruo Kiriyaama	-	-	-	-
Dr Xu Jinsong	-	-	-	-
 <u>Substantial Shareholders (Other than Directors)</u>				
Advantec Holding SA ⁽³⁾	22,571,000	9.76	60,811,300	26.29
Trustee of Chandaria Trust I ⁽⁴⁾	-	-	83,832,300	36.24

Notes:

- (1) Percentages are based on the issued capital of the Company of [231,305,428] Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Mr Lou Yiliang is deemed to be interested in the [11,902,800] shares held through Phillip Securities Pte. Ltd.
- (3) Advantec Holding SA is deemed to be interested in the [60,811,300] Shares held through the following:
 - (a) Raffles Nominees (Pte) Ltd in respect of [40,811,300] shares; and
 - (b) UOB Bank Nominees Pte Ltd in respect of [20,000,000] shares.
- (4) Trustee of Chandaria Trust I is deemed to be interested in the [83,832,300] Shares held by Advantec Holding SA as well as a further [450,000] Shares held by Metchem Engineering SA, both of which are wholly-owned by the Chandaria Trust I.

As at the Latest Practicable Date, save as disclosed in this Appendix, none of the Directors have any interest, direct or indirect, in the Proposal (other than by reason only of being a Director).

As at the Latest Practicable Date, the Company has not received any notification from any of the Company's substantial shareholders that it has any interest, direct or indirect, in the Proposal (other than by reason of their shareholding interest in the Company).

5. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the resolutions pertaining to the proposed renewal of the Share Purchase Mandate to be proposed at the AGM.

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, 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 the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's registered office at 160 Robinson Road #24-12 SBF Center Singapore 068914 during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2022.

Yours faithfully
For and on behalf of the Board of Directors of
INNOTEK LIMITED

Neal M. Chandaria
Chairman