



DEBAO PROPERTY DEVELOPMENT LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200715053Z)

APPENDIX 1 TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 16 OCTOBER
2019

IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

APPENDIX 1

SUMMARY SHEET FOR RENEWAL OF SHARE BUYBACK MANDATE

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 1 (“**Appendix**”). If you are in doubt as to the action that you should take, you should consult your stockbroker or other professional adviser immediately.

(A) Shares Purchased In The Previous Twelve Months

Pursuant to the Share Buyback Mandate obtained at the extraordinary general meeting on 30 November 2018, the Company had not bought back any issued ordinary shares in the capital of the Company (“**Shares**”) by way of market or off-market acquisitions.

(B) Renewal Of The Share Buyback Mandate

The Ordinary Resolution No. 8, if passed at the forthcoming annual general meeting to be held on 1 November 2019 (“**Annual General Meeting**”), will renew the Share Buyback Mandate approved by the shareholders of the Company from the date of the Annual General Meeting at which the proposed renewal of the Share Buyback Mandate is approved until:

- (a) the date on which the next annual general meeting of the Company is held or is required by law to be held;
- (b) the date on which the Share purchases are carried out to the full extent of the Share Buyback Mandate; or
- (c) the date on which the authority conferred in the Share Buyback Mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.

(C) Rationale For The Share Buyback Mandate

Short-term speculation and market volatility may at times cause the market price of the Company’s Shares to be depressed below the true value of the Company and the Group. The proposed Share Buyback Mandate will provide the Directors with the means to restore investors’ confidence and protect existing shareholders’ investments in the Company in a depressed share-price situation through judicious Share purchases to enhance the earnings per Share and/or the net asset value per Share. The Share purchases will enhance the net asset value per Share if the Share purchases are made at a price below the net asset value per Share.

The proposed Share Buyback Mandate will also provide the Company with an expedient and cost-effective mechanism to facilitate the return of surplus cash reserves to the shareholders, as and when the Directors are of the view that this would be in the best interests of the Company and the shareholders.

The Share purchases will only be undertaken as and when the Directors consider it to be in the best interests of the Company and/or shareholders. The Directors do not propose to carry out purchases pursuant to the proposed Share Buyback Mandate to such an extent that would, or in circumstances that might result in a material adverse effect on the financial position of the Company or the Group.

The Directors will ensure that the Share purchases will not have any effect on the listing of the Company's securities including the Shares listed on the SGX-ST. Rule 723 of the Listing Manual of the SGX-ST ("**Listing Manual**") requires at least ten per cent. (10%) of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The Directors shall safeguard the interests of public shareholders before undertaking any Share purchases. Before exercising the Share Buyback Mandate, the Directors shall at all times take due cognisance of (a) the then shareholding spread of the Company in respect of the number of Shares held by substantial shareholders and by non-substantial shareholders and (b) the volume of trading on the SGX-ST in respect of the Shares immediately before the exercise of any Share purchases.

As at 10 October 2019 ("**Latest Practicable Date**"), approximately 27,479,593 Shares (36.64%) of a total of 74,999,688 Shares issued by the Company are held by the public. The Company will ensure that the Share purchases will not cause market illiquidity or affect orderly trade and will ensure that Rule 723 of the Listing Manual is complied with.

(D) Financial Impact Of The Proposed Shares Purchases

1. The purchased Shares may be:

- (i) held by the Company; or
- (ii) dealt with, at any time, in accordance with Section 76K of the Companies Act, Chapter 50 of Singapore, ("**Act**"), as treasury shares.

Section 76K of the Act allows the Company to:

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

The aggregate number of Shares held as treasury shares shall not at any time exceed ten per cent. (10%) of the total number of Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months after the limit is first exceeded, or such further period as may be allowed by the Accounting and Corporate Regulatory Authority ("**ACRA**").

Under the Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

- (i) reduce the amount of the Company's Share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or

- (iii) reduce the amount of the Company's Share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

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

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 Act, the Company shall be treated as having no right to vote and the treasury shares will be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on winding up) may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury shares into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2. The financial effects on the Company and the Group arising from the proposed purchases of the Company's Shares which may be made pursuant to the proposed Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased and the consideration paid at the relevant time.
3. Based on the existing issued and paid-up Share capital of the Company of 74,999,688 Shares as at the Latest Practicable Date, assuming no further Shares are issued, and no further Shares are purchased or acquired by the Company, or held as treasury shares, on or prior to the Annual General Meeting, the proposed purchases by the Company of up to a maximum of ten per cent. (10%) of its issued Share capital under the Share Buyback Mandate will result in the purchase of up to 7,499,968 Shares. The Company does not have any treasury shares or subsidiary holdings as at the Latest Practicable Date.
4. An illustration of the impact of Share purchases by the Company pursuant to the Share Buyback Mandate on the Group's and the Company's financial position is set out below based on the following assumptions:
 - (a) audited accounts of the Group and the Company as at 31 December 2018;
 - (b) in full exercise of the Share Buyback Mandate, 7,499,968 Shares were purchased;
 - (c) in the case of Market Purchase (as defined below), the maximum price for the market purchases is \$0.065 which is five per cent. (5%) above the average closing prices of the Shares over the last five (5) market days preceding the Latest Practicable Date on which the transactions in Shares were recorded on the SGX-ST and accordingly, the maximum amount of funds required for effecting the Market Purchase in the aggregate is \$487,498; and
 - (d) in the case of Off-Market Purchase (as defined below), the maximum price for the market purchases is \$0.074 which is twenty per cent. (20%) above the average of the closing market prices of the Shares over the last five (5) market days on the SGX-ST on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme and accordingly, the maximum amount of funds required for effecting the Off-Market Purchase in the aggregate is \$554,998.

(i) Market Purchase and Off-Market Purchase Made Entirely out of Capital and Held as Treasury Shares

<u>Market Purchase</u>	Group before Shares purchase (\$'000)	Group after Shares purchase (\$'000)	Company before Shares purchase (\$'000)	Company after Shares purchase (\$'000)
As at 31 December 2018				
Share Capital	180,926	180,926	180,926	180,926
Reserves	(11,643)	(11,643)	(16,309)	(16,309)
Equity excluding treasury shares	164,617	164,617	164,617	164,617
Treasury shares	-	(487)	-	(487)
Total equity including treasury shares	164,617	164,130	164,617	164,130
Net tangible assets ⁽¹⁾	169,283	168,796	164,617	164,130
Current Assets	392,703	392,216	259,647	259,647
Current Liabilities	(305,793)	(305,793)	(95,031)	(95,518)
Cash and cash equivalents	3,485	2,998	7	7
Net Loss attributable to owners of parent	(63,989)	(63,989)	(8,243)	(8,243)
Total number of issued Shares ('000) ⁽²⁾	75,000	67,500	75,000	67,500
Financial Ratios				
Net tangible assets per Share (cents)	225.71	250.07	219.49	243.16
Earnings per Share (cents) ⁽³⁾	(85.32)	(94.80)	(10.99)	(12.21)
Current ratio (times) ⁽⁴⁾	1.28	1.28	2.73	2.72

<u>Off - Market Purchase</u>	Group before Shares purchase (\$'000)	Group after Shares purchase (\$'000)	Company before Shares purchase (\$'000)	Company after Shares purchase (\$'000)
As at 31 December 2018				
Share Capital	180,926	180,926	180,926	180,926
Reserves	(11,643)	(11,643)	(16,309)	(16,309)
Equity excluding treasury shares	164,617	164,617	164,617	164,617
Treasury shares	-	(555)	-	(555)
Total equity including treasury shares	164,617	164,062	164,617	164,062
Net tangible assets ⁽¹⁾	169,283	168,728	164,617	164,062
Current Assets	392,703	392,148	259,647	259,647
Current Liabilities	(305,793)	(305,793)	(95,031)	(95,586)
Cash and cash equivalents	3,485	2,930	7	7
Net Loss attributable to owners of parent	(63,989)	(63,989)	(8,243)	(8,243)
Total number of issued Shares ('000) ⁽²⁾	75,000	67,500	75,000	67,500
Financial Ratios				
Net tangible assets per Share (cents)	225.71	249.97	219.49	243.05
Earnings per Share (cents) ⁽³⁾	(85.32)	(94.80)	(10.99)	(12.21)
Current ratio (times) ⁽⁴⁾	1.28	1.28	2.73	2.72

Notes:

- (1) Net tangible assets equals total equity less minority interest less intangible assets, if any.
- (2) Total number of issued Shares excludes any Shares that are held as treasury shares as at the Latest Practicable Date.
- (3) For illustrative purposes, Earnings per Share is computed based on profit after tax and number of Shares as shown in the table above.
- (4) Current ratio equals current assets divided by current liabilities.

(ii) Market Purchase or Off-Market Purchase Made Entirely out of Capital and Cancelled

<u>Market Purchase</u>	Group before Shares purchase (\$'000)	Group after Shares purchase (\$'000)	Company before Shares purchase (\$'000)	Company after Shares purchase (\$'000)
As at 31 December 2018				
Share Capital	180,926	180,439	180,926	180,439
Reserves	(11,643)	(11,643)	(16,309)	(16,309)
Equity excluding treasury shares	164,617	164,130	164,617	164,130
Treasury shares	-	-	-	-
Total equity including treasury shares	164,617	164,130	164,617	164,130
Net tangible assets ⁽¹⁾	169,283	168,796	164,617	164,130
Current Assets	392,703	392,216	259,647	259,647
Current Liabilities	(305,793)	(305,793)	(95,031)	(95,518)
Cash and cash equivalents	3,485	2,998	7	7
Net Loss attributable to owners of parent	(63,989)	(63,989)	(8,243)	(8,243)
Total number of issued Shares ('000)	75,000	67,500	75,000	67,500
Financial Ratios				
Net tangible assets per Share (cents)	225.71	250.07	219.49	243.16
Earnings per Share (cents) ⁽²⁾	(85.32)	(94.80)	(10.99)	(12.21)
Current ratio (times) ⁽³⁾	1.28	1.28	2.73	2.72

<u>Off - Market Purchase</u>	Group before Shares purchase (\$'000)	Group after Shares purchase (\$'000)	Company before Shares purchase (\$'000)	Company after Shares purchase (\$'000)
As at 31 December 2018				
Share Capital	180,926	180,371	180,926	180,371
Reserves	(11,643)	(11,643)	(16,309)	(16,309)
Equity excluding treasury shares	164,617	164,062	164,617	164,062
Treasury shares	-	-	-	-
Total equity including treasury shares	164,617	164,062	164,617	164,062
Net tangible assets ⁽¹⁾	169,283	168,728	164,617	164,062
Current Assets	392,703	392,148	259,647	259,647
Current Liabilities	(305,793)	(305,793)	(95,031)	(95,586)
Cash and cash equivalents	3,485	2,930	7	7
Net Loss attributable to owners of parent	(63,989)	(63,989)	(8,243)	(8,243)
Total number of issued Shares ('000)	75,000	67,500	75,000	67,500
Financial Ratios				
Net tangible assets per Share (cents)	225.71	249.97	219.49	243.05
Earnings per Share (cents) ⁽²⁾	(85.32)	(94.80)	(10.99)	(12.21)
Current ratio (times) ⁽³⁾	1.28	1.28	2.73	2.72

Notes:

- (1) Net tangible assets equals total equity less minority interest less intangible assets, if any.
- (2) For illustrative purposes, Earnings per Share is computed based on profit after tax and number of Shares as shown in the table above.
- (3) Current ratio equals current assets divided by current liabilities.

5. Shareholders should note that the financial effects set out above are based on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2018 and are for illustration only. The results of the Group and the Company for the financial year ended 31 December 2018 may not be representative of future performance.
6. The Company intends to use its internal sources of funds to finance its purchases of the Shares. The Company does not intend to obtain or incur any borrowings to finance its purchases of the Shares. The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such extent that the working capital requirements of the Group would be materially affected.

7. The Company will take into account both financial and non-financial factors, among other things, the market conditions at such time, the Company's financial condition, the performance of the Shares and whether such Share purchases would represent the most efficient and cost-effective approach to enhance the Share value. Share purchases will only be made if the Board believes that such purchases are likely to benefit the Company and increase economic value for shareholders.

(E) Consequences of Share Purchases Under The Singapore Code on Take-overs and Mergers

1. In accordance with The Singapore Code on Take-overs and Mergers ("**Take-over Code**"), a person will be required to make a general offer for a public company if:
- (a) he and persons acting in concert with him acquires thirty per cent. (30%) or more of the voting rights of the company; or
- (b) he and persons acting in concert with him already holds between thirty per cent. (30%) and fifty per cent. (50%) of the voting rights of the company, and he and his concert parties increase their voting rights in the company by more than one per cent. (1%) in any six-month period.
2. As at the Latest Practicable Date, the interests of the Directors and substantial shareholders' before and after the Share purchases pursuant to the Share Buyback Mandate, assuming that (i) the Company purchases the maximum ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), and (ii) there is no change in the number of Shares held by the Directors and the substantial shareholders or which they are deemed interested in, will be as follows:

	Direct Interest		Before Purchase Deemed Interest		Total Interest		After Purchase Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
<u>Directors</u>								
Zhong Yuzhao	2,770,756	3.69	-	-	2,770,756	3.69	2,770,756	4.10
Zhang Mao	2,401,709	3.20	80,800	0.11	2,482,509	3.31	2,482,509	3.68
Yuan Jiajun	-	-	1,825,894 ⁽¹⁾	2.43	1,825,894	2.43	1,825,894	2.71
<u>Substantial Shareholder</u>								
Yuan Lesheng	1,106,200 ⁽²⁾	1.48	37,920,348 ⁽²⁾	50.56	39,026,548	52.04	39,026,548	57.82
Billion Equity Holdings Limited	37,920,348 ⁽²⁾	50.56	-	-	37,920,348	50.56	37,920,348	56.18

Notes:

- (1) Yuan Jiajun is deemed to be interested in the 1,825,894 Shares in the capital of the Company held by Pride Capital Investment Holdings Limited pursuant to Section 7 of the Companies Act.
- (2) Billion Equity Holdings Limited is a company incorporated in the British Virgin Islands and wholly owned by Mr Yuan Lesheng. Accordingly, Mr Yuan Lesheng is deemed interested in the Shares held by Billion Equity Holdings Limited.

As at the Latest Practicable Date, Yuan Lesheng and Billion Equity Holdings Limited have an interest of more than 50% of the Company's voting rights and would therefore not be obliged to make a general offer under Rule 14 and Appendix 2 of the Take-over Code in the event that Share purchases are undertaken by the Company pursuant to the Share Buyback Mandate.

In the event the Company undertakes Share purchases of up to ten per cent (10%) of the issued Shares as permitted by the Share Buyback Mandate, it is not expected that the shareholdings and voting rights of any of the Shareholders will be increased to 30% or more, thereby triggering a requirement for any shareholder to make a general offer to the other shareholders under Rule 14 of the Take-over Code.

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

(F) Miscellaneous

1. Any Share purchases undertaken by the Company shall be at a price of up to but not exceeding the Maximum Price. The Maximum Price is a sum which shall not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) market days in which transactions in the Shares on the SGX-ST were recorded before the day on which such purchase is made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) days period in the case of a Market Purchase. In the case of an Off-Market Purchase, the Maximum Price is a sum which shall not exceed the sum constituting 20% above the average closing price of the Shares over the period of five (5) market days in which transactions in the Shares on the SGX-ST were recorded immediately preceding the date on which the Company makes an announcement of an offer under an equal access scheme and deemed to be adjusted for any corporate action that occurs after the relevant five (5) days period.
2. In making Share purchases, the Company will comply with the requirements of the Listing Manual, in particular, Rule 886 with respect to notification to the SGX-ST of any Share purchases. Rule 886 is reproduced below:
 - “(1) An issuer must notify the Exchange of any share buy-back as follows:
 - (a) In the case of a market acquisition, by 9.00 a.m. on the market day following the day on which it purchased shares;
 - (b) In the case of an off market acquisition under an equal access scheme, by 9.00 a.m. on the second market day after the close of acceptances of the offer.
 - (2) Notification must be in the form of Appendix 8.3.1 (or 8.3.2 for an issuer with a dual listing on another stock exchange).”
3. Share purchases will be made in accordance with the "Guidelines on Share Purchases" as set out in Annexure A, a copy of which is annexed. All information required under the Act relating to the Share Buyback Mandate is contained in the said Guidelines.

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

(G) Directors' Responsibility Statement

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the 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.

(H) Directors' Recommendation

The Directors of the Company are of the opinion that the renewal of the proposed Share Buyback Mandate is in the best interests of the Company. Accordingly, the Directors of the Company recommend that shareholders vote in favour of Ordinary Resolution 8.

(I) 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 tax advisers.

(J) Compliance With Governing Laws, Regulations And The Constitution

The Company confirms that the terms of the Share Buyback Mandate in this Appendix do not contravene any laws and regulations governing the Company and the Constitution of the Company.

(K) Documents For Inspection

Copies of the following documents may be inspected at the registered office of the Company at 80 Raffles Place, #32-01, UOB Plaza 1, Singapore 048624 during normal business hours up to and including the date of the Annual General Meeting:

- (a) the Constitution of the Company; and
- (b) the audited financial statements of the Company for the financial year ended 31 December 2018.

ANNEXURE A

GUIDELINES ON SHARE PURCHASES

1. Shareholders' Approval

- (a) Purchases of Shares by the Company must be approved in advance by the shareholders at a general meeting of the Company by way of a general mandate.
- (b) A general mandate authorising the purchase of Shares by the Company representing up to ten per cent. (10%) of the issued ordinary Shares in the capital of the Company (excluding any Shares held as treasury shares and subsidiary holdings) will expire on the earlier of:
 - (i) the date on which the next annual general meeting of the Company is held or is required by law to be held;
 - (ii) the date on which the Share purchases are carried out to the full extent of the Share Buyback Mandate; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.
- (c) The authority conferred on the Directors by the Share Buyback Mandate to purchase Shares shall be renewed at the next annual general meeting of the Company.
- (d) When seeking shareholders' approval for the renewal of the Share Buyback Mandate, the Company shall disclose details pertaining to the purchases of Shares made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest price for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2. Mode Of Purchase

Share purchases can be effected by the Company in either one of the following two ways or both:

- (a) by way of market purchases of Shares on the SGX-ST, which means a purchase transacted through the ready market ("**Market Purchase**"); or
- (b) by way of off-market acquisitions on an equal access scheme in accordance with Section 76C of the Act ("**Off-Market Purchase**").

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

3. Funding Of Share Purchases

- (a) In purchasing the Shares, the Company may only apply funds legally permitted for such purchase in accordance with its Constitution, and the relevant laws and regulations enacted or prescribed by the relevant competent authorities in Singapore.
- (b) Any purchase by the Company may be made out of capital or profits that are available for distribution as dividends, so long as the Company is solvent (as defined by Section 76F(4) of the Act).

- (c) The Company may not purchase 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.

4. Trading Restrictions

- (a) Subject to paragraph 4(b) below, the number of Shares which can be purchased pursuant to the Share Buyback Mandate is such number of Shares which represents up to a maximum of ten per cent. (10%) of the issued ordinary Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) as at date of the last annual general meeting of the Company.
- (b) The Company should seek approval to buy back the maximum number of Shares which do not result in the public float falling below 10%. If the Company wishes to seek approval for the full Share purchase limit of 10% (which will result in the public float falling below 10%), the Company should disclose its rationale for doing so.

5. Price Restrictions

Any Share purchases undertaken by the Company shall be at the price of up to but not exceeding the maximum price at which the Shares can be purchased pursuant to the Share Buyback Mandate, which shall not exceed the sum constituting:

- (a) in the case of a Market Purchase, five per cent (5%) above the average closing price of the Shares over the period of five (5) market days in which transactions in the Shares on the SGX-ST were recorded before the day on which such purchase is made; and
- (b) in the case of an Off-Market Purchase, twenty per cent (20%) above the average of the closing market prices of the Shares over the last five (5) market days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme,

and deemed to be adjusted for any corporate action that occurs after the relevant five (5) days period.

6. Off-Market Purchases

- (a) For purchases of Shares made by way of an Off-Market Purchase, the Company shall issue an offer document to all shareholders. The offer document shall contain, *inter alia*, the following information:
 - (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed Share purchase;
 - (iv) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers or any other applicable take-over rules;
 - (v) whether the purchase of Shares, if made, would have any effect on the listing of the Company's equity securities on the SGX-ST;

- (vi) details of any purchase of Shares made by the Company in the previous 12 months whether through Market Purchases or Off-Market Purchases, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases; and
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.
- (b) All offeree shareholders shall be given a reasonable opportunity to accept any offer made by the Company to purchase their Shares under the Share Buyback Mandate.
- (c) The Company may offer to purchase Shares from time to time under the Share Buyback Mandate subject to the requirement that the terms of any offer to purchase Shares by the Company shall be *pari passu* in respect of all offeree shareholders save under the following circumstances:
- (i) where there are differences in consideration attributable to the fact that an offer relates to Shares with different accrued dividend entitlements;
 - (ii) where there are differences in consideration attributable to the fact that an offer relates to Shares with different amounts remaining unpaid; and
 - (iii) where there are differences in an offer introduced solely to ensure that every shareholder is left with a whole number of Shares in board lots of 100 Shares after the Share purchases, in the event there are offeree shareholders holding odd numbers of Shares.

7. Status Of Purchased Shares

The purchased Shares shall be cancelled immediately on purchase or acquisition unless held in treasury in accordance with Section 76H of the Act. Section 76H of the Act allows purchased Shares to be:

- (a) held by the Company; or
- (b) dealt with, at any time, in accordance with Section 76K of the Act, as treasury shares.

Section 76K of the Act allows the Company to:

- (i) sell the treasury shares (or any of them) for cash;
- (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme of the Company, whether for employees, Directors or other persons;
- (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares (or any of them); or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

The aggregate number of Shares held as treasury shares shall not at any time exceed ten per cent (10%) of the total number of Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months.

Under the Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

- (i) reduce the amount of the issued Shares in the capital of the Company where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of the Company's Share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

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

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

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 Act, the Company shall be treated as having no right to vote and the treasury shares will be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on winding up) may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of the treasury shares is allowed. Also, a subdivision or consolidation of any treasury shares into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

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

8. Notification To The ACRA

- (a) Within thirty (30) days of the passing of a shareholders' resolution to approve any purchase of Shares, the Company shall lodge a copy of such resolution with ACRA.
- (b) The Company shall notify ACRA within thirty (30) days of a purchase of Shares. Such notification shall include details of the date of the purchase, 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 the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required by ACRA.
- (c) Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

9. Notification To The SGX-ST

- (a) For purchases of Shares made by way of an Off-Market Purchase, the Company shall notify the SGX-ST in respect of any acquisition or purchase of Shares in the relevant form prescribed by the SGX-ST from time to time, not later than 9.00 a.m. on the second market day after the close of acceptances of an offer, or within such time period that may be prescribed by the SGX-ST from time to time.
- (b) For purchases of Shares made by way of a Market Purchase, the Company shall notify the SGX-ST in respect of any acquisition or purchase of Shares in the relevant form prescribed by the SGX-ST from time to time, not later than 9.00 a.m. on the market day following the date of market acquisition by the Company, or within such time period that may be prescribed by the SGX-ST from time to time.

The notification of such purchase of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make necessary notification to the SGX-ST.

10. Suspension Of Purchase

- (a) The Company may not undertake any Share purchase prior to the announcement of any price-sensitive information by the Company, until such time as the price sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual.
- (b) The Company may not effect any repurchases of Shares on the SGX-ST during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcements of the Company's full year financial statements (if required to announce quarterly financial statements), or one (1) month before half year and financial year (if not required to announce quarterly financial statements), as the case may be, and ending on the date of announcement of the relevant results.