

CIRCULAR DATED 4 JUNE 2020

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

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

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

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual (Section B: Rules of Catalist).

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).



CNMC

CNMC GOLDMINE HOLDINGS LIMITED

中色金礦有限公司

(Incorporated in the Republic of Singapore)
(Company Registration No.201119104K)

CIRCULAR TO SHAREHOLDERS
in relation to
THE PROPOSED ADOPTION OF SHARE PURCHASE MANDATE

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form	:	23 June 2020 at 5.00 p.m.
Date and time of Extraordinary General Meeting	:	26 June 2020 at 5.00 p.m., or immediately after the conclusion of the Annual General Meeting of the Company to be held at 4.00 p.m. on the same day and at the same place
Venue of Extraordinary General Meeting	:	The Extraordinary General Meeting will be held by way of electronic means

CONTENTS

	Page
DEFINITIONS	1
LETTER TO SHAREHOLDERS	
1. Introduction	3
2. Proposed Adoption of the Share Purchase Mandate	3
3. Directors' and Substantial Shareholders' Interests	19
4. Abstention from Voting	19
5. Directors' Recommendations	20
6. Extraordinary General Meeting	20
7. Action to be taken by Shareholders	20
8. Directors' Responsibility Statement	20
9. Documents Available for Inspection	21
NOTICE OF EXTRAORDINARY GENERAL MEETING	22
PROXY FORM	27

DEFINITIONS

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

“Board”	:	The board of Directors of the Company for the time being
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist
“CDP”	:	The Central Depository (Pte) Limited
“CEO”	:	Chief executive officer
“Circular”	:	This circular to Shareholders dated 4 June 2020
“Companies Act”	:	Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Company”	:	CNMC Goldmine Holdings Limited
“Constitution”	:	The constitution of the Company
“Directors”	:	The directors of the Company for the time being
“EGM”	:	The Extraordinary General Meeting of the Company, notice of which is set out on page 22 of this Circular
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended, or as the case may be, ending 31 December
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	20 May 2020, being the latest practicable date prior to the printing of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase Mandate”	:	The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire Shares on behalf of the Company in accordance with the terms set out in this Circular and the rules and regulations set forth in the Companies Act and the Catalist Rules
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons 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 who holds directly or indirectly 5% or more of the total number of voting Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company

DEFINITIONS

“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“treasury shares”	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company
“\$” and “cents”	:	Singapore dollars and cents respectively
“%” or “percent”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 (as amended, modified or supplemented from time to time).

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act. The term “**subsidiary holdings**” shall mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

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.

References to persons shall include corporations.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be. Summaries of the provisions of any laws or regulations contained in this Circular are of such laws or regulations as at the Latest Practicable Date.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the sum of listed amounts and the totals thereof shown are due to rounding.

Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

CNMC GOLDMINE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201119104K)

Directors:

Professor Lin Xiang Xiong @ Lin Ye (Executive Chairman)
Mr Choo Chee Kong (Executive Vice Chairman)
Mr Lim Kuoh Yang (Executive Director & Chief Executive Officer)
Mr Kuan Cheng Tuck (Lead Independent Director)
Mr Tan Poh Chye Allan (Independent Director)
Ms Gan Siew Lian (Independent Director)

Registered Office:

745 Toa Payoh Lorong 5
#04-01 The Actuary
Singapore 319455

4 June 2020

To: The Shareholders of CNMC Goldmine Holdings Limited

Dear Sir/Madam

1. INTRODUCTION

The Directors are convening the EGM to be held on 26 June 2020 to seek Shareholders' approval for the proposed adoption of the Share Purchase Mandate.

The purpose of this Circular is to provide the Shareholders with information relating to, and explain the rationale for, and to seek the Shareholders' approval for the proposed adoption of the Share Purchase Mandate at the forthcoming EGM.

2. PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

2.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if such purchase or acquisition is permitted under its constitution. Any purchase or acquisition of shares by the company would also have to be made in accordance with, and in the manner prescribed by, the Companies Act and the Catalist Rules (in particular Part XI of Chapter 8 of the Catalist Rules which relates to the purchase or acquisition by an issuer of its own shares) and such other laws and regulations as may for the time being be applicable. Article 19(1) of the Company's Constitution expressly permits the Company to carry out a purchase or acquisition of its issued Shares.

Under the Companies Act and the Catalist Rules, a company that wishes to purchase or otherwise acquire its own shares must obtain the approval of its shareholders to do so at a general meeting. Accordingly, approval is now being sought from Shareholders at the EGM for the proposed adoption of the Share Purchase Mandate. An ordinary resolution will be proposed at the EGM pursuant to which the Share Purchase Mandate will be granted to the Directors to exercise all powers of the Company to carry out the purchase or acquisition of Shares on the terms of the Share Purchase Mandate.

If approved by Shareholders at the EGM, the authority conferred by the Share Purchase Mandate will take effect from the date of the EGM ("**Approval Date**") and continue to be in force until the earliest of (i) the date on which the next annual general meeting 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 Purchase Mandate; or (iii) the date on which the authority contained in the the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in a general meeting.

LETTER TO SHAREHOLDERS

2.2 Rationale for the Share Purchase Mandate

The rationale for the Share Purchase Mandate includes the following:

- (a) The Share Purchase Mandate would give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases provide the Company with a mechanism to return surplus cash over and above its ordinary capital requirements and investment needs to its Shareholders in an expedient and cost-efficient manner.
- (b) The purchase of Shares under the Share Purchase Mandate is one of the ways in which the return on equity of the Company may be enhanced, thereby increasing shareholder value.
- (c) The Share Purchase Mandate will allow the Directors to exercise greater control over the Company's share capital structure, dividend policy and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.
- (d) The purchase or acquisition of Shares under the Share Purchase Mandate will help to mitigate short-term share price volatility by stabilising the supply and demand of issued Shares and offset the effects of short-term share price speculation, thereby supporting the fundamental value of the issued Shares and bolstering Shareholders' confidence.
- (e) The Share Purchase Mandate will allow the Directors to effectively manage and minimise any dilution impact associated with any share-based incentive scheme of the Company.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity of Shares or the financial position of the Company and the Group or result in the Company being delisted. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.3 Authority and Limits of the Share Purchase Mandate

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

(a) Maximum Number of Shares

The Company may purchase only Shares which are issued and fully paid-up. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued Shares (excluding any treasury shares and subsidiary holdings, if any, held by the Company) as at 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 Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

LETTER TO SHAREHOLDERS

For illustrative purposes only, based on the issued share capital of the Company as at the Latest Practicable Date of 407,693,000 Shares (with no treasury shares or subsidiary holdings held by the Company), and assuming that no new Shares are issued on or prior to the date of the EGM, not more than 40,769,300 Shares, representing 10% of the issued Shares as at that date, may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

While the Share Purchase Mandate would authorise the purchase or acquisition of Shares up to the 10% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out up to the full 10% limit as authorised, or at all. In particular, no purchase or acquisition of Shares would be made in circumstances which would have or may have a material adverse effect on the float, liquidity or orderly trading of the Shares and/or financial position of the Group.

(b) Duration of Authority

Purchases of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest 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 Share purchases have been carried out to the full extent of the Share Purchase Mandate; or
- (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in a general meeting.

The Share Purchase Mandate may be renewed at each subsequent annual general meeting or other general meeting of the Company. 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 made pursuant to the Share Purchase Mandate during the previous 12 months, 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.

(c) Manner of Purchase

Purchases of Shares may be made on the SGX-ST ("**Market Purchases**") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C(6) of the Companies Act) ("**Off-Market Purchases**").

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

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;

LETTER TO SHAREHOLDERS

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

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

- (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 Take-over Code or other applicable take-over rules;
 - (v) whether the Share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;
 - (vi) details of any Share purchases 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
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.
- (d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price paid for the Shares must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

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

LETTER TO SHAREHOLDERS

For the above purposes:

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

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

2.4 Status of Purchased Shares

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share in accordance with the Companies Act. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, as the Directors deem fit in the interests of the Company at that time.

(a) Cancelled Shares

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and not held as treasury shares.

(b) Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. According to the key provisions on treasury shares under the Companies Act:

(i) *Maximum Holdings*

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act.

(ii) *Voting and other Rights*

The Company shall not exercise any right in respect of the treasury shares and any purported exercise of such right is void. In particular, the Company will not have the 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 shall be paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of treasury shares as fully paid bonus shares is allowed. Also, a subdivision or consolidation of any treasury share is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

LETTER TO SHAREHOLDERS

(iii) *Disposal and Cancellation*

The Company may dispose of treasury shares at any time in the following ways:

- (aa) sell the treasury shares for cash;
- (bb) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (cc) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (dd) cancel the treasury shares; or
- (ee) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “**usage**”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares outstanding (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares if they are used for a sale or transfer or cancelled.

2.5 Source of Funds

The Companies Act permits the Company to purchase its Shares out of capital, as well as its distributable profits so long as the Company is solvent. For this purpose, the Company is solvent if at the date of payment for the Shares purchased or acquired, the following conditions are satisfied:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or (ii) 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 the 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 purchase of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company will use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of its Shares. However, in considering the option of external borrowings, the Directors will consider in particular the prevailing gearing level of the Company and the costs of such financing.

LETTER TO SHAREHOLDERS

2.6 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed adoption of the Share Purchase Mandate on the net tangible asset value or earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchase of shares.

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in 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. The actual impact on the gearing and current ratios will depend on the number of Shares purchased and the prices at which the Shares are purchased.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased and the prices at which the Shares are purchased.

For illustrative purposes only, and on the basis of the following assumptions:

- (a) that the purchase or acquisition by the Company of 40,769,300 Shares, representing 10% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date;
- (b) that, in the case of Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S\$0.214 for each Share (being 105% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), and, in the case of Off-Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S\$0.245 for each Share (being 120% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date);
- (c) that the purchase or acquisition of Shares by the Company, which required funds amounting to, in the case of Market Purchases, US\$6,467,000⁽¹⁾, and in the case of Off-Market Purchases, US\$7,404,000⁽¹⁾, was financed entirely using its internal sources of funds, and
- (d) dividend of US\$8,000,000 had been declared and paid from the subsidiary to the Company prior to the purchase of Shares.

Note:

- (1) Maximum price per Share translated at an exchange rate of USD/SGD 1.3490.

the financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for FY2019, are set out below assuming that the Share Purchase Mandate had been effective on 1 January 2019

LETTER TO SHAREHOLDERS

and transaction costs incurred for the Share purchases were insignificant and have been ignored for the purposes of computing the financial effects.

The financial effects of the Share purchases by the Company pursuant to the Share Purchase Mandate made entirely out of profits are similar to that of made entirely out of capital. Therefore, only the financial effects of the Share purchases by the Company pursuant to the Shares Purchase Mandate made entirely out of capital are set out below.

LETTER TO SHAREHOLDERS

Scenarios 1(a) and (b)

Market Purchase or acquisition of 40,769,300 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and (a) held as treasury shares; or (b) cancelled

	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Held as Treasury Shares	Cancelled		Held as Treasury Shares	Cancelled
As at 31 December 2019	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Share capital	18,032	18,032	11,565	18,032	18,032	11,565
Preference shares	3	3	3	-	-	-
Reserves	26,737	26,737	26,737	(306)	7,694	7,694
Treasury shares	-	(6,467)	-	-	(6,467)	-
Shareholders' funds / NTA ⁽¹⁾	44,772	38,305	38,305	17,726	19,259	19,259
Current assets	19,395	12,928	12,928	12,995	14,528	14,528
Current liabilities	8,461	8,461	8,461	6,899	6,899	6,899
Working capital	10,934	4,467	4,467	6,096	7,629	7,629
Net cash ⁽⁴⁾	15,054	8,587	8,587	61	1,594	1,594
Profit attributable to shareholders	4,440	4,440	4,440	2,889	2,889	2,889
Number of Shares ('000)	407,693	366,924	366,924	407,693	366,924	366,924
Financial Ratios						
NTA per share ⁽²⁾						
- US cents	10.98	10.44	10.44	4.35	5.25	5.25
- SG cents ⁽³⁾	14.81	14.08	14.08	5.87	7.08	7.08
Net cash/gearing ⁽⁵⁾ (times)	0.34	0.22	0.22	-	0.08	0.08
Current ratio ⁽⁶⁾ (times)	2.29	1.53	1.53	1.88	2.11	2.11
Basic EPS ⁽⁷⁾						
- US cents	1.09	1.21	1.21	0.71	0.79	0.79
- SG cents ⁽⁸⁾	1.49	1.65	1.65	0.97	1.08	1.08

Notes:-

- (1) NTA represents total assets less total liabilities and non-controlling interests.
- (2) NTA per share is based on 407,693,000 Shares and 366,923,700 Shares for Before Share Purchase and After Share Purchase respectively.
- (3) NTA per share translated at an exchange rate of USD/SGD 1.3490.
- (4) Net cash represents total cash and cash equivalents less total loans and borrowings.
- (5) Net cash/gearing times is computed by dividing net cash with NTA.
- (6) Current Ratio is computed by dividing current assets with current liabilities.
- (7) EPS is based on 407,693,000 Shares and 366,923,700 Shares for Before Share Purchase and After Share Purchase.
- (8) EPS translated at an exchange rate of USD/SGD 1.3648.

LETTER TO SHAREHOLDERS

Scenarios 2(a) and (b)

Off-Market Purchase or acquisition of 40,769,300 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and (a) held as treasury shares; or (b) cancelled

	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Held as Treasury Shares	Cancelled		Held as Treasury Shares	Cancelled
As at 31 December 2019	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Share capital	18,032	18,032	10,628	18,032	18,032	10,628
Preference shares	3	3	3	-	-	-
Reserves	26,737	26,737	26,737	(306)	7,694	7,694
Treasury shares	-	(7,404)	-	-	(7,404)	-
Shareholders' funds / NTA ⁽¹⁾	44,772	37,368	37,368	17,726	18,322	18,322
Current assets	19,395	11,991	11,991	12,995	13,591	13,591
Current liabilities	8,461	8,461	8,461	6,899	6,899	6,899
Working capital	10,934	3,530	3,530	6,096	6,692	6,692
Net cash ⁽⁴⁾	15,054	7,650	7,650	61	657	657
Profit attributable to shareholders	4,440	4,440	4,440	2,889	2,889	2,889
Number of Shares ('000)	407,693	366,924	366,924	407,693	366,924	366,924
Financial Ratios						
NTA per share ⁽²⁾						
- US cents	10.98	10.18	10.18	4.35	4.99	4.99
- SG cents ⁽³⁾	14.81	13.73	13.73	5.87	6.73	6.73
Net cash/gearing ⁽⁵⁾ (times)	0.34	0.20	0.20	-	0.04	0.04
Current ratio ⁽⁶⁾ (times)	2.29	1.42	1.42	1.88	1.97	1.97
Basic EPS ⁽⁷⁾						
- US cents	1.09	1.21	1.21	0.71	0.79	0.79
- SG cents ⁽⁸⁾	1.49	1.65	1.65	0.97	1.08	1.08

Notes:-

- (1) NTA represents total assets less total liabilities and non-controlling interests.
- (2) NTA per share is based on 407,693,000 Shares and 366,923,700 Shares for Before Share Purchase and After Share Purchase respectively.
- (3) NTA per share translated at an exchange rate of USD/SGD 1.3490.
- (4) Net cash represents total cash and cash equivalents less total loans and borrowings.
- (5) Net cash/gearing times is computed by dividing net cash with NTA.
- (6) Current Ratio is computed by dividing current assets with current liabilities.
- (7) EPS is based on 407,693,000 Shares and 366,923,700 Shares for Before Share Purchase and After Share Purchase.
- (8) EPS translated at an exchange rate of USD/SGD 1.3648.

LETTER TO SHAREHOLDERS

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2019 audited numbers and is not necessarily reflective of the future financial performance of the Company and the Group. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not purchase or acquire or be able to purchase or acquire such amount in full. In addition, the Company may cancel all or part of the Shares purchased, or hold all or part of the Shares purchased in treasury.

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase before execution.

2.7 Catalyst Rules

Under the Catalyst Rules, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above 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 and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases were made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Paragraph 2.3(d) above, conforms to this restriction.

The Catalyst Rules specify that a listed company shall announce 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 must include details of the date of the purchases of the shares, 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, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by Appendix 8D of the Catalyst Rules. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

While the Catalyst Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed adoption of the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalyst Rules on securities dealings, the Company will not purchase or acquire any Shares during the period of one month immediately preceding the announcement of the Company’s half year and full-year results, as the case may be, and ending on the date of announcement of the relevant results.

2.8 Listing Status on the SGX-ST

The Company is required under Rule 723 of the Catalyst Rules to ensure that at least 10% of its issued Shares (excluding preference shares, convertible equity securities and treasury shares) are in the hands of the public at all times. The “public”, as defined in the Catalyst Rules, 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 (as defined in the Catalyst Rules) of such persons.

LETTER TO SHAREHOLDERS

The Company does not have any individual shareholding limit or foreign shareholding limit. As at the Latest Practicable Date, there were approximately 252,188,100 issued Shares in the hands of the public (as defined above), representing approximately 61.86% of the total number of issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate and holds the purchased Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to 211,418,800 Shares, representing approximately 57.62% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company. As at the Latest Practicable Date, the Company did not have any treasury shares.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares up to the full 10% limit pursuant to the Share Purchase Mandate without:

- (a) affecting adversely the listing status of the Shares on the SGX-ST;
- (b) causing market illiquidity; or
- (c) affecting adversely the orderly trading of Shares.

2.9 Tax Implications for Shareholders

When a company purchases its own shares using its distributed profits or contributed capital, it will be regarded as any other disposal of shares by the shareholders from whom the shares are acquired.

For income tax purposes, whether or not the proceeds received by the Shareholders are taxable in the hands of the Shareholders who sell their Shares to the Company for which the purchases were made out of distributed profits or contributed capital will depend on whether such proceeds are receipts of an income or capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in 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 in or outside Singapore, should consult their own professional advisers.

2.10 Implications of Take-over Code

2.10.1 Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

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

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:-

LETTER TO SHAREHOLDERS

- (a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or
- (b) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of six months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing 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.

2.10.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert: (i) 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 (ii) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% or more of the equity share capital of a company will be regarded as the test of associated company status.

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

In general terms, the effect of Rule 14 and TOC Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold voting rights 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. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Pursuant to TOC Appendix 2, such Directors and persons acting in concert with them will be exempted from the requirement to make a takeover offer under Rule 14 of the Take-over Code, subject to the following conditions:

- (a) the circular to Shareholders on the resolution to authorise the proposed adoption of the Share Purchase Mandate to contain advice to the effect that by voting for such resolution, Shareholders are waiving their right to a general offer at the required price from Directors and parties acting in concert with them who, as a result of the Company buying back its Shares, would increase their voting rights to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, would increase their voting rights by more than 1% in any period of six months; and the names of such Directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed adoption of the Share purchases to be disclosed in the same circular;
- (b) the resolution to authorise the proposed adoption of the Share Purchase Mandate to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the proposed adoption of the Share purchases;

LETTER TO SHAREHOLDERS

- (c) Directors and/or persons acting in concert with them to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the proposed adoption of the Share Purchase Mandate;
- (d) within seven days after the passing of the resolution to authorise the proposed adoption of the Share Purchase Mandate, each of the Directors to submit to the SIC a duly signed form as prescribed by the SIC;
- (e) Directors and/or persons acting in concert with them not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the proposed adoption of the Share Purchase Mandate is imminent and the earlier of:
 - (1) the date on which the authority of the proposed adoption of the Share Purchase Mandate expires; and
 - (2) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share purchases, would cause their aggregate voting rights to increase to 30% or more; and

- (f) Directors and/or persons acting in concert with them, together holding between 30% and 50% of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the proposed adoption of the Share Purchase Mandate is imminent and the earlier of:
 - (1) the date on which the authority of the proposed adoption of the Share Purchase Mandate expires; and
 - (2) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share purchases, would cause their aggregate voting rights to increase by more than 1% in the preceding six months.

It follows that where the aggregate voting rights held by a Director and persons acting in concert with him increase by more than 1% solely as a result of the Share purchases and none of them has acquired any Shares during the relevant period defined above, then such Director and/or persons acting in concert with him would be eligible for the SIC's exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, the aggregate shareholdings and voting rights of the Directors and Substantial Shareholders and in the event of Share Purchases up to the maximum of 10% of the issued share capital of the Company as permitted by the proposed adoption of the Share Purchase Mandate are as follows:

	Percentage of Shares and voting rights as at the Latest Practicable Date			Percentage of Shares and voting rights after the maximum Share purchases permitted under the Share Purchase Mandate		
	Direct Interest	Deemed Interest	Total Interest	Direct Interest	Deemed Interest	Total Interest
	Number of Shares	Number of Shares	%	Number of Shares	Number of Shares	%
Directors						
Professor Lin Xiang Xiong @ Lin Ye ⁽¹⁾	1,629,900	106,987,500	26.64	1,629,900	106,987,500	29.60
Choo Chee Kong ⁽²⁾	205,000	46,662,500	11.50	205,000	46,662,500	12.77
Lim Kuoh Yang ⁽¹⁾	20,000	108,617,400	26.65	20,000	108,617,400	29.61
Kuan Cheng Tuck	-	-	-	-	-	-
Tan Poh Chye Allan	-	-	-	-	-	-
Gan Siew Lian	-	-	-	-	-	-
Substantial Shareholders (other than Directors)						
Innovation (China) Limited ⁽¹⁾	106,987,500	-	26.24	106,987,500	-	29.16
Messiah Limited ⁽²⁾	46,662,500	-	11.45	46,662,500	-	12.72
Tan Swee Ngin ⁽¹⁾	-	106,987,500	26.24	-	106,987,500	29.16
Lim Sok Cheng Julie ⁽²⁾	-	46,662,500	11.45	-	46,662,500	12.72

Notes:

- (1) Innovation (China) Limited is a private investment holding company incorporated in Hong Kong whose shareholders are Professor Lin Xiang Xiong @ Lin Ye (65%) and his wife, Tan Swee Ngin (35%). Lim Kuoh Yang is the son of Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin. As such, Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin are deemed interested in all the shares held by Innovation (China) Limited by virtue of their respective interests in Innovation (China) Limited and Lim Kuoh Yang is deemed interested in all the shares held by Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin under Section 7 of the Companies Act.
- (2) Messiah Limited is a private investment holding company incorporated in the British Virgin Islands whose shareholders are Choo Chee Kong (51%) and his wife, Lim Sok Cheng Julie (49%). As such, Choo Chee Kong and Lim Sok Cheng Julie are deemed to be interested in all the shares held by Messiah Limited under Section 7 of the Companies Act. The shares of Messiah Limited are registered in the name of Citibank Nominees Singapore Pte Ltd.

Based on the above illustration, in the event that the Company undertakes Share purchases of up to the maximum limit of 10% of its issued Shares as permitted by the Share Purchase Mandate, the aggregate shareholdings and voting rights of the Directors, Professor Lin Xiang Xiong @ Lin Ye, Choo Chee Kong and Lim Kuoh Yang, and persons acting in concert with them, namely, Innovation (China) Limited, Messiah Limited, Tan Swee Ngin and Lim Sok Cheng Julie (the “**Concert Party Group**”), will increase from approximately 38.15% to 42.38% of the issued and paid-up share capital of the Company. Accordingly, the shareholding of the Concert Party Group would have increased by more than 1% in any six-month period and they would be required to make a general offer under the Take-over Code for the Shares not owned by them.

LETTER TO SHAREHOLDERS

Shareholders should therefore note that by voting in favour of the resolution to approve the Share Purchase Mandate, they will be waiving their rights to a general offer at the required price from the Concert Party Group, who, as a result of the purchase of Shares by the Company pursuant to the Share Purchase Mandate, would increase their voting rights in the Company by more than 1% in any period of six months.

TOC Appendix 2 requires that the resolution to authorise the Share Purchase Mandate to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer under the Take-over Code as a result of the Share purchase. Accordingly, the said resolution is proposed to be taken on a poll and the Concert Party Group shall abstain from voting on such resolution. Other than the foregoing, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

Shareholders who are in any doubt as to whether they would incur any obligation 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 and/or the SIC and/or other relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Purchase Mandate is in force.

2.11 Reporting Requirements

Within 30 days of the passing of the Shareholders' resolution to approve the proposed adoption of the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "**Registrar**").

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

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

2.12 No Share Purchases in the Previous 12 Months

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

LETTER TO SHAREHOLDERS

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares of the Company as at the Latest Practicable Date are, as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Professor Lin Xiang Xiong @ Lin Ye ⁽¹⁾	1,629,900	0.40	106,987,500	26.24
Choo Chee Kong ⁽²⁾	205,000	0.05	46,662,500	11.45
Lim Kuoh Yang ⁽¹⁾	20,000	0.01	108,617,400	26.64
Kuan Cheng Tuck	-	-	-	-
Tan Poh Chye Allan	-	-	-	-
Gan Siew Lian	-	-	-	-
Substantial Shareholders (other than Directors)				
Innovation (China) Limited ⁽¹⁾	106,987,500	26.24	-	-
Messiah Limited ⁽²⁾	46,662,500	11.45	-	-
Tan Swee Ngin ⁽¹⁾	-	-	106,987,500	26.24
Lim Sok Cheng Julie ⁽²⁾	-	-	46,662,500	11.45

Notes:

- (1) Innovation (China) Limited is a private investment holding company incorporated in Hong Kong whose shareholders are Professor Lin Xiang Xiong @ Lin Ye (65%) and his wife, Tan Swee Ngin (35%). Lim Kuoh Yang is the son of Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin. As such, Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin are deemed interested in all the shares held by Innovation (China) Limited by virtue of their respective interests in Innovation (China) Limited and Lim Kuoh Yang is deemed interested in all the shares held by Professor Lin Xiang Xiong @ Lin Ye and Tan Swee Ngin under Section 7 of the Companies Act.
- (2) Messiah Limited is a private investment holding company incorporated in the British Virgin Islands whose shareholders are Choo Chee Kong (51%) and his wife, Lim Sok Cheng Julie (49%). As such, Choo Chee Kong and Lim Sok Cheng Julie are deemed to be interested in all the shares held by Messiah Limited under Section 7 of the Companies Act. The shares of Messiah Limited are registered in the name of Citibank Nominees Singapore Pte Ltd.

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the proposed adoption of the Share Purchase Mandate, other than through their respective shareholdings in the Company (if any).

4. ABSTENTION FROM VOTING

Innovation (China) Limited, Messiah Limited, Professor Lin Xiang Xiong @ Lin Ye, Choo Chee Kong, Lim Kuoh Yang, Tan Swee Ngin and Lim Sok Cheng Julie and persons acting in concert with them (if any) will abstain from voting at the EGM in respect of the ordinary resolution relating to the proposed adoption of the Share Purchase Mandate pursuant to the conditions under TOC Appendix 2 as set out in Section 2.10.3 of this Circular. They will also decline to accept any appointment as proxy for any Shareholder to vote in respect of such ordinary resolution unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution.

LETTER TO SHAREHOLDERS

5. DIRECTORS' RECOMMENDATIONS

Professor Lin Xiang Xiong @ Lin Ye, Choo Chee Kong and Lim Kuoh Yang will abstain from making any recommendations to Shareholders in respect of the ordinary resolution relating to the proposed adoption of the Share Purchase Mandate pursuant to the conditions under TOC appendix 2 as set out in Section 2.10.3 of this Circular.

Having fully considered the rationale for the proposed adoption of the Share Purchase Mandate as set out in this Circular, the Board (other than Professor Lin Xiang Xiong @ Lin Ye, Choo Chee Kong and Lim Kuoh Yang) believes that the proposed adoption of the Share Purchase Mandate is in the best interest of the Company and accordingly recommends that Shareholders vote in favour of the ordinary resolution to approve the proposed adoption of Share Purchase Mandate to be tabled at the EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 22 of this Circular, will be held via electronic means on 26 June 2020 at 5.00 p.m., or immediately after the conclusion of the Annual General Meeting of the Company to be held at 4.00 p.m. on the same day and at the same place, for the purpose of considering and, if thought fit, passing with or without modifications the resolution set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1 **No Attendance at EGM.** Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM.

7.2 **Alternative Arrangements.** Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via "live" webcast or listening to the EGM proceedings via "live" audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM.

Shareholders should refer to the sections entitled "Notes on Alternative Arrangements for EGM" and "Alternative Arrangements" set out in the Notice of EGM of this Circular for further information, including the steps to be taken by Shareholders to participate at the EGM. Such announcement may also be accessed at the URL http://www.cnmc.com.hk/investor_relations.html.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

LETTER TO SHAREHOLDERS

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 745 Toa Payoh Lorong 5, #04-01 The Actuary, Singapore 319455 during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 December 2019.

Yours faithfully

For and on behalf of the Board of Directors of
CNMC GOLDMINE HOLDINGS LIMITED

Lim Kuoh Yang
Executive Director & Chief Executive Officer

CNMC GOLDMINE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201119104K)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the CNMC Goldmine Holdings Limited (the “**Company**”) will be held by electronic means on 26 June 2020 at 5.00 p.m., or immediately after the conclusion of the Annual General Meeting of the Company to be held at 4.00 p.m. on the same day, for the purpose of considering and, if thought fit, passing with or without modifications, the resolution set out below.

This Notice has been made available on SGXNet and the Company’s website and may be accessed at the URL http://www.cnmc.com.hk/investor_relations.html. A printed copy of this Notice will NOT be despatched to the shareholders.

THE PROPOSED ADOPTION OF SHARE PURCHASE MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares (“**Shares**”) in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the directors of the Company as they consider fit, such scheme shall satisfy all the conditions prescribed by the Companies Act,
- and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);
- (b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
 - (ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or
 - (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;
- (c) in this Resolution:

“**Prescribed Limit**” means 10% of the issued ordinary Shares (excluding treasury shares and subsidiary holdings, if any) of the Company as at the date of the passing of this Resolution;

and “**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase : 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase : 120% of the Average Closing Price,

where:

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

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

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

- (d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

By Order of the Board

Wee Mae Ann
Company Secretary
Singapore, 4 June 2020

Notes:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM are set out in the “Notes on Alternate Arrangements for EGM” below.

In particular, the EGM will be held by way of electronic means and a member will be able to watch the proceedings of the EGM through a “live” webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, a member who wishes to watch the “live” webcast or listen to the “live” audio feed must pre-register by 5.00 p.m. on 23 June 2020, at the URL <https://cnmcagm.listedcompany.com/2020agm>. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the EGM by 24 June 2020.

A member who pre-registers to watch the “live” webcast or listen to the “live” audio feed may also submit questions related to the resolutions to be tabled for approval at the EGM. To do so, all questions must be submitted by 5.00 p.m. on 12 June 2020:

- (a) via the pre-registration website at the URL <https://cnmcagm.listedcompany.com/2020agm>; or
- (b) in hard copy by sending by post to the office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

2. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, on each resolution to be proposed at the EGM in the instrument of appointment as proxy, failing which the appointment will be treated as invalid.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:
 - (a) if sent by post, be received at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted by email, be received by the Company at e_agm@cnmc.com.hk,in either case, by no later than 5.00 p.m. on 23 June 2020, and in default thereof, the instrument of appointment as proxy shall not be treated as valid.
5. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (such as in the case where the appointor submits more than one instrument of appointment as proxy).
7. In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 5.00 p.m. on 23 June 2020, as certified by The Central Depository (Pte) Limited to the Company.

NOTES ON ALTERNATIVE ARRANGEMENTS FOR EGM

The Directors refer to:

- (a) the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to, *inter alia*, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means; and
- (b) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**Order**”) which was gazetted on 13 April 2020 and is deemed to have come into operation on 27 March 2020, and which sets out the alternative arrangements in respect of, *inter alia*, general meetings of companies.

In line with the provisions under the Order, no printed copies of the Notice of EGM and the proxy form in respect of the EGM will be despatched to Shareholders. A copy of the Circular, the Notice of EGM and the proxy form has been uploaded on SGXNet and is now also available on the Company’s website at the URL http://www.cnmc.com.hk/investor_relations.html. A Shareholder will need an internet browser and PDF reader to view these documents on SGXNet and the Company’s website.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be allowed to attend the EGM. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via “live” webcast or listening to the EGM proceedings via “live” audio feed, (b) submitting questions in advance of the EGM, and/or (c) appointing the Chairman of the Meeting as proxy to vote on their behalf at the EGM. Please see below for these alternative arrangements.

ALTERNATIVE ARRANGEMENTS

The following are the alternative arrangements which have been put in place for the EGM:

(a) “Live” webcast and “live” audio feed

The Company’s Executive Chairman, Professor Lin Xiang Xiong @ Lin Ye and the Company’s Chief Executive Officer, Mr Lim Kuoh Yang, will conduct the proceedings of the EGM by way of electronic means.

Shareholders will be able to watch these proceedings through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, Shareholders must follow these steps:

- (i) Shareholders who wish to watch the “live” webcast or listen to the “live” audio feed must pre-register by 5.00 p.m. on 23 June 2020, at the URL <https://cnmcagm.listedcompany.com/2020agm>. Following verification of their status as shareholders, they will receive email instructions on how to access the webcast and audio feed of the EGM proceedings by 24 June 2020.
- (ii) Shareholders who do not receive an email by 5.00 p.m. on 24 June 2020, but who have registered by the 23 June 2020 deadline, should contact the Company at the following email address: e_agm@cnmc.com.hk

(b) Submission of questions in advance

Shareholders who pre-register to watch the “live” webcast or listen to the “live” audio feed may also submit questions related to the resolutions to be tabled for approval at the EGM:

- (i) All questions must be submitted by 5.00 p.m. on 12 June 2020:
 - via the pre-registration website at the URL <https://cnmcagm.listedcompany.com/2020agm>; or
 - in hard copy by sending by post to the office of the Company’s share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.
- (ii) The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM as received from Shareholders before the EGM by publishing the responses to those questions on SGXNet and the Company’s website at the URL http://www.cnmc.com.hk/investor_relations.html. Where substantial and relevant questions submitted by members are unable to be addressed prior to the EGM, the Company will address them at the EGM.

- (iii) Please note that Shareholders will not be able to ask questions at the EGM during the “live” webcast and the “live” audio feed, and therefore it is important for Shareholders to pre-register and submit their questions in advance of the EGM.

(c) Voting by proxy

Shareholders (whether individual or corporate) who wish to exercise their votes at the EGM must submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf:

- (i) Shareholders (whether individual or corporate) appointing the Chairman of the Meeting as proxy must give specific instructions as to voting, or abstentions from voting, in respect of each resolution to be tabled for approval at the EGM in the proxy form, failing which the appointment will be treated as invalid.
- (ii) The proxy form can be submitted to the Company in hard copy form or by email:
- if in hard copy and sent by post, the proxy form must be received at the office of the Company’s share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - if by email, the proxy form must be received by the Company at e_agm@cnmc.com.hk,
- in either case, by 5.00 p.m. on 23 June 2020.
- (iii) Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPFIS members or SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS approved banks) to submit their voting instructions by **5.00 p.m. on 16 June 2020** in order to allow sufficient time for their respective relevant intermediaries to submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by 5.00 p.m. on 23 June 2020.

Important reminder: The Company would remind Shareholders that, with the constantly evolving COVID-19 situation, the Company may be required to change its EGM arrangements at short notice. Shareholders should check the above URLs and SGXNet for updates on the EGM.

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

CNMC GOLDMINE HOLDINGS LIMITED
EXTRAORDINARY GENERAL MEETING PROXY FORM

(Company Registration No. 201119104K)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. The Extraordinary General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Extraordinary General Meeting will not be sent to members. Instead, the Notice of Extraordinary General Meeting will be disseminated to members by electronic means via publication on SGXNet and the Company's website at the URL http://www.cnmc.com.hk/investor_relations.html.
2. Alternative arrangements relating to attendance at the Extraordinary General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Extraordinary General Meeting, addressing of substantial and relevant questions at the Extraordinary General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Extraordinary General Meeting, are set out in the Notice of Extraordinary General Meeting.
3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Extraordinary General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting if such member wishes to exercise his/her/its voting rights at the Extraordinary General Meeting.**
4. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by 5.00 pm on 16 June 2020 to submit their votes.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 4 June 2020.
6. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Extraordinary General Meeting.

I/We _____ (Name) _____ (NRIC/Passport/Registration Number)
of _____ (Address)

being a member/members of CNMC GOLDMINE HOLDINGS LIMITED (the "**Company**") hereby appoint the Chairman of the Extraordinary General Meeting ("**EGM**"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the EGM of the Company to be held by way of electronic means on Friday, 26 June 2020 at 5.00 pm, or immediately after the conclusion of the Annual General Meeting of the Company to be held at 4.00 pm on the same day, and at any adjournment thereof as indicated hereunder.

	For	Against	Abstain
ORDINARY RESOLUTION			
To approve the proposed adoption of the Share Purchase Mandate			

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against or to abstain in respect of the resolution as set out in the Notice of the Meeting. Alternatively, if you wish to exercise your votes for and/or against the resolution and/or to abstain, please indicate the number of shares in the respective spaces provided)

Signed this _____ day of _____ 2020

Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes: -

1. If a member has Shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of Shares. If the member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy shall be deemed to relate to all the Shares held by such member.
2. A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of each resolution to be tabled for approval at the EGM in the instrument of appointment as proxy, failing which the appointment will be treated as invalid.
3. The instrument appointing the Chairman of the Meeting as proxy must:
 - (a) if sent by post, be received at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted by email, be received by the Company at e_agm@cnmc.com.hk,in either case, by no later than 5.00 p.m. on 23 June 2020, and in default thereof, the instrument of appointment as proxy shall not be treated as valid.
4. The instrument appointing the Chairman of the Meeting as proxy must, if submitted by post or via email, be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
5. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting as certified by The Central Depository (Pte) Limited to the Company.