

APPENDIX DATED 10 JANUARY 2017

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix (as defined herein) is circulated to the shareholders of Goodland Group Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 30 September 2016 (the “**Annual Report 2016**”). Its purpose is to provide shareholders of the Company with information relating to the proposed renewal of the Share Buy-Back Mandate (as defined herein) to be tabled at the AGM (as defined herein) to be held on 25 January 2017 at 9.00 a.m. at Seletar Country Club, 101 Seletar Club Road, Seletar Room, Level 2, Singapore 798273.

If you are in doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The ordinary resolution proposed to be passed in respect of the above matter is set out in the Notice of AGM enclosed with the Annual Report 2016.

The SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.



GOODLAND GROUP LIMITED

(Company Registration No. 200405522N)
(Incorporated in the Republic of Singapore on 6 May 2004)

**APPENDIX IN RELATION TO
THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

CONTENTS

	Page
DEFINITIONS.....	2
1. INTRODUCTION	6
2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE.....	6
3. ACTION TO BE TAKEN BY SHAREHOLDERS	24
4. DIRECTORS' RECOMMENDATION.....	24
5. DIRECTORS' RESPONSIBILITY STATEMENT	24
6. COMPLIANCE WITH GOVERNING LAWS, REGULATIONS AND THE ARTICLES OF ASSOCIATION	24
7. DOCUMENTS FOR INSPECTION	24

DEFINITIONS

For the purposes of this Appendix, the following definitions apply throughout unless otherwise stated:

“ACRA”	:	Accounting & Corporate Regulatory Authority of Singapore
“Act” or “Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“AGM”	:	The annual general meeting of the Company to be held on 25 January 2017
“Appendix”	:	This appendix to shareholders dated 10 January 2017 in relation to the proposed renewal of the Share Buy-Back Mandate
“Approval Date”	:	Has the meaning ascribed to it in Section 2.1 of this Appendix
“Articles”	:	The Articles of Association of the Company, as amended from time to time
“Associate”	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:— (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Average Closing Price”	:	Has the meaning ascribed to it in Section 2.3.4 of this Appendix
“Board”	:	The Board of Directors of the Company, as at the date of this Appendix
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Goodland Group Limited

“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	:	A person who:– (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or (b) in fact exercises control over the Company
“Director”	:	A Director of the Company as at the date of this Appendix
“EPS”	:	Earnings per Share
“Executive Director”	:	A director of the Company who performs an executive function
“FY2016”	:	Financial year ended 30 September 2016
“Group”	:	The Company and its subsidiaries, collectively
“Highest Last Dealt Price”	:	Has the meaning ascribed to it in Section 2.3.4 of this Appendix
“Independent Director”	:	Any independent director of the Company as may be appointed from time to time
“Latest Practicable Date”	:	30 December 2016, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	:	The Listing Manual of the SGX-ST (as the case may be), as the same may be amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	:	Has the meaning ascribed to it in Section 2.3.3 of this Appendix
“Memorandum”	:	The Memorandum of Association of the Company, as amended from time to time
“NAV”	:	Net asset value
“NTA”	:	Net tangible asset
“Non-Executive Director”	:	Any director of the Company, which shall include any Independent Director, who performs a non-executive function
“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 2.3.3 of this Appendix

“Relevant Period”	:	The period commencing from the date on which the ordinary resolution relating to the Share Buy-Back Mandate is passed in a general meeting and expiring on the earliest of the conclusion of the next AGM is held or is required by law to be held, or the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate, or the date the said mandate is varied or revoked by the Company in a general meeting
“Securities Accounts”	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
“Share Buy-Back Mandate”	:	The general and unconditional mandate given by Shareholders at the AGM to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire issued Shares within the Relevant Period, in accordance with the terms set out in this Appendix, as well as the rules and regulations set forth in the Companies Act and the Listing Manual
“Share(s)”	:	Ordinary share(s) in the capital of the Company
“Shareholders”	:	Registered holders of the Shares, except that where the registered holder is The Central Depository (Pte) Limited, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by The Central Depository (Pte) Limited whose Securities Accounts are credited with those Shares
“SIC”	:	The Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who holds not less than 5% (directly or indirectly) of the total votes attached to all the voting Shares
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
“Treasury Shares”	:	Shares purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate and held by the Company in accordance with Section 76H of the Act
“2012 EGM”	:	Has the meaning ascribed to it in Section 2.1 of this Appendix
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%”	:	Per cent. or percentage

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

The term “**subsidiary**” shall have the meaning ascribed to it under Section 5 of the Act.

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

Any reference in this Appendix 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, the SFA, the Listing Manual or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any modification thereof, as the case may be, unless the context otherwise provides.

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

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

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

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

GOODLAND GROUP LIMITED

(Company Registration No. 200405522N)
(Incorporated in the Republic of Singapore on 6 May 2004)

Directors

Tan Chee Beng (Executive Chairman)
Tan Chee Tiong (Chief Executive Officer and
Group Managing Director)
Tan Bee Bee (Executive Director)
Wong Ming Kwong (Non-Executive Director)
Dr Wu Chiaw Ching (Lead Independent Director)
Lye Hoong Yip Raymond (Independent Director)

Registered Office

3 Kim Chuan Lane
#07-01 Goodland Group Building
Singapore 537069

10 January 2017

To: The Shareholders of Goodland Group Limited

Dear Shareholder,

1. INTRODUCTION

We refer to (a) the Notice of AGM dated 10 January 2017 convening the AGM; and (b) Ordinary Resolution 8 under the heading “**Special Business**” in the Notice of AGM which relates to the proposed renewal of the Share Buy-Back Mandate to authorise the Directors of the Company to make purchases from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to a maximum of ten per cent. (10%) of the Shares as at the date of the last annual general meeting of the Company or at the date on which the resolution authorising the same is passed (whichever is the later), at such a price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein).

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for, the proposed renewal of the Share Buy-Back Mandate at the AGM to be held on 25 January 2017 at 9.00 a.m.

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

The Share Buy-back Mandate was originally approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 31 January 2012 (“**2012 EGM**”). The Share Buy-Back Mandate approved at the 2012 EGM was subsequently renewed and approved by the Shareholders at the extraordinary general meeting held on 20 June 2013 and at the annual general meetings held on 23 January 2014, 29 January 2015 and 18 February 2016. The existing Share Buy-Back Mandate will expire at the conclusion of the Company’s forthcoming AGM. Accordingly, the Directors propose that the Share Buy-Back Mandate be renewed at the AGM.

If the proposed resolution for the renewal of the Share Buy-Back Mandate is approved by Shareholders at the AGM, the authority conferred by the Share Buy-Back Mandate will take effect from the date of the AGM at which the proposed renewal of the Share Buy-Back

Mandate will be approved (“**Approval Date**”) and continue to be in force for the duration of the Relevant Period, which is until the earliest of the date on which the next AGM is held or is required by law to be held (whereupon it will lapse, unless renewed at such meeting); the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate; or the date the said mandate is varied or revoked by the Company in a general meeting.

2.2 Rationale for the proposed renewal of the Share Buy-Back Mandate

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

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

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

Shareholders can be assured that purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate would be made in circumstances where it is considered to be in the best interests of the Company, after taking into account the amount of surplus cash available and the prevailing market conditions. Further, the Directors do not propose to carry out purchases or acquisitions to such an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity, the orderly trading of the Shares, the working capital requirements of the Company or its gearing positions which are, in the opinion of the Directors, appropriate from time to time, or result in the Company being de-listed from the SGX-ST. For example, the Directors will ensure that the purchases or acquisitions will not be carried out to such an extent that the free float of the Company’s Shares held by the public falls to below ten per cent. (10%).

2.3 Terms of the Share Buy-Back Mandate

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

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

In accordance with Rule 882 of the Listing Manual, the total number of Shares that may be purchased or acquired by the Company during the Relevant Period shall not exceed ten per cent. (10%) of the total number of issued Shares of the Company as at the Approval Date. For purposes of calculating the percentage of Shares referred to above, any of the Shares which are held as Treasury Shares will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 360,694,918 Shares (excluding Treasury Shares), and assuming no further Shares are issued on or prior to the AGM, no more than 36,069,492 Shares representing ten per cent. (10%) of the issued and paid-up share capital of the Company as at that date of the AGM may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

2.3.2 Duration of authority

Purchases or acquisitions of Shares may be made during the Relevant Period, which is at any time and from time to time, on and from the Approval Date, up to the earliest of:–

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

2.3.3 Manner of purchase of Shares

Purchases or acquisitions of Shares may be made by way of:–

- (a) on-market purchases (“**Market Purchase**”), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) (as defined in Section 76C of the Companies Act).

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual, the Articles and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). Pursuant to the Companies Act, an Off-Market Purchase must satisfy all of the following conditions:–

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:–
 - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

- (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
- (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, Rule 885 of the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:–

- (aa) the terms and conditions of the offer;
- (bb) the period and procedures for acceptances;
- (cc) the reasons for the proposed share buy-back;
- (dd) the consequences, if any, of share buy-backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (ee) whether the share buy-back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (ff) details of any share buy-back made by the Company in the previous 12 months (whether Off-Market Purchases in accordance with an equal access scheme or Market Purchases), setting out 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
- (gg) whether the share purchased by the Company will be cancelled or kept as Treasury Shares.

2.3.4 Maximum purchase price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by acquisition, must not exceed the Maximum Price (as defined hereinafter) which is:–

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (b) in the case of an Off-Market Purchase, 115% of the Average Closing Price (as defined hereinafter) of the Shares,

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

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or, as the case may be,

preceding the date of making an announcement by the Company of an offer for an Off-Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period.

For the purpose of the definition of **Average Closing Price** above, “**date of making an announcement**” means the day on which the Company announces its intention to make an offer for the Share Purchase, 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

A Share purchased or otherwise acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Shares are held by the Company as Treasury Shares to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or otherwise acquired by the Company and which are not held as Treasury Shares. All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act), will be automatically 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 or acquisition.

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, as the Directors deem fit in the interest of the Company at that time.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or otherwise acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Companies Act are summarised below:–

2.5.1 Maximum holdings

Under Section 76I of the Companies Act, the number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 Voting and other rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Shares into Treasury Shares of a smaller amount is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

2.5.3 Disposal and cancellation

Where Shares are held as Treasury Shares, the Company may at any time:–

- (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 an employees' share scheme of the Company;
- (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.

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “**usage**”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares in relation to the usage.

2.6 **Reporting Requirements**

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

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

Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form.

Rule 886 of the Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares no later than 9.00 a.m.:–

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

The notification of such purchase or acquisition of shares to the SGX-ST shall be in such form and shall include such details as may be prescribed in the Listing Manual. 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.

2.7 Source of funds

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Articles and the applicable laws of Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Listing Manual. As stated in the Companies Act, the share buy-back may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Companies Act, a company is solvent if (a) it is able to pay its debts in full at the time of payment and will be able to pay its debts as they fall due in the normal course of business in the 12 months following such date of payment; and (b) the value of its assets is not less than the value of its liabilities (including contingent liabilities) and such value of its assets will not, after any purchase of shares for purposes of any proposed acquisition or release of the company's obligations, become less than the value of its liabilities (including contingent liabilities). In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimation of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings to finance the Company's purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate. The Company will only make purchases or acquisitions pursuant to the Share Buy-Back Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or would cause the Company to be insolvent.

2.8 Financial effects

Under the Companies Act, the purchase or acquisition of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the profits of the Company and hence the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the share capital of the Company but the amount available for the distribution of cash dividends by the Company will not be reduced. The NTA of the Company and of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

For illustrative purposes only, as at the Latest Practicable Date, the issued and paid-up ordinary share capital of the Company (excluding Treasury Shares) comprises 360,694,918 Shares. The exercise in full of the Share Buy-Back Mandate would result in the purchase of 36,069,492 Shares.

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

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

- (a) based on 360,694,918 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued purchased and kept as Treasury Shares on or prior to the AGM, the purchase or acquisition by the Company of ten per cent. (10%) of its issued Shares will result in the purchase or acquisition of 36,069,492 Shares;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 36,069,492 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) assuming a maximum price of S\$0.267 for one Share which is five per cent. (5%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date, is approximately S\$9.6 million; and
- (c) in the case of the Off-Market Purchases by the Company and assuming that the Company purchases or acquires 36,069,492 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) assuming a Maximum Price of S\$0.292 which is 15% above the average closing market prices of the Shares for the last five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date, is approximately S\$10.5 million.

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

- (i) purchase or acquisition of 36,069,492 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Market Purchases made entirely out of profit and/or capital and cancelled or held in treasury; and
- (ii) purchase or acquisition of 36,069,492 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Off-Market Purchases made entirely out of profits and/or capital and cancelled or held in treasury,

on the audited financial statements of the Company and the Group for FY2016 are set out below.

Scenario 1A: Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Buy-Back	After Share Market Purchase	Buy-Back Off-Market Purchase	Before Share Buy-Back	After Share Market Purchase	Buy-Back Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>As at 30 September 2016</u>						
Share Capital	63,280	53,660	52,744	63,280	53,660	52,744
Merger reserves	(485)	(485)	(485)	–	–	–
Other reserves	80,678	80,678	80,678	229	229	229
Accumulated Profits	76,591	76,591	76,591	4,003	4,003	4,003
Foreign exchange translation reserve	(21,636)	(21,636)	(21,636)	–	–	–
Treasury Share	(9,357)	(9,357)	(9,357)	(9,357)	(9,357)	(9,357)
Shareholders' Funds	189,071	179,451	178,535	58,155	48,535	47,619
NTA	235,419	225,799	224,883	58,155	48,535	47,619
Current Assets	322,241	312,621	311,705	66,803	57,183	56,267
Current Liabilities	142,678	142,678	142,678	19,164	19,164	19,164
Working Capital	179,563	169,943	169,027	47,639	38,019	37,103
Total Borrowings	151,128	151,128	151,128	–	–	–
Cash and Cash Equivalents	30,231	20,611	19,695	599	(9,021)	(9,937)
Total issued number of Shares ('000)	360,694	324,625	324,625	360,694	324,625	324,625
Weighted average number of Shares ('000)	353,807	317,738	317,738	353,807	317,738	317,738
Loss for the Year	(3,867)	(3,867)	(3,867)	(637)	(637)	(637)
<u>Financial Ratios</u>						
NTA per Share (S\$)	0.65	0.70	0.69	0.16	0.15	0.15
Gearing (%)	79.93	84.22	84.65	–	–	–
NAV per Share (S\$)	0.65	0.70	0.69	0.16	0.15	0.15
Current Ratio (times)	2.26	2.19	2.18	3.49	2.98	2.94
Basic EPS (cents)	(1.09)	(1.22)	(1.22)	(0.18)	(0.20)	(0.20)

NM – Not Meaningful

Scenario 1B: Purchases made entirely out of profit and cancelled

	Group			Company		
	Before Share Buy-Back	After Share Market Purchase	Buy-Back Off-Market Purchase	Before Share Buy-Back	After Share Market Purchase	Buy-Back Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>As at 30 September 2016</u>						
Share Capital	63,280	63,280	63,280	63,280	63,280	63,280
Merger reserves	(485)	(485)	(485)	–	–	–
Other reserves	80,678	80,678	80,678	229	229	229
Accumulated Profits	76,591	66,971	66,055	4,003	(5,617)	(6,533)
Foreign exchange translation reserve	(21,636)	(21,636)	(21,636)	–	–	–
Treasury Share	(9,357)	(9,357)	(9,357)	(9,357)	(9,357)	(9,357)
Shareholders' Funds	189,071	179,451	178,535	58,155	48,535	47,619
NTA	235,419	225,799	224,883	58,155	48,535	47,619
Current Assets	322,241	312,621	311,705	66,803	57,183	56,267
Current Liabilities	142,678	142,678	142,678	19,164	19,164	19,164
Working Capital	179,563	169,943	169,027	47,639	38,019	37,103
Total Borrowings	151,128	151,128	151,128	–	–	–
Cash and Cash Equivalents	30,231	20,611	19,695	599	(9,021)	(9,937)
Total issued number of Shares ('000)	360,694	324,625	324,625	360,694	324,625	324,625
Weighted average number of Shares ('000)	353,807	317,738	317,738	353,807	317,738	317,738
Loss for the Year	(3,867)	(3,867)	(3,867)	(637)	(637)	(637)
<u>Financial Ratios</u>						
NTA per Share (S\$)	0.65	0.70	0.69	0.16	0.15	0.15
Gearing (%)	79.93	84.22	84.65	–	–	–
NAV per Share (S\$)	0.65	0.70	0.69	0.16	0.15	0.15
Current Ratio (times)	2.26	2.19	2.18	3.49	2.98	2.94
Basic EPS (cents)	(1.09)	(1.22)	(1.22)	(0.18)	(0.20)	(0.20)

Scenario 2A: Purchases made entirely out of capital and held as Treasury Shares

	Group			Company		
	Before Share Buy-Back	After Share Market Purchase	Buy-Back Off-Market Purchase	Before Share Buy-Back	After Share Market Purchase	Buy-Back Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>As at 30 September 2016</u>						
Share Capital	63,280	63,280	63,280	63,280	63,280	63,280
Merger reserves	(485)	(485)	(485)	–	–	–
Other reserves	80,678	80,678	80,678	229	229	229
Accumulated Profits	76,591	76,591	76,591	4,003	4,003	4,003
Foreign exchange translation reserve	(21,636)	(21,636)	(21,636)	–	–	–
Treasury Share	(9,357)	(18,977)	(19,893)	(9,357)	(18,977)	(19,893)
Shareholders' Funds	189,071	179,451	178,535	58,155	48,535	47,619
NTA	235,419	225,799	224,883	58,155	48,535	47,619
Current Assets	322,241	312,621	311,705	66,803	57,183	56,267
Current Liabilities	142,678	142,678	142,678	19,164	19,164	19,164
Working Capital	179,563	169,943	169,027	47,639	38,019	37,103
Total Borrowings	151,128	151,128	151,128	–	–	–
Cash and Cash Equivalents	30,231	20,611	19,695	599	(9,021)	(9,937)
Total issued number of Shares ('000)	360,694	324,625	324,625	360,694	324,625	324,625
Weighted average number of Shares ('000)	353,807	317,738	317,738	353,807	317,738	317,738
Loss for the Year	(3,867)	(3,867)	(3,867)	(637)	(637)	(637)
<u>Financial Ratios</u>						
NTA per Share (S\$)	0.65	0.70	0.69	0.16	0.15	0.15
Gearing (%)	79.93	84.22	84.65	–	–	–
NAV per Share (S\$)	0.65	0.70	0.69	0.16	0.15	0.15
Current Ratio (times)	2.26	2.19	2.18	3.49	2.98	2.94
Basic EPS (cents)	(1.09)	(1.22)	(1.22)	(0.18)	(0.20)	(0.20)

Scenario 2B: Purchases made entirely out of profits and held as Treasury Shares

	Group			Company		
	Before Share Buy-Back	After Share Market Purchase	Buy-Back Off-Market Purchase	Before Share Buy-Back	After Share Market Purchase	Buy-Back Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 30 September 2016						
Share Capital	63,280	63,280	63,280	63,280	63,280	63,280
Merger reserves	(485)	(485)	(485)	–	–	–
Other reserves	80,678	80,678	80,678	229	229	229
Accumulated Profits	76,591	76,591	76,591	4,003	4,003	4,003
Foreign exchange translation reserve	(21,636)	(21,636)	(21,636)	–	–	–
Treasury Share	(9,357)	(18,977)	(19,893)	(9,357)	(18,977)	(19,893)
Shareholders' Funds	189,071	179,451	178,535	58,155	48,535	47,619
NTA	235,419	225,799	224,883	58,155	48,535	47,619
Current Assets	322,241	312,621	311,705	66,803	57,183	56,267
Current Liabilities	142,678	142,678	142,678	19,164	19,164	19,164
Working Capital	179,563	169,943	169,027	47,639	38,019	37,103
Total Borrowings	151,128	151,128	151,128	–	–	–
Cash and Cash Equivalents	30,231	20,611	19,695	599	(9,021)	(9,937)
Total issued number of Shares ('000)	360,694	324,625	324,625	360,694	324,625	324,625
Weighted average number of Shares ('000)	353,807	317,738	317,738	353,807	317,738	317,738
Loss for the Year	(3,867)	(3,867)	(3,867)	(637)	(637)	(637)
Financial Ratios						
NTA per Share (S\$)	0.65	0.70	0.69	0.16	0.15	0.15
Gearing (%)	79.93	84.22	84.65	–	–	–
NAV per Share (S\$)	0.65	0.70	0.69	0.16	0.15	0.15
Current Ratio (times)	2.26	2.19	2.18	3.49	2.98	2.94
Basic EPS (cents)	(1.09)	(1.22)	(1.22)	(0.18)	(0.20)	(0.20)

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

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

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or otherwise acquire up to ten per cent. (10%) of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire ten per cent. (10%) of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution. Taking all these things into consideration, the Board will only consider to proceed with the execution of the share purchase if the effects are beneficial to the Company and its shareholders. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares), the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

2.9 Take-over implications arising from share buy-back

The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.9.1 Obligation to make a take-over offer

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

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

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

In calculating the percentages of voting rights of such person and their concert parties, Treasury Shares shall be excluded.

2.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert with each other under the Take-over Code:–

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent, subsidiaries and fellow subsidiaries, and their associated companies, any company whose associated companies include any of the foregoing companies. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status; and
- (c) an individual with his close relatives, related trusts and person(s) who are accustomed to act in accordance with his instructions.

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

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligations to make a take-over offer for the Company under the Take-over Code are advised to consult their professional advisers and/or the SIC at the earliest opportunity.

As at the Latest Practicable Date, Koh Chin Kim, Tan Chee Beng, Tan Chee Tiong and Tan Bee Bee owns an aggregate of 78.55% of the shareholding interest of the Company. The Company does not expect that any buy-back of Shares will result in a change of effective control, or, as a result of such buy-back of Shares, a Shareholder or group of Shareholders acting in concert will obtain or consolidate effective control of the Company.

2.9.3 Effect of Rule 14 and Appendix 2

Appendix 2 of the Take-over Code contains the share buy-back guidance note. In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, if, as a result of any purchase or acquisition by the Company of its Shares, the proportionate percentage of voting rights held by a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If as a result of such increase, a Shareholder or group of Shareholders acting in concert with a Director obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert with a Director could become obliged to make a take-over offer for the Company under Rule 14.

For the avoidance of doubt, when the Company buys back its Shares, any resulting increase in the percentage of voting rights held by a Shareholder would be treated as an acquisition for the purpose of Rule 14. Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 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 one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Buy-Back Mandate.

2.9.4 Advice to Shareholders

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

2.9.5 Interests of Directors and Substantial Shareholders

Based on the information set out below, assuming that there is no change to the interest set out below since the Latest Practicable Date, none of the Shareholders, including Directors and persons acting in concert with them respectively, are expected to incur an obligation to make a general offer to other Shareholders under the Take-over Code solely by reason of the Share Buy-Back Mandate.

Based on the Register of Directors' Shareholdings of the Company and the Register of Substantial Shareholders of the Company maintained pursuant to Section 164 and Section 88 of the Companies Act respectively, as at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders before and after the purchase of Shares (assuming (i) the Company purchases the maximum number of ten per cent. (10%) of the issued Shares of the Company as at the Latest Practicable Date, and (ii) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders) were/will be as follows:–

Name of Director	Before Share Buy-Back (Number of Shares)		Before Share Buy-Back based on Direct Interest (%) ⁽¹⁾	After Share Buy-Back based on Direct Interest (%) ⁽²⁾
	Direct interest	Deemed Interest		
Tan Chee Beng	27,795,000	255,534,994 ⁽³⁾⁽⁶⁾⁽⁸⁾	7.71	8.56
Tan Chee Tiong	22,917,400	260,412,594 ⁽⁴⁾⁽⁶⁾	6.35	7.06
Tan Bee Bee	21,208,700	262,121,294 ⁽⁶⁾	5.88	6.53
Wong Ming Kwong	–	4,760,000 ⁽⁵⁾	–	–
Dr Wu Chiaw Ching	–	–	–	–
Lye Hoong Yip Raymond	–	–	–	–

Name of Director	Before Share Buy-Back (Number of Shares)		Before Share Buy-Back based on Direct Interest (%) ⁽¹⁾	After Share Buy-Back based on Direct Interest (%) ⁽²⁾
	Direct interest	Deemed Interest		
Name of Substantial Shareholders (other than Directors)				
Citrine Capital Pte Ltd	93,500,794	42,000,000 ⁽⁷⁾	25.92	28.80
Koh Chin Kim	45,780,000	237,549,994 ⁽⁶⁾	12.69	14.10
Top Fortune Capital Ltd.	–	135,500,794 ⁽⁸⁾	–	–

Notes:–

- (1) The percentages in the table are calculated based on 360,694,918 issued and paid-up Shares as at the Latest Practicable Date.
- (2) The percentages in the table are calculated based on 324,625,426 issued and paid-up Shares.
- (3) Tan Chee Beng is deemed interested in 14,000,000 Shares held in the name of Maybank Nominees (Singapore) Pte Ltd.
- (4) Tan Chee Tiong is deemed interested in 16,128,000 Shares held in the name of Maybank Nominees (Singapore) Pte Ltd.
- (5) Wong Ming Kwong is deemed interested in 4,760,000 Shares held in the name of SBS Nominees Pte Ltd.
- (6) Tan Chee Beng, Tan Chee Tiong and Tan Bee Bee are siblings. Their mother is Koh Chin Kim. Each of Tan Chee Beng, Tan Chee Tiong, Tan Bee Bee and Koh Chin Kim is deemed interested in all the Shares held by their family members.
- (7) Citrine Capital Pte. Ltd. is deemed interested in 42,000,000 Shares held in the name of Hong Leong Finance Nominees Pte Ltd..
- (8) Citrine Capital Pte. Ltd. is a wholly owned subsidiary of Top Fortune Capital Ltd., which is, in turn, wholly owned by Tan Chee Beng. Accordingly, each of Tan Chee Beng and Top Fortune Capital Ltd. is deemed to be interested in the Shares held by Citrine Capital Pte. Ltd.

Listing status of Shares on the SGX-ST

The Company does not have any individual shareholding limit or foreign shareholding limit. However, the Company is required under Rule 723 of the Listing Manual to ensure that at least ten per cent. (10%) of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The term “*public*”, as defined under the Listing Manual, are persons other than (i) the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries; and (ii) the Associates of persons in (i).

As at the Latest Practicable Date, there are 464 shareholders and approximately 77,364,924 of issued Shares or 21.45% of the issued Shares are held by the public. For illustration purposes only, assuming that the Company purchases the maximum number of ten per cent. (10%) of the issued Shares, being 36,069,492 Shares as at the Latest Practicable Date, and assuming that such Shares are held in public hands, the resultant number of Shares held by the public after the purchase of such Shares would be 41,295,432 Shares, representing approximately 12.72% of the remaining issued Shares of the Company.

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

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

2.9.6 Shares purchased by the Company

For the period of twelve (12) months prior to the Latest Practicable Date, the Company had purchased an aggregate of 6,404,600 Shares by way of Market Purchases pursuant to the Share Buyback Mandate approved by Shareholders at the annual general meetings of the Company on 29 January 2015 and 18 February 2016. The particulars relating to the purchases are set out below.

Transaction Date	No. of Shares Purchased	Purchase Price per Share (\$)	Highest Price per Share (\$)	Lowest Price per Share (\$)	Aggregate Consideration
22 January 2016	485,000	0.261	0.265	0.255	126,968.07
25 January 2016	810,800	0.275	0.275	0.270	223,613.07
28 January 2016	1,440,000	0.265	0.265	0.260	382,784.10
29 January 2016	1,700,000	0.265	0.265	0.260	451,897.90
15 February 2016	1,500,000	0.260	0.260	0.255	391,210.17
17 February 2016	120,000	0.235	0.235	0.235	28,362.94
01 July 2016	131,000	0.239	0.240	0.235	31,495.18
11 July 2016	49,900	0.240	0.240	0.240	12,045.20
18 July 2016	81,900	0.237	0.240	0.230	19,547.99
20 July 2016	40,000	0.235	0.235	0.235	9,454.31
22 August 2016	46,000	0.244	0.250	0.240	11,302.27
Total:	6,404,600				1,688,681.20

As at the Latest Practicable Date, the Company holds 33,371,600 treasury shares.

2.10 **Timing of purchases**

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices on securities dealings under Rule 1207(19), the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two (2) weeks immediately preceding the announcement of the Company’s financial statements for each of the first three (3) quarters of its financial year and one (1) month immediately preceding the announcement of the Company’s full year financial statements, and ending on the date of the announcement of the relevant results.

2.11 Tax implications

The following is a general overview of the Singapore tax implications of share buy-backs by the Company.

Shareholders should note that the following general overview of the Singapore tax position is not to be regarded as advice on the tax position of any Shareholder, or on any tax implications arising from the proposed Share Buy-Back Mandate. Shareholders who are in doubt as to their respective tax positions or the tax implications of share buy-backs by the Company, or who may be subject to tax in or outside Singapore, should consult their own professional advisers.

(a) Company's Treatment

Under Section 10J of the Singapore Income Tax Act (Cap 134), where a company tax resident in Singapore purchases or otherwise acquires shares issued by it from any shareholder of the company and such shares are deemed cancelled under Section 76B of the Companies Act by way of a market purchase or an off-market purchase, to the extent that the payment for the share buy-backs is made out of the contributed capital of the company, such payment should not be regarded as a payment of dividend by the company to the shareholders, and an amount equal to the payment shall be debited to the contributed capital account kept by the company. However, to the extent that the payment for the share buy-backs is not made out of the contributed capital of the company, such payment should be deemed to be a dividend paid by the company on the date of the payment.

As the Company is a tax resident in Singapore for Singapore income tax purposes and is under the one-tier corporate tax regime, to the extent that the payment for the Share buybacks is not made out of the contributed capital of the Company, the payment should be deemed as a dividend paid by the Company on the date of the payment and the dividend should be treated as a tax exempt (1-tier) dividend.

(b) Shareholder's Treatment

From a shareholder's perspective, the tax treatment of the receipt from a share buy-back would depend on whether the sale is by way of a market purchase or an off-market purchase. A sale by a shareholder of his shares through a normal ready market counter will be treated like any other sale made on the SGX-ST. Whether the proceeds from such a sale are taxable in the hands of the shareholder will depend on whether such proceeds are receipts of an income or a capital nature.

Proceeds received in an off-market purchase effected by way of an equal access scheme as defined in Section 76C of the Companies Act will be treated as a receipt of a dividend in the hands of the shareholder if the payment for the share buy-back is not made out of the contributed capital of the Company. In the case where the consideration received pursuant to the share buy-back is treated as a tax exempt (1-tier) dividend in the hands of a shareholder, the dividend should be exempt from Singapore income tax in the hands of that shareholder (both resident and non-resident) in Singapore. Accordingly, no deduction of the cost of the shares sold will be allowed, but the cost base will be apportioned among the remaining shares.

3. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069 not later than 48 hours before the time fixed for the AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes in place of the proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 48 hours before the AGM.

4. DIRECTORS' RECOMMENDATION

Having fully considered the rationale set out in paragraph 2.2 of this Appendix, the Directors are of the opinion that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution in respect of the proposed renewal of the Share Buy-Back Mandate to be proposed at the AGM as set out in the Notice of AGM dated 10 January 2017.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Practice Note 12.1 of the Listing Manual, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this 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 the Appendix in its proper form and context.

6. COMPLIANCE WITH GOVERNING LAWS, REGULATIONS AND THE ARTICLES OF ASSOCIATION

The Company confirms that the terms of the Share Buy-Back Mandate do not contravene any laws and regulations governing the Company and its Articles.

7. DOCUMENTS FOR INSPECTION

Copies of the Company's Memorandum and Articles are available for inspection during normal office hours at the registered office of the Company at 3 Kim Chuan Lane, #07-01 Goodland Group Building, Singapore 537069 for a period of three (3) months from the date of this Appendix.

Yours faithfully

For and on behalf of the Board of Directors of
GOODLAND GROUP LIMITED

Alvin Tan Chee Tiong
Chief Executive Officer

