

APPENDIX DATED 5 AUGUST 2019

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

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

This Appendix is circulated to the Shareholders (as defined herein) of Stamford Tyres Corporation Limited (the “**Company**” or “**Stamford Tyres**”) together with the Company’s Annual Report 2019 (as defined herein). The purpose of this Appendix is to provide Shareholders with information relating to, and to seek Shareholders’ approval for, the proposed renewal of the Share Buy-Back Mandate (as defined herein) to be tabled at the 2019 AGM (as defined herein) to be held on Friday, 30 August 2019 at 3.30 p.m. at 19 Lok Yang Way, Singapore 628635. The Notice of AGM (as defined herein) and a Proxy Form are enclosed with the Annual Report 2019.

The ordinary resolution proposed to be passed in relation to the abovementioned matter is set out as Ordinary Resolution 9 in the Notice of AGM dated 5 August 2019, enclosed in the Annual Report 2019.

If you have sold or transferred all your ordinary shares (“**Shares**”) in the capital of the Company held through the Central Depository (Pte) Limited (“**CDP**”), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix with the Annual Report 2019 and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Appendix to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee.

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



STAMFORD TYRES CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198904416M)

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING
IN RELATION TO
THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

“2018 AGM”	:	The annual general meeting of the Company held on 30 August 2018
“2018 EGM”	:	The extraordinary general meeting of the Company held on 30 August 2018 following the 2018 AGM
“2019 AGM”	:	The forthcoming annual general meeting of the Company to be convened at 19 Lok Yang Way, Singapore 628635 on 30 August 2019 at 3.30 p.m.
“ACRA”	:	Accounting and Corporate Regulatory Authority
“Annual Report 2019”	:	The annual report of the Company in respect of the financial year ended 30 April 2019
“Appendix”	:	This appendix dated 5 August 2019 circulated to Shareholders together with the Annual Report 2019 in relation to the proposed renewal of the Share Buy-Back Mandate
“Board”	:	The Board of Directors of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Stamford Tyres Corporation Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Constitution”	:	The constitution of the Company as amended, supplemented or modified from time to time
“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 holds directly or indirectly 15% or more of the total number of issued Shares excluding Treasury Shares and Subsidiary Holdings (unless otherwise determined by the SGX-ST), or who in fact exercises Control over the Company
“Director(s)”	:	The directors of the Company or, where applicable, any of them
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	29 July 2019, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended, supplemented or modified from time to time

DEFINITIONS

“ Notice of AGM ”	:	Notice of the 2019 AGM dated 5 August 2019 as set out on pages 145 to 151 of the Annual Report 2019
“ SIC ”	:	Securities Industry Council
“ SFA ”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“ SGX-ST ”	:	Singapore Exchange Securities Trading Limited
“ Share Buy-Back Mandate ”	:	The share buy-back mandate enabling the Company to purchase or otherwise acquire its Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set out in the Companies Act and Listing Manual
“ Shareholders ”	:	The registered holders of issued Shares except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to such Shares, mean the Depositors who have shares entered against their names in the Depository Register, and “ Shareholder ” shall be construed accordingly
“ Shares ”	:	The issued and paid-up ordinary shares in the capital of the Company
“ Subsidiary Holdings ”	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
“ Substantial Shareholder ”	:	A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
“ Take-over Code ”	:	The Singapore Code on Take-overs and Mergers
“ Treasury Shares ”	:	Has the meaning ascribed to it in Section 4 of the Companies Act
“ S\$ ” and “ cents ”	:	Singapore dollars and cents respectively, the lawful currency of Singapore
“ % ” or “ per cent ”	:	Percentage or per centum

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

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

References. 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.

Rounding. Any discrepancies in figures included in this Appendix between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

DEFINITIONS

Sections. Any reference in this Appendix to a section is a reference to a section of this Appendix, unless otherwise stated.

Shareholders. References to “you”, “your” and “yours” in this Appendix are, as the context so determines, to Shareholders.

Statutes. 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 Listing Manual or any statutory or regulatory modification thereof and not otherwise defined in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act, the Listing Manual or any such regulatory modification thereof, as the case may be, unless the context otherwise requires.

Subsidiaries and related corporations. The terms “**subsidiaries**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Companies Act.

Time and date. Any reference to a time of day and date in this Appendix is made by reference to Singapore time and date, unless otherwise stated.

STAMFORD TYRES CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198904416M)

Board of Directors:

Sam Chong Keen (Non-Executive and Independent Chairman)
Wee Kok Wah (President)
Dawn Wee Wai Ying (Executive Director)
Dr Wee Li Ann (Executive Director)
Tay Puan Siong (Independent Director)
Goh Chee Wee (Independent Director)
Leslie Mah Kim Loong (Independent Director)
Kazumichi Mandai (Independent Director)

Registered Office:

19 Lok Yang Way
Singapore 628635

5 August 2019

To: The Shareholders of Stamford Tyres Corporation Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 **Notice of AGM.** Reference is made to:

- (a) the Notice of AGM dated 5 August 2019 convening the 2019 AGM of the Company to be held at 19 Lok Yang Way, Singapore 628635 on 30 August 2019 at 3.30 p.m.; and
- (b) Resolution 9, being the Ordinary Resolution relating to the proposed renewal of the Share Buy-Back Mandate, as proposed in the Notice of AGM.

1.2 **Purpose of Appendix.** At the 2018 EGM, Shareholders had approved the renewal of the Share Buy-Back Mandate to enable the Company to purchase or otherwise acquire the Shares. The Share Buy-Back Mandate will expire on the date of the forthcoming 2019 AGM, being 30 August 2019. Accordingly, the Directors propose that the Share Buy-Back Mandate be renewed at the forthcoming 2019 AGM, to take effect until the conclusion of the next annual general meeting of the Company. The purpose of this Appendix is to provide Shareholders with information relating to and explain the rationale for the proposed renewal of the Share Buy-Back Mandate as set out in Ordinary Resolution 9 of the Notice of AGM.

1.3 **Advice to Shareholders.** If you are in any doubt as to the contents herein or as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.

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

The Board is seeking Shareholders' approval for the proposed renewal of the Share Buy-Back Mandate (which will expire on the date of the 2019 AGM) without any change at the forthcoming 2019 AGM to take effect until the next annual general meeting of the Company.

2.1 Background

Article 22 of the Company's Constitution authorises the Company to purchase or otherwise acquire Shares in the capital of the Company. At the 2018 EGM, which was held immediately after the 2018 AGM of the Company, Shareholders had approved, *inter alia*, the renewal of the Share Buy-Back Mandate to enable the Company to purchase or otherwise acquire Shares in the capital of the Company. The rationale for, the authority and limitations on, and the financial effects of the Share Buy-Back Mandate were set out in the Company's circular to Shareholders dated 15 August 2018 and Resolution 1 set out in the Notice of the 2018 EGM.

The Share Buy-Back Mandate was expressed to take effect from the date of the 2018 EGM and will lapse on the date of the next annual general meeting of the Company, or the date on which share buy-backs are carried out to the full extent mandated, whichever is the earlier, unless prior to that, it is varied or revoked by resolution of Shareholders in a general meeting.

As required under the Companies Act and the Listing Manual, a company that desires to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders at a general meeting. Accordingly, the Company is seeking the approval of Shareholders at the 2019 AGM for the renewal of the Share Buy-Back Mandate, which will take effect from the date of the 2019 AGM.

2.2 Rationale for the Proposed Renewal of the Share Buy-Back Mandate

The Share Buy-Back Mandate, when renewed, will give the Company the flexibility to purchase or otherwise acquire Shares of the Company, subject to market conditions, during the period when the Share Buy-Back Mandate is in force, subject to the terms and limits set out below. The rationale for the Company undertaking to purchase or acquire its Shares, conducted at appropriate price levels, is as follows:

- (a) in managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, share buy-backs may be considered as one of the ways through which the return on equity of the Group may be enhanced;
- (b) the Share Buy-Back Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the Share Buy-Back Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buy-Back Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy; and
- (c) the purchase or acquisition of Shares under the Share Buy-Back Mandate will help 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 and employees' morale.

Shareholders should note that a share buy-back will only be made when the Directors consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being de-listed from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buy-Back 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 Terms and Limits on the Share Buy-Back Mandate

The terms and limits on the Share Buy-Back Mandate are summarised below:

(a) Maximum Number of Shares

(i) Share Buy-Back Limit

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

The total number of Shares which may be purchased or acquired pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than 10% of the total number of Shares of the Company (excluding Treasury

Shares and Subsidiary Holdings) as at the date of the 2019 AGM at which the Share Buy-Back Mandate is approved. Treasury Shares and Subsidiary Holdings will be disregarded for the purpose of computing the 10% limit.

Purely for illustrative purposes, on the basis that there are 236,186,244 Shares as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the date of the 2019 AGM, not more than 23,618,624 Shares (representing 10% of the total number of Shares of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate during the period referred to below.

However, purchases or acquisitions pursuant to the Share Buy-Back Mandate need not be carried out to the full extent mandated, and, in any case, will not be carried out to such an extent that would result in the Company losing the minimum public float required to maintain the listing status of the Company's Shares on the SGX-ST.

(ii) Listing Status on the SGX-ST

The Listing Manual provides that a listed company shall ensure that at least 10% of a class of its listed securities is at all times held by the public.

As at the Latest Practicable Date, 116,710,621 Shares (or approximately 49.41% of the total number of issued Shares excluding Treasury Shares and Subsidiary Holdings) are held in the hands of the public.

In order to maintain the listing status of the Shares on the SGX-ST, the Company must ensure (pursuant to Rule 723 of the Listing Manual) that there is at all times a public float of not less than 10% of the issued Shares (excluding Treasury Shares and Subsidiary Holdings). The Company will not carry out any share buy-back to such extent that it would result in the number of Shares remaining in the hands of the public to fall below the minimum level required under the Listing Manual, thereby adversely affecting the listing status of the Company.

Accordingly, **purely for illustrative purposes** and assuming that 116,710,261 Shares (or approximately 49.41% of the issued Shares (excluding Treasury Shares and Subsidiary Holdings)) are held in public hands as at the Latest Practicable Date, in order to maintain the public float of not less than 10% in the issued Shares (excluding Treasury Shares and Subsidiary Holdings), the Company would not purchase or acquire from public shareholders more than 93,091,997 Shares (or 39.41% of the issued Shares (excluding Treasury Shares and Subsidiary Holdings) as at that date) pursuant to the Share Buy-Back Mandate as at the Latest Practicable Date. **For avoidance of doubt, the above illustration should not in any way bind the Company or be construed to imply that the Company can only buy back up to 93,091,997 Shares.**

The Company is seeking Shareholders' approval to renew the Share Buy-Back Mandate to enable the Company to purchase or acquire Shares up to a maximum of 10% of the total number of Shares of the Company (excluding Treasury Shares and Subsidiary Holdings) for greater flexibility. **If approved, the Company will be able to purchase or acquire up to a maximum of 10% of the total number of Shares of the Company (excluding Treasury Shares and Subsidiary Holdings).** Nevertheless, before deciding to purchase or acquire Shares, the Directors will ensure that, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to comply with Listing Manual requirements.

As at the Latest Practicable Date, the Company does not hold any Treasury Shares nor does any of its subsidiaries have any Subsidiary Holdings.

(b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2019 AGM at which the Share Buy-Back Mandate is renewed up to:

- (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 the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Shareholders in general meeting,

whichever is the earliest.

The authority conferred on the Directors to purchase Shares pursuant to the Share Buy-Back Mandate may be renewed by the Shareholders at each annual general meeting or other general meeting of the Company.

(c) Manner of Purchase or Acquisition of Shares

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

- (i) on-market purchases (“**Market Buy-Backs**”) transacted on the SGX-ST through the SGX-ST’s trading system, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (“**Off-Market Buy-Backs**”) (if effected otherwise than on the SGX-ST) pursuant to any equal access scheme, as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all conditions prescribed by the Listing Manual and the Companies Act.

The purchases or acquisitions in connection with or in relation to any equal access scheme or schemes may be subject to such terms and conditions as the Directors may consider fit in the interests of the Company provided that such terms and conditions are consistent with the relevant provisions of the Share Buy-Back Mandate, the Listing Manual and the Companies Act.

Under the Companies Act, Off-Market Buy-Backs on an equal access scheme must satisfy all the following conditions:

- (i) offers under the scheme 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 the offers shall be the same, except that there shall be disregarded:
 - (A) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (B) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Buy-Back in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances; and
 - (iii) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.
- (d) Maximum Purchase Price

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (i) in the case of a Market Buy-Back, 5% above the Average Closing Market Price (as defined below) of the Shares; and
- (ii) in the case of an Off-Market Buy-Back, 20% above the Average Closing Market Price of the Shares,

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

For the above purposes:

“**Average Closing Market Price**” means (i) the average of the closing market prices of the Shares over the five (5) market days on which the Shares were transacted on the SGX-ST immediately preceding the date of the Market Buy-Back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Buy-Back, and (ii) deemed to be adjusted in accordance with the Listing Manual for any corporate action which occurs after the relevant five-day period; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Buy-Back, 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 Buy-Back.

The Listing Manual restricts a listed company from purchasing Shares by way of Market Buy-Backs at a price per Share which is more than 5% above the Average Closing Market Price.

Although the Listing Manual does not prescribe a maximum price in relation to purchases of Shares by way of Off-Market Buy-Backs, the Company has set a cap of 20% above the Average Closing Market Price of a Share as the maximum price for a Share to be purchased or acquired by way of Off-Market Buy-Backs.

2.4 **Source of Funds for the Share Buy-Back**

The Company may only apply funds for the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate as provided in its Constitution and in accordance with the applicable laws in Singapore. The Company may not buy back its Shares on the SGX-ST for settlement otherwise than in accordance with the trading rules of the SGX-ST or the Companies Act.

The Company intends to use its internal funds and/or external borrowings to finance the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate. In considering the use of external funding, the Company will take into consideration the availability of external financing and the resulting impact on the prevailing gearing ratio of the Company and the Group. The Company will not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse financial effect on the Company and the Group.

2.5 Status of Purchased Shares under the Share Buy-Back Mandate

The Shares purchased or acquired by the Company shall be deemed cancelled immediately upon purchase or acquisition (and all rights and privileges attached to the Shares will expire on cancellation) unless such Shares are held by the Company as Treasury Shares in accordance with Section 76H of the Companies Act.

Depending on the needs of the Company at that time, 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.

Where Shares have been purchased or acquired by the Company pursuant to the Share Buy-Back Mandate are cancelled, such Shares will be automatically de-listed by the SGX-ST and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as is reasonably practicable following settlement of any such purchase or acquisition, and the total number of issued Shares will be diminished by such number of Shares that are cancelled.

2.6 Treasury Shares

The Shares purchased or 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 as follows:

(a) Maximum holdings

The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of Shares of the Company. Any shares in excess of this limit shall be disposed of or cancelled within six (6) months or such further period as ACRA may allow.

(b) Voting and other rights

The Company cannot exercise any right in respect of the Treasury Shares, in particular, (a) the right to attend or vote at meetings; and (b) the right to receive dividends or any other distribution (in cash or otherwise) of its assets (including any distribution of assets to Shareholders on a winding up).

In addition, Treasury Shares are not entitled to dividends or other distribution of the Company's assets but fully paid bonus shares may be allotted in respect of Treasury Shares and such bonus shares shall be treated for the purposes of the Companies Act as if they were purchased by the Company at the time they were allotted. Accordingly, such bonus shares may be held as Treasury Shares or dealt with in the manner described in paragraphs 2.6(c)(i) to 2.6(c)(v) below. A subdivision or consolidation of any Treasury Share is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the Treasury Shares for cash;
- (ii) transfer the Treasury Shares for the purposes of or pursuant to any share scheme, whether for its employees, directors or other persons;
- (iii) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares; or
- (v) 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 containing, *inter alia*, the following details must be made in respect of any sale, transfer, cancellation and/or use of the Treasury Shares (each an “**event**”):

- (i) date and purpose of event;
- (ii) number and value of Treasury Shares involved in the event;
- (iii) number of Treasury Shares involved before and after the event; and
- (iv) percentage of the number of Treasury Shares against the total number of shares (of the same class as the Treasury Shares) before and after the event.

2.7 Financial effects of the Share Buy-Back Mandate

The financial effects of the acquisition and purchases of Shares that may be made pursuant to the Share Buy-Back Mandate would depend on, *inter alia*, the aggregate number of Shares purchased, the purchase prices at the relevant time of purchase, how the purchase is funded, whether the purchase is made out of capital or profits, whether the Shares purchased or acquired are cancelled or held as Treasury Shares as well as how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act.

(a) Purchase or acquisition out of capital or profits

Under the Companies Act, purchases or acquisitions 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 capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the consideration paid by the Company for the purchase or acquisition of Shares (excluding brokerage, commission, goods and services tax and other purchase-related expenses) is made out of available profits, this will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

(b) Number of Shares acquired or purchased

The maximum number of Shares which can be purchased by the Company will depend on the number of issued Shares, excluding Treasury Shares and Subsidiary Holdings, of the Company as at the date of the 2019 AGM at which the Share Buy-Back Mandate is approved. As at the Latest Practicable Date, the issued share capital of the Company comprises 236,186,244 Shares.

Purely for illustrative purposes, on the basis of 236,186,244 Shares in issue, excluding Treasury Shares and Subsidiary Holdings, as at the Latest Practicable Date, not more than 23,618,624 Shares (representing 10% of the issued Shares, excluding Treasury Shares and Subsidiary Holdings, as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

(c) Maximum price paid for Shares acquired or purchased

Assuming that the Company purchases or acquires the maximum number of Shares at the Maximum Price, the maximum amount of funds required is approximately:

- (i) in the case of Market Buy-Backs, S\$6,613,215 for the purchase or acquisition of 23,618,624 Shares based on S\$0.28 for one Share (being the price equivalent to 5% above the Average Closing Market Price of the Shares over the five market days on which the Shares were transacted on the SGX-ST immediately preceding the Latest Practicable Date); and

- (ii) in the case of Off-Market Buy-Backs, S\$7,557,960 for the purchase or acquisition of 23,618,624 Shares based on S\$0.32 for one Share (being the price equivalent to 20% above the Average Closing Market Price of the Shares over the five market days on which the Shares were transacted on the SGX-ST immediately preceding the Latest Practicable Date).

2.8 Illustrative financial effects

Purely for illustrative purposes, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited financial statements of the Group for the financial year ended 30 April 2019 are based on the assumptions set out in paragraphs 2.7(b) and 2.7(c) above, as well as the following:

- (i) such purchase or acquisition of Shares is financed by external sources of funds;
- (ii) the Share Buy-Back Mandate had been effective on 1 May 2019; and
- (iii) the Company had purchased or acquired 23,618,624 Shares (representing 10% of its issued ordinary share capital at the Latest Practicable Date).

The financial effects of the purchase or acquisition of the 23,618,624 Shares by the Company on the audited financial accounts of the Company for the financial year ended 30 April 2019 pursuant to the Share Buy-Back Mandate:

- (i) by way of purchase made entirely out of capital and held as Treasury Shares; and
- (ii) by way of purchase made entirely out of capital and cancelled

are set out below:

(a) Market Buy-Back

As at 30 April 2019	Group		
	Before Share Buy-Back	After Share Buy-Back	
		Shares Cancelled	Shares held as Treasury Shares
Total Equity ¹	123,626	117,013	123,626
Treasury Shares	-	-	(6,613)
Net Assets ²	123,626	117,013	117,013
Current Assets	165,905	159,292	159,292
Current Liabilities	94,378	94,378	94,378
Net Borrowings ³	73,628	80,241	80,241
No. of issued and paid up Shares (excluding Treasury Shares and Subsidiary Holdings) ('000)	236,186	212,568	212,568
Financial Ratios			
Net Assets per Share (S\$)	0.52	0.55	0.55
Net Borrowings to Total Equity (times)	0.60	0.69	0.69
Earnings per Share (cents) ⁴	0.20	0.22	0.22

(b) Off-Market Buy-Back

As at 30 April 2019

Group

	Before Share Buy-Back	After Share Buy-Back	
		Shares Cancelled	Shares held as Treasury Shares
Total Equity ¹	123,626	116,068	123,626
Treasury Shares	-	-	(7,558)
Net Assets ²	123,626	116,068	116,068
Current Assets	165,905	158,347	158,347
Current Liabilities	94,378	94,378	94,378
Net Borrowings ³	73,628	81,186	81,186
No. of issued and paid up Shares (excluding Treasury Shares and Subsidiary Holdings) ('000)	236,186	212,568	212,568
Financial Ratios			
Net Assets per Share (S\$)	0.52	0.55	0.55
Net Borrowings to Total Equity (times)	0.60	0.70	0.70
Earnings per Share (cents) ⁴	0.20	0.22	0.22

Notes:

- (1) "Total Equity" means the aggregate amount of issued share capital, other reserves, retained profits attributable to Shareholders, perpetual capital securities and non-controlling interests.
- (2) "Net Assets" as disclosed above excludes perpetual capital securities and non-controlling interests.
- (3) "Net Borrowings" mean the aggregate of short-term and long-term borrowings net of cash and bank balances of the Group.
- (4) The borrowing cost arising from the share buy-back will depend on the timing of such share buy-back and cannot be ascertained as at the date of this Appendix. It is therefore not included in the calculation of Earnings per Share after share buy-back.

Shareholders should note that the financial effects illustrated above are purely for illustrative purposes and based only on the abovementioned assumptions. In particular, it is important to note that the above analysis is based on the latest audited accounts of the Group as at 30 April 2019, and is not necessarily representative of the future financial performance of the Group. Although the Share Buy-Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares (excluding Treasury Shares and Subsidiary Holdings) as at the date that the Share Buy-Back Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the total number of its Shares in full. The Company will, in any case, not carry out any share buy-back that would result in the number of Shares remaining in the hands of the public falling below the minimum public float required without adversely affecting the listing status of the Company.

2.9 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the proposed renewal of the Share Buy-Back Mandate should consult their own professional tax advisors to take into account the tax law applicable, whether in or outside Singapore, to their particular situations.

2.10 Reporting requirements

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares:

- (i) in the case of a Market Buy-Back, by 9.00 a.m. on the market day following the day on which the Market Buy-Back was made; and
- (ii) in the case of an Off-Market Buy-Back under an equal access scheme, by 9.00 a.m. on the second market day after the close of acceptance of the offer.

Such announcement (which must be in the form of Appendix 8.3.1 of the Listing Manual) shall include, *inter alia*, the details of the maximum number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share (or the highest price and lowest price per share in the case of Market Buy-Backs), the total consideration (including stamp duties, clearing charges and etc) paid or payable for the shares, the cumulative number of shares purchased to date since the date the share buy-back mandate is obtained, as well as the number of issued shares (excluding treasury shares and subsidiary holdings) after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings held after the purchase.

The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of Treasury Shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of Treasury Shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

Under the Companies Act:

- (i) within 30 days of the passing of a resolution to approve any purchase or acquisition of Shares by the Company, the Directors shall lodge a copy of such resolution with ACRA;
- (ii) within 30 days of a purchase or acquisition of Shares, the Directors shall lodge with ACRA a notice of purchase or acquisition in the prescribed form, which shall include details of the purchase or acquisition, 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 and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares, whether the Shares were purchased or acquired out of the profits or the capital of the Company and such other particulars as may be required by ACRA; and
- (iii) within 30 days of the cancellation or disposal of Treasury Shares in accordance with the Companies Act, the Directors shall lodge with ACRA a notice of the cancellation or disposal with such particulars as may be required in the prescribed form.

2.11 Suspension of buy-back of Shares

The Company will not purchase or acquire Shares during the period commencing two (2) weeks before the announcement of the interim financial statements for each of the first three (3) quarters of the Company's financial year and one (1) month before the announcement of the Company's annual (full-year) results respectively.

2.12 Takeover implications under the Take-over Code

(a) Obligation to make take-over offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code.

Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any 6-month period.

Consequently, depending on the number of Shares purchased or acquired by the Company and the number of Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14 of the Take-over Code.

(b) Persons acting in concert

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

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

- (i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (ii) a company with any of its directors, together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (v) a financial or other professional advisor, including a stockbroker, with its clients in respect of the shareholdings of the advisor and the persons controlling, controlled by or under the same control as the advisor and all the funds which the advisor manages on a discretionary basis, where the shareholdings of the advisor and any of those funds in the client total 10% or more of the client's equity share capital;

- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

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

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that:

- (i) unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer 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, being in aggregate less than 30% before such purchase or acquisition, would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any 6-month period; and
- (ii) under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer 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 Shareholder in the Company would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any 6-month period. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate unless so required under the Companies Act.

Shareholders who are in 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 Buy-Back Mandate are advised to consult their professional advisors and/or the SIC before they acquire any Shares in the Company during the period when the Share Buy-Back Mandate is in force.

(d) Application of the Take-over Code

As at the Latest Practicable Date, the details of the shareholdings of the Controlling Shareholders, Substantial Shareholders and Directors of the Company are set out in paragraph 3 below.

As at the Latest Practicable Date, Wah Holdings Pte Ltd holds 35,913,752 Shares in the Company representing 15.21% of the total number of issued Shares (excluding Treasury Shares) of the Company. Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann are all directors of Wah Holdings Pte Ltd. As such, Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann are presumed to be acting in concert with Wah Holdings Pte Ltd pursuant to Appendix 2 of the Take-over Code.

Assuming that there is no change in the number of Shares held or deemed to be held by Wah Holdings Pte Ltd, Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying, Dr Wee Li Ann and their concert parties (collectively the “**Relevant Parties**”), the purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date will result in an increase in the aggregate shareholding interest of the Relevant Parties by more than 1% in any 6-month period from approximately 39.00% to approximately 43.33%.

Accordingly, the Relevant Parties will be required to make a general offer under Rule 14 of the Take-over Code.

(e) Conditions for Exemption from making a General Offer under Rule 14 of the Take-over Code

Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, the Relevant Parties will be exempted from the requirement to make a general offer under Rule 14 of the Take-over Code as a result of any share buy-back carried out by the Company pursuant to the Share Buy-Back Mandate, subject to the following conditions:

- (i) the Appendix seeking Shareholders’ approval for the Share Buy-Back Mandate will contain:
 - (A) advice to the effect that by voting in favour of the resolution to approve the Share Buy-Back Mandate, Shareholders are waiving their rights to a general offer at the required price from the Relevant Parties; and
 - (B) the names and voting rights of the Relevant Parties as at the date of the resolution and after the Company exercises the power under the Share Buy-Back Mandate in full and purchases 10% of the issued Shares;
- (ii) the resolution to authorise the Share Buy-Back Mandate is approved by a majority of Shareholders who are present and voting at the 2019 AGM on a poll who could not become obliged to make an offer as a result of the share buy-back by the Company pursuant to the Share Buy-Back Mandate;
- (iii) the Relevant Parties will abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to approve the Share Buy-Back Mandate;
- (iv) within seven (7) days after the passing of the resolution to approve the Share Buy-Back Mandate, Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann submits to the SIC a duly signed form as prescribed by the SIC;
- (v) the Relevant Parties have not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Buy-Back Mandate is imminent and the earlier of:
 - (A) the date on which the authority of the Share Buy-Back Mandate expires; and
 - (B) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,

if any such acquisitions, taken together with the Shares purchased or acquired under the Share Buy-Back Mandate, would cause their aggregate voting rights to increase by more than 1% in the preceding 6-month period.

As such, if the aggregate voting rights held by the Relevant Parties increase by more than 1% solely as a result of the Company's buy-back of Shares under the Share Buy-Back Mandate, and none of them has acquired any Shares during the relevant 6-month period, then the Relevant Parties would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy back Shares pursuant to the Share Buy-Back Mandate and the increase in the aggregate voting rights held by the Relevant Parties as a result of the relevant buy-back of Shares at such time is less than 1% in any 6-month period, the Relevant Parties acting in concert with it (if any) may acquire further voting rights in the Company. However, any increase in their percentage voting rights as a result of the buy-back of Shares pursuant to the Share Buy-Back Mandate will be taken into account together with any voting rights acquired by the Relevant Parties by whatever means in determining whether they have increased their aggregate voting rights by more than 1% in any 6-month period.

As at the Latest Practicable Date, Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann have informed the Company that they will each be submitting the Form 2 to the SIC within seven (7) days after the passing of the resolution relating to the renewal of the Share Buy-Back Mandate.

(f) Advice to Shareholders

Shareholders should note that by voting for the Share Buy-Back Mandate, they are waiving their rights to a general offer at the required price from the Relevant Parties in the circumstances set out above. Such a general offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the required price.

Save as disclosed, 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 Buy-Back Mandate.

Appendix 2 of the Take-over Code requires that the resolution to authorise the Share Buy-Back Mandate 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 buy-back. Accordingly, the said resolution is proposed to be taken on a poll and the Relevant Parties shall abstain from voting on such resolution.

2.13 Shares purchased by the Company in the past 12 months

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

3. INTERESTS OF CONTROLLING SHAREHOLDERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

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

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Controlling Shareholders / Substantial Shareholders / Directors				
Wee Kok Wah	42,254,554	17.89	49,851,319	21.11
Mrs Dawn Wee Wai Ying	13,937,567	5.90	78,168,306	33.10
Wah Holdings Pte Ltd	35,913,752	15.21	-	-
Lim & Tan Securities Pte Ltd	26,066,500	11.04	-	-
Dr Wee Li Ann	10,000	0.004	10,000	0.004
Leslie Mah Kim Loong	-	-	1,150,000	0.49
Tay Puan Siong	2,500	0.001	2,500	0.001

Note: Mr Wee Kok Wah is deemed interested in the Shares held by Mrs Dawn Wee Wai Ying and *vice versa* by virtue of Section 4 of the SFA due to their relationship as husband and wife. In addition, Mr Wee Kok Wah and Mrs Dawn Wee Wai Ying are deemed interested in the Shares held by Wah Holdings Pte Ltd by virtue of Section 4 of the SFA.

4. DIRECTORS' RECOMMENDATIONS

The Directors (save for Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann) are of the opinion that the renewal of the Share Buy-Back Mandate is in the best interest of the Company and accordingly recommend that Shareholders vote in favour of Resolution 9 relating to the renewal of the Share Buy-Back Mandate as set out in the Notice of AGM.

5. ABSTENTION FROM VOTING

Appendix 2 of the Take-over Code requires that the resolution to authorise the Share Buy-Back Mandate 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 buy-back. Accordingly, the said resolution is proposed to be taken on a poll and the Relevant Parties, namely Wah Holdings Pte Ltd, Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann, shall abstain from voting on such resolution. Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann will also decline to accept appointment as proxies for any Shareholder to vote in respect of the resolution relating to the proposed renewal of the Share Buy-Back Mandate 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 the said resolution.

6. DOCUMENTS FOR INSPECTION

The following documents may be accessed at the website addresses stated below and are also available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) from the date of this Appendix up to and including the date of the 2019 AGM:

- (a) the Constitution of the Company (<https://www.stamfordtyres.com/investor.html>);
- (b) the Annual Report of the Company and the Group for the financial year ended 30 April 2019 (http://www.stamfordtyres.com/investor_ar.html); and
- (c) this Appendix (https://www.stamfordtyres.com/investor_ar.html).

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

The Directors, when approving any share buy-back pursuant to the Share Buy-Back Mandate, will take into account the impact the buy-back may have on the liquidity of the Shares. The Directors are committed to ensuring that any buy-back by the Company is in the best interests of the Company and will not have any material adverse impact on the free float, liquidity and/or orderly trading of the Shares. The Directors are also committed to ensuring that the proposed renewal of the Share Buy-Back Mandate and any buy-back by the Company do not contravene any regulation in the Constitution or any law or regulation governing the Company.

Yours faithfully

For and on behalf of the Board of Directors of
STAMFORD TYRES CORPORATION LIMITED

Sam Chong Keen
Non-Executive and Independent Chairman
5 August 2019

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