

## APPENDIX DATED 14 OCTOBER 2019

This Appendix is circulated to the shareholders of Sakae Holdings Ltd. (the “**Company**”) together with the Company’s annual report for the year ended 30 June 2019 (the “**Annual Report**”). Its purpose is to provide shareholders of the Company (the “**Shareholders**”) with information relating to, and to explain the rationale for, the proposed Share Buyback Mandate (as defined in this Appendix) to be tabled at the annual general meeting (the “**2019 AGM**”) to be held on 29 October 2019 at 3:00 p.m. at 28 Tai Seng Street, Sakae Building, Level 7, Singapore 534106.

The notice of the 2019 AGM and a proxy form are enclosed with the Annual Report.

**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 ordinary shares in the capital of the Company, you should immediately forward this Appendix, the Annual Report and proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser or transferee. The ordinary resolution proposed to be passed in respect of the Share Buyback Mandate is set out in the notice of the 2019 AGM enclosed with the Annual Report.

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



**APPENDIX IN RELATION TO:**

**THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE**

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## DEFINITIONS

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

- “AGM”** : The annual general meeting of the Company
- “Approval Date”** : The date of the AGM at which the Share Buy-Back Mandate is approved
- “Associated Company”** : A company in which at least 20% but not more than 50% of its shares are held by the Company and/or its Subsidiaries and of which the Company and/or its Subsidiaries have control over
- “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; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- b) in relation to a substantial shareholder or 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 companies taken together (directly or indirectly) have an interest of 30% or more
- “Average Closing Price”** : Has the meaning ascribed to it in paragraph 2.6 of this Appendix
- “Board”** : The board of the Directors of the Company for the time being
- “CDP”** : The Central Depository (Pte) Limited
- “Companies Act”** : The Companies Act (Chapter 50 of Singapore) as amended, varied or supplemented from time to time
- “Company”** : Sakae Holdings Ltd.
- “Constitution”** : The constitution of the Company, as may be amended or modified from time to time
- “Controlling Shareholder”** : A person who
- (i) holds directly or indirectly 15% or more of the total number of issued Shares excluding Treasury shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or
  - (ii) in fact exercises control over the Company.
- “day of the making of the offer”** : Has the meaning ascribed to it in paragraph 2.6 of this Appendix
- “Directors”** : The Directors of the Company for the time being

|   |   |   |
|---|---|---|
| <b>“EPS”</b>  | : | Earnings per Share  |
| <b>“Group”</b>  | : | The Company, its Subsidiaries and its Associated Companies  |
| <b>“Latest Practicable Date”</b>                        | : | 7 October 2019, being the latest practicable date prior to the printing of this Appendix  |
| <b>“Listing Manual”</b>                                 | : | The listing manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time  |
| <b>“Listing Rules”</b>                                  | : | The listing rules of the SGX-ST as set out in the Listing Manual  |
| <b>“Market Day”</b>                                     | : | A day on which the SGX-ST is open for trading in securities   |
| <b>“Maximum Price”</b>                                  | : | Has the meaning ascribed to it in paragraph 2.6 of this Appendix  |
| <b>“NTA”</b>  | : | Net tangible assets   |
| <b>“Off-Market Purchases”</b>                           | : | Off-market purchases (if effected otherwise than on the SGX-ST) pursuant to an equal access scheme(s) (as defined in Section 76C of the Companies Act), which scheme(s) shall satisfy all the conditions prescribed by the Listing Rules  |
| <b>“On-Market Purchases”</b>                            | : | On-market purchases transacted through the SGX-ST’s trading system, or on any other securities exchange on which the Shares may for the time being be listed and quoted, or through one or more duly licensed dealers appointed by the Company for the purpose of the Share Buyback   |
| <b>“Proposed Adoption of the Share Buyback Mandate”</b> | : | The proposed adoption of the Share Buyback Mandate to be approved by the Shareholders as set out in section 2 of this Appendix  |
| <b>“Registrar”</b>                                      | : | The Registrar of Companies appointed under the Companies Act  |
| <b>“Relevant Period”</b>                                | : | The period commencing from the date on which the last AGM of the Company was held or was required by law to be held before the resolution relating to the Share Buyback Mandate is passed, and expiring on the date the next AGM is held or required by law to be held, whichever is the earlier, after the said resolution is passed |
| <b>“Securities Account”</b>                             | : | Securities accounts maintained by a depositor with CDP but not including securities sub-accounts maintained with a Depository Agent   |
| <b>“SFA”</b>  | : | Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time  |
| <b>“SGX-ST”</b>   | : | Singapore Exchange Securities Trading Limited   |
| <b>“Share Buyback Mandate”</b>                          | : | The proposed general mandate to be given by the Shareholders to authorise the Directors to exercise all powers of the Company to purchase or acquire, on behalf of the Company, Shares in accordance with the terms set out in this Appendix  |
| <b>“Share Purchases”</b>                                | : | Off-Market Purchases or On-Market Purchases undertaken by the Company pursuant to the Share Buyback Mandate   |

|                                  |   |  |
|----------------------------------|---|--|
| <b>“Shareholders”</b>            | : | Registered holders of the Shares, except where the registered holder is CDP, in which case the term <b>“Shareholders”</b> shall in relation to such Shares mean the Depositors whose securities accounts maintained with CDP are credited with Shares    |
| <b>“Shares”</b>                  | : | Ordinary shares in the capital of the Company and <b>“Share”</b> shall be construed accordingly  |
| <b>“SIC”</b>                     | : | Securities Industry Council of Singapore   |
| <b>“Subsidiary”</b>              | : | A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act and <b>“Subsidiaries”</b> shall be construed accordingly |
| <b>“Subsidiary Holdings”</b>     | : | Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act   |
| <b>“Substantial Shareholder”</b> | : | A person who has an interest in one or more voting shares of a company, and the total votes attached to those shares are not less than 5% of the total votes attached to all the voting shares in the Company  |
| <b>“Take-over Code”</b>          | : | The Singapore Code on Take-overs and Mergers, as amended, varied or supplemented from time to time   |
| <b>“Treasury Share”</b>          | : | A Share that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled   |
| <b>“usage”</b>                   | : | Has the meaning ascribed to it in paragraph 2.8.3 of this Appendix   |
| <b>“S\$” and “cents”</b>         | : | Singapore dollars and cents, respectively  |
| <b>“%” or “per cent.”</b>        | : | Per centum or percentage   |

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

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*. Reference to persons, where applicable, shall 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 term defined under the Companies Act or the Listing Manual or any statutory modification thereof and not otherwise defined in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act, Listing Manual, the SFA or any statutory modification thereof, as the case may be, unless otherwise provided.

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.

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

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

Any discrepancies in the figures included herein between the listed amounts and the 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.

## LETTER TO SHAREHOLDERS

**Directors:**

Douglas Foo Peow Yong (Executive Chairman)  
Foo Lilian (Executive Director and Chief Executive Officer)  
Chan Wing Leong (Lead Independent Director)  
Foo Maw Shen (Independent Director)  
Loh Chee Peng (Independent Director)

**Registered Office:**

28 Tai Seng Street  
#07-00 Sakae Building  
Singapore 534106

**14 October 2019**

To: The Shareholders of Sakae Holdings Ltd.

### THE PROPOSED SHARE BUYBACK MANDATE

#### 1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information pertaining to, and to seek Shareholders' approval at the AGM to be held on 29 October 2019 for, *inter alia*, the proposed adoption of the Share Buyback Mandate.

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

This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Appendix.

#### 2. THE PROPOSED SHARE BUYBACK MANDATE

##### 2.1 Introduction

The Board is proposing to seek Shareholders' approval at the AGM for the proposed adoption of the Share Buyback Mandate.

The Share Buyback Mandate is a general mandate to be given by the Shareholders to allow the Company to purchase or acquire its issued Shares at any time during the duration and on the terms of the Share Buyback Mandate. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by its Constitution, the Companies Act, the Listing Rules and such other laws and regulations as may be, for the time being, be applicable. The Company's Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares in accordance with the relevant laws on such terms and subject to such conditions as the Company may prescribe in general meeting. The Company is also required to obtain approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares. Accordingly, approval is being sought from its Shareholders at the AGM for the adoption of the Share Buyback Mandate.

If approved by Shareholders at the AGM, the authority conferred by the Share Buyback Mandate will continue in force until the next annual general meeting of the Company (whereupon it will lapse, unless renewed at such meeting), or the date on which the authority conferred by the Company at general meeting (if so varied or revoked prior to the next annual general meeting), or the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated (if so varied or revoked prior to the next annual general meeting), whichever is the earliest.

## 2.2 Rationale for the Share Buyback Mandate

The Company proposes to seek Shareholders' approval for the Share Buyback Mandate to give Directors the flexibility to undertake Share Purchases or acquisitions up to ten per cent (10%) of the Company's total issued shares (excluding Treasury Shares and Subsidiary Holdings, if any), as at the date of passing of the resolution at the Company's AGM, as described in section 2.3 below at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (a) The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. The Proposed Adoption of the Share Buyback Mandate will give the Directors the flexibility to purchase or acquire the Shares as and when circumstances permit.
- (b) The Directors believe that Share Buyback Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's dividend payout, cash reserves and share capital structure with a view to enhancing the earnings and/or NTA value per Share.
- (c) The Directors further believe that Share Buyback Mandate by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster the confidence of Shareholders.

The Share Purchases will only be undertaken as and when the Directors consider it to be in the best interests of the Company. If and when circumstances permit, the Directors will decide whether to effect the Share 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. The Directors do not propose to carry out buy-backs of Shares to 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 financial position of the Company and/or result in the Company being delisted from the SGX-ST. For example, the Directors will ensure that a buy-back of Shares 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%).

Any Share Purchase will have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Constitution, and such other laws and regulations as may, for the time being, be applicable.

## 2.3 Authority and Limits of the Proposed Share Buyback Mandate

The authority and limitations placed on the Share Purchases by the Company under the proposed Share Buyback 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.

The total number of Shares that may be purchased under the Share Buyback Mandate is limited to that number of Shares representing not more than ten per cent (10%) of the issued ordinary share capital of the Company as at the Approval Date, unless the Company has reduced its share capital by a special resolution under Section 78C of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution. Any Shares which are held as Treasury Shares or Subsidiary Holdings will be disregarded for purposes of computing the ten per cent (10%) limit. As at the Latest Practicable Date, there are Treasury Shares in total of 2,528,000 held in the name of the Company.

For illustrative purposes only, on the basis of 139,472,000 Shares (excluding Treasury Shares and Subsidiary Holdings) in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the 2019 AGM, not more than 13,947,200 Shares (representing ten per cent (10%) of the Shares in issue (excluding Treasury Shares and Subsidiary Holdings) as at the Approval Date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate.

**Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the issued ordinary share capital of the Company (excluding Treasury Shares and Subsidiary Holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued ordinary share capital of the Company (excluding Treasury Shares and Subsidiary Holdings). In particular, no purchase or acquisition of the Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.**

The Company may not acquire its own Shares if as a result thereof, the issued share capital of the Company would be reduced below the minimum subscribed capital specified in the Constitution, or if the Share Purchases is carried out to such an extent that it affects the listing status of the Company on the SGX-ST or causes the Company to be unable to meet the minimum public float requirement.

#### **2.4 Duration of authority**

Approval for the Share Buyback Mandate is being sought from Shareholders at the date of the AGM for the purchase by the Company of its issued Shares. If approved, the Share Buyback Mandate will take effect from the passing of the resolution approving the said mandate at the AGM and continue in force up to the earliest of:

- (a) the conclusion of the next AGM;
- (b) the date by which such AGM is required to be held;
- (c) the date on which the Share Purchases are carried out to the full extent mandated; or
- (d) the date on which the authority contained by the Share Buyback Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed at each AGM or other general meetings of the Company

#### **2.5 Manner of Share Purchases**

Share Purchases may be made by way of:

- (a) On-Market Purchases; and/or
- (b) Off-Market Purchases.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Listing Rules, the Constitution, and Section 76C of the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

Under Section 76C of the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase of issued Shares shall be made to every person who holds Shares, to purchase or acquire the same percentage of their Shares;



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

In addition, the Listing Rules provide that, in making an Off-Market Purchase (in accordance with an equal access scheme), the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Purchase;
- (d) the consequences, if any, of Share Purchases by the Company that will arise under the Takeover Code or other applicable take-over rules;
- (e) whether the Share Purchase, if made, could affect the listing of the Shares on the Listing;
- (f) details of any Shares purchased made by the Company in the previous twelve (12) months (whether by way of On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
- (g) whether the Shares purchased will be cancelled or kept as Treasury Shares.

## 2.6 Maximum Purchase Price

The purchase price (excluding brokerage, commissions, stamp duties, 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 a Share pursuant to the Share Purchases as determined by the Directors must not exceed:

- (a) in the case of an On-Market Purchase, one hundred and five per cent (105%) of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, one hundred and twenty per cent (120%) of the Average Closing Price 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 a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalyst Rules, for any corporate action that occurs after the relevant five (5) Market Day period;

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

## **2.7 Status of Purchased Shares**

A Share purchased or 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 Share is held by the Company as a Treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or 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 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.

The Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company.

## **2.8 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:

### **2.8.1 Maximum holdings**

Under Section 76I of the Companies Act, the number of Shares held as treasury shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares. Any Shares held as Treasury Shares in excess of this limit shall be disposed of or cancelled by the Company in accordance with Section 76K of the Companies Act within six (6) months from the date such limit is exceeded, or such further period as may be allowed by ACRA.

### **2.8.2 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.

### **2.8.3 Disposal and cancellation**

Where Shares are held as Treasury Shares, the Company may at any time (subject to the Takeover Code):

- (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 share schemes implemented by 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) (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 the Listing Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (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.

## **2.9 Source of funds for Share Buyback**

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution and the applicable laws of Singapore. As stated in the Companies Act, the share buyback 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 twelve (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 Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will, firstly, consider the availability of internal resources before considering the availability of external financing. The Company will only make purchases or acquisitions pursuant to the Share Buyback 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.

The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

## **2.10 Financial effects of the Share Buyback Mandate**

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, how the Shares are purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

The Company's total issued share capital will be diminished by the total nominal amount of the Shares purchased by the Company. The NTA of the Company and the Group will be reduced by the aggregate purchase price paid by the Company for the Shares. The purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 30 June 2019, are based on the following principal assumptions:

- (a) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 July 2018 for the purpose of computing the financial effects on the EPS of the Group and the Company;
- (b) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 July 2018 for the purpose of computing the financial effects on the Shareholders' equity, NTA per Share and gearing of the Group and the Company; and
- (c) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

#### 2.10.1 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 profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) 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 but the issued share capital of the Company will be reduced by the value of the Shares purchased.

#### 2.10.2 Information as at the Latest Practical Date

As at the Latest Practicable Date, the issued capital of the Company is S\$10,736,283 comprising (i) 139,472,000 issued Shares and (ii) 2,528,000 treasury Shares. No Shares are reserved for issue by the Company as at the Latest Practicable Date.

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 but the issued share capital of the Company will be reduced by the value of the Shares purchased.

#### 2.10.3 Financial effects

For illustrative purposes only, and on the basis of the principal assumptions (a) to (c) in paragraph 2.10 above and the assumptions set out below, the financial effects of the:

- (a) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made entirely out of capital and held as treasury Shares; and
- (b) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made entirely out of capital and cancelled,

based on the audited financial statements of the Group and the Company for the financial year ended 30 June 2019 are set out in the sections below.

(i) **Purchases made entirely out of capital and held as treasury Shares**

Market Purchase

**For illustrative purposes only**, in a Market Purchase, based on the assumption that such purchase or acquisition of Shares is financed solely by borrowings of approximately S\$5,228,108 (comprising the principal amount and accrued interest thereon), and assuming that the Maximum Price is S\$0.3671 which is 5% above the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 13,947,200 Shares (representing approximately 10% of the issued ordinary share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date, which is the maximum number of Shares the Company is allowed to purchase) under and during the duration of the Share Buyback Mandate, is approximately S\$5,125,596. On these assumptions, the impact of the Share Purchases by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and Group's audited financial statements for the financial year ended 30 June 2019 is as follows:

| As at 30 June 2019                | Company                  |                         | Group                    |                         |
|-----------------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
|                                   | Before the Share Buyback | After the Share Buyback | Before the Share Buyback | After the Share Buyback |
| Shareholders' equity (S\$'000)    | 21,256                   | 16,028                  | 31,714                   | 26,486                  |
| NTA (S\$'000)                     | 21,256                   | 16,028                  | 31,714                   | 26,486                  |
| Current Assets (S\$'000)          | 3,443                    | 3,341                   | 14,394                   | 14,292                  |
| Current Liabilities (S\$'000)     | 58,886                   | 64,012                  | 57,576                   | 62,702                  |
| Total Borrowings (S\$'000)        | 48,930                   | 54,056                  | 50,001                   | 55,127                  |
| Cash & Cash Equivalents (S\$'000) | 316                      | 214                     | 1,169                    | 1,067                   |
| Net Loss (S\$'000)                | (10,386)                 | (10,488)                | (13,764)                 | (13,866)                |
| Number of Shares ('000)           | 139,472                  | 125,525                 | 139,472                  | 125,525                 |
| <b>Financial Ratios</b>           |                          |                         |                          |                         |
| NTA per Share (cents)             | 15.24                    | 12.77                   | 22.74                    | 21.10                   |
| Basic EPS (cents)                 | (7.45)                   | (8.36)                  | (9.87)                   | (11.05)                 |
| Gearing Ratio                     | 2.30                     | 3.37                    | 1.58                     | 2.08                    |
| Current Ratio (times)             | 0.06                     | 0.05                    | 0.25                     | 0.23                    |

**Note:**

(1) Number of Shares excludes 2,528,000 Shares that are held as Treasury Shares.

### Off-Market Purchase

**For illustrative purposes only**, in an Off-Market Purchase, based on the assumption that such purchase or acquisition of Shares is financed solely by borrowings of approximately S\$5,477,065 (comprising the principal amount and accrued interest thereon), and assuming that the Maximum Price is S\$0.3850 which is 10% above the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 13,947,200 Shares (representing approximately 10% of the total issued ordinary share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date, which is the maximum number of Shares the Company is allowed to purchase) under and during the duration of the Share Buyback Mandate, is approximately S\$5,369,672. On these assumptions, the impact of the Share Purchases by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and the Group's audited financial statements for the financial year ended 30 June 2019 is as follows:

| <b>As at 30 June 2019</b>         | <b>Company</b>                          |  | <b>Group</b>                            |  |
|-----------------------------------|---|--|---|--|
|                                   | <b>Before<br/>the Share<br/>Buyback</b> | <b>After<br/>the Share<br/>Buyback</b> | <b>Before<br/>the Share<br/>Buyback</b> | <b>After<br/>the Share<br/>Buyback</b> |
| Shareholders' equity (S\$'000)    | 21,256                                  | 15,779                                 | 31,714                                  | 26,237                                 |
| NTA (S\$'000)                     | 21,256                                  | 15,779                                 | 31,714                                  | 26,237                                 |
| Current Assets (S\$'000)          | 3,443                                   | 3,336                                  | 14,394                                  | 14,287                                 |
| Current Liabilities (S\$'000)     | 58,886                                  | 64,256                                 | 57,576                                  | 62,946                                 |
| Total Borrowings (S\$'000)        | 48,930                                  | 54,300                                 | 50,001                                  | 55,371                                 |
| Cash & Cash Equivalents (S\$'000) | 316                                     | 209                                    | 1,169                                   | 1,062                                  |
| Net Loss (S\$'000)                | (10,386)                                | (10,493)                               | (13,764)                                | (13,871)                               |
| Number of Shares ('000)           | 139,472                                 | 125,525                                | 139,472                                 | 125,525                                |
| <b>Financial Ratios</b>           |   |  |   |  |
| NTA per Share (cents)             | 15.24                                   | 12.57                                  | 22.74                                   | 20.90                                  |
| Basic EPS (cents)                 | (7.45)                                  | (8.36)                                 | (9.87)                                  | (11.05)                                |
| Gearing Ratio                     | 2.30                                    | 3.44                                   | 1.58                                    | 2.11                                   |
| Current Ratio (times)             | 0.06                                    | 0.05                                   | 0.25                                    | 0.23                                   |

**Note:**

(1) Number of Shares excludes 2,528,000 Shares that are held as Treasury Shares.

(ii) **Purchases made entirely out of capital and cancelled**

Market Purchase

**For illustrative purposes only**, in a Market Purchase, based on the assumption that such purchase or acquisition of Shares is financed solely by borrowings of approximately S\$5,228,108 (comprising the principal amount and accrued interest thereon), and assuming that the Maximum Price is S\$0.3675, which is 5% above the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date on which transactions in the Shares were recorded, the maximum amount of funds required for the purchase of up to 13,947,200 Shares (representing approximately 10% of the total issued ordinary share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date, which is the maximum number of Shares the Company is allowed to purchase) under and during the duration of the Share Buyback Mandate, is approximately S\$5,125,596. On these assumptions, the impact of the Share Purchases by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and the Group's audited financial statements for the financial year ended 30 June 2019 is as follows:

| <b>As at 30 June 2019</b>         | <b>Company</b>                          |  | <b>Group</b>                            |  |
|-----------------------------------|---|--|---|--|
|                                   | <b>Before<br/>the Share<br/>Buyback</b> | <b>After<br/>the Share<br/>Buyback</b> | <b>Before<br/>the Share<br/>Buyback</b> | <b>After<br/>the Share<br/>Buyback</b> |
| Shareholders' equity (S\$'000)    | 21,256                                  | 16,028                                 | 31,714                                  | 26,486                                 |
| NTA (S\$'000)                     | 21,256                                  | 16,028                                 | 31,714                                  | 26,486                                 |
| Current Assets (S\$'000)          | 3,443                                   | 3,341                                  | 14,394                                  | 14,292                                 |
| Current Liabilities (S\$'000)     | 58,886                                  | 64,012                                 | 57,576                                  | 62,702                                 |
| Total Borrowings (S\$'000)        | 48,930                                  | 54,056                                 | 50,001                                  | 55,127                                 |
| Cash & Cash Equivalents (S\$'000) | 316                                     | 214                                    | 1,169                                   | 1,067                                  |
| Net Loss (S\$'000)                | (10,386)                                | (10,488)                               | (13,764)                                | (13,866)                               |
| Number of Shares ('000)           | 139,472                                 | 125,525                                | 139,472                                 | 125,525                                |
| <b>Financial Ratios</b>           |   |  |   |  |
| NTA per Share (cents)             | 15.24                                   | 12.77                                  | 22.74                                   | 21.10                                  |
| Basic EPS (cents)                 | (7.45)                                  | (8.36)                                 | (9.87)                                  | (11.05)                                |
| Gearing Ratio                     | 2.30                                    | 3.37                                   | 1.58                                    | 2.08                                   |
| Current Ratio (times)             | 0.06                                    | 0.05                                   | 0.25                                    | 0.23                                   |

**Note:**

(1) Number of Shares excludes 2,528,000 Shares that are cancelled.

### Off-Market Purchase

**For illustrative purposes only**, in an Off-Market Purchase, based on the assumption that such purchase or acquisition of Shares is financed solely by borrowings of approximately S\$5,477,065 (comprising the principal amount and accrued interest thereon), and assuming that the Maximum Price is S\$0.3850, which is 10% above the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date on which transactions in the Shares were recorded, the maximum amount of funds required for the purchase of up to 13,947,200 Shares (representing approximately 10% of the total issued ordinary share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date, which is the maximum number of Shares the Company is allowed to purchase) under and during the duration of the Share Buyback Mandate, is approximately S\$5,369,672. On these assumptions, the impact of the Share Purchases by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and the Group's audited financial statements for the financial year ended 30 June 2019 is as follows:

| <b>As at 30 June 2019</b>         | <b>Company</b>                          |  | <b>Group</b>                            |  |
|-----------------------------------|---|--|---|--|
|                                   | <b>Before<br/>the Share<br/>Buyback</b> | <b>After<br/>the Share<br/>Buyback</b> | <b>Before<br/>the Share<br/>Buyback</b> | <b>After<br/>the Share<br/>Buyback</b> |
| Shareholders' equity (S\$'000)    | 21,256                                  | 15,779                                 | 31,714                                  | 26,237                                 |
| NTA (S\$'000)                     | 21,256                                  | 15,779                                 | 31,714                                  | 26,237                                 |
| Current Assets (S\$'000)          | 3,443                                   | 3,336                                  | 14,394                                  | 14,287                                 |
| Current Liabilities (S\$'000)     | 58,886                                  | 64,256                                 | 57,576                                  | 62,946                                 |
| Total Borrowings (S\$'000)        | 48,930                                  | 54,300                                 | 50,001                                  | 55,371                                 |
| Cash & Cash Equivalents (S\$'000) | 316                                     | 209                                    | 1,169                                   | 1,062                                  |
| Net Loss (S\$'000)                | (10,386)                                | (10,493)                               | (13,764)                                | (13,871)                               |
| Number of Shares ('000)           | 139,472                                 | 125,525                                | 139,472                                 | 125,525                                |
| <b>Financial Ratios</b>           |   |  |   |  |
| NTA per Share (cents)             | 15.24                                   | 12.57                                  | 22.74                                   | 20.90                                  |
| Basic EPS (cents)                 | (7.45)                                  | (8.36)                                 | (9.87)                                  | (11.05)                                |
| Gearing Ratio                     | 2.30                                    | 3.44                                   | 1.58                                    | 2.11                                   |
| Current Ratio (times)             | 0.06                                    | 0.05                                   | 0.25                                    | 0.23                                   |

**Note:**

(1) Number of Shares excludes 2,528,000 Shares that are cancelled.

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 FY2018, and is not necessarily representative of the future financial performance of the Company and the Group.**



It should be noted that although the Share Buyback 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.

## 2.11 Reporting requirements

Within fourteen (14) days of the passing of a Shareholders' resolution to approve the proposed Share Buyback Mandate, the Directors shall lodge a copy of the relevant Shareholders' resolution with the Registrar.

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

The Listing Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (i) in the case of a On-Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement currently requires the inclusion of details of, *inter alia*, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable. Such announcement will be made in the form prescribed by the Listing Manual. 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.

## 2.12 Listing Status of the Shares

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 proposed Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period of two (2) weeks and one (1) month immediately preceding the announcement of the Company's interim results and the annual (full-year) results respectively.

The Company's decision to purchase or acquire Shares would only be made with an arrangement that could reasonably be expected to ensure that information that is not generally available would not be communicated or informed to the person within the Company who makes the decision to transact.

At any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate until the price-sensitive information has been publicly announced.

The Listing Manual requires a listed company to ensure that at least 10% of any class of its issued Shares (excluding Treasury Shares) must be held by public shareholders. The “public”, as defined under the Listing Manual, are persons other than the Directors, substantial shareholders, chief executive officers or controlling shareholders of the company and its subsidiaries, as well as Associates of such persons.

Based on the Register of Members’ shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, there are 28,594,960 Shares in the hands of public shareholders, representing approximately 20.50% of the issued Shares. As at the Latest Practicable Date and assuming the Company undertakes purchases or acquisitions of its Shares up to the full ten per cent (10%) limit pursuant to the Share Buyback Mandate, approximately 14,647,760 Shares, representing approximately 10.50% of the issued Shares will be held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

## 2.13 Take-over Implications

Appendix 2 of the Take-over Code contains the share buyback guidance note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

### 2.13.1 Obligation to make a take-over offer

An increase of a Shareholder’s proportionate interest in the voting rights of the Company resulting from a buy-back of Shares by the Company 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, if such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

Rule 14.1 of the Take-over Code requires, inter alia, that, except with the consent of the 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.

The offer required to be made under the provisions of Rule 14.1 of the Take-over Code shall, in respect of each class of shares in the capital involved, be in cash or be accompanied by a cash alternative at the Required Price.

For the above purposes, “**Required Price**” means in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 of the Take-over Code which is the highest of the highest price paid by the offerors and/or person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding six (6) months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six (6) months of the offer and during the offer period, or (iii) acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six (6) months of the offer or during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-over Code.

#### 2.13.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies and any company whose associated companies include any of the above companies;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by its directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent (10%) or more of the client’s equity share capital;
- (f) 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 they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to instructions and companies controlled by any of the above.

For this purpose, ownership or control of at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of a company will be regarded as the test for 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 of the Takeover Code after a Share Purchase by the Company are set out in Appendix 2 of the Take-over Code.

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

In general terms, the effect of Rule 14 when read with Appendix 2 is that:

- (a) unless exempted, directors of a company and persons acting in concert with them will incur an obligation 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 directors and their concert parties would increase to thirty per cent (30%) or more, or if the voting rights of such directors and their concert parties fall between thirty per cent (30%) and 50 per cent (50%) of the Company's voting rights, the voting rights of such directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months; and
- (b) a Shareholder who is not acting in concert with directors will not be required to make a takeover offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to thirty per cent (30%) or more, or if the voting rights of such directors and their concert parties fall between thirty per cent (30%) and fifty per cent (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 resolution authorising the Share Buy-Back Mandate as the case may be.

However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after the Company's Share Purchases. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than one per cent (1%) in any period of six (6) months.

Shareholders (including Directors) and their concert parties who hold more than fifty per cent (50%) of the Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares.

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

If the Company decides to cease the Share Purchases before it has purchased in full such number of Shares authorised by its Shareholders at the general meeting, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14 of the Take-over Code.

Mr Douglas Foo Peow Yong, a trustee company, his father Mr Foo Kia Hee, his sisters Ms Foo Lena and Ms Foo Lilian, and his wife Ms Koh Yen Khoon, who collectively hold 92,697,500 Shares representing 66.5% of the issued share capital of the Company are deemed parties acting in concert with each other under the Take-over Code. In the circumstances, Rule 14 of the Code will not be triggered pursuant to any acquisition or purchases of Shares under the Share Buyback Mandate.

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

Based on the Register of Members' Shareholding and the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Director or Substantial Shareholder (together with persons acting in concert with them) who may become obliged to make a mandatory offer under Rule 14 of the Take-over Code in the event that the Company purchases the maximum number of 13,947,200 Shares under the proposed Share Buyback Mandate.

**The statements herein in relation to the Take-over Code do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the SIC and/or the 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 or acquisitions by the Company pursuant to the Share Buyback Mandate.**

## 2.14 Limits on shareholdings

The Company does not have any individual shareholding limit or foreign shareholding limit. However, under the Listing Rules, a company should ensure that at least ten per cent (10%) of a class of its listed securities (excluding Treasury Shares, preference shares and convertible equity securities) is at all times held by the public (as defined in the Listing Rules). The Company shall use its best efforts to ensure that it does not effect a Share Purchase if the Share Purchase 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

## 2.15 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive of the Company or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

## 2.16 SHARES PURCHASED BY THE COMPANY IN THE PREVIOUS 12 MONTHS

The Company has not purchased or acquired any Shares during the 12-month period preceding the Latest Practicable Date.

## 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Register of Directors' shareholdings, and the interests of the substantial Shareholders in the Shares (being a Shareholder whose interests in the Company's issued ordinary share capital is equal to or more than 5%), as extracted from the Register of Substantial Shareholders, are as follows:

| Names of Directors and Shareholders | Direct Interest  |                  | Deemed Interest           |                  |
|-------------------------------------|------------------|------------------|---------------------------|------------------|
|                                     | Number of Shares | % <sup>(1)</sup> | Number of Shares          | % <sup>(1)</sup> |
| <b>Directors</b>                    |                  |                  |                           |                  |
| Douglas Foo Peow Yong               | 31,926,740       | 22.89            | 60,000,100 <sup>(2)</sup> | 43.02            |
| Foo Lilian                          | 100              | –                | –                         | –                |
| <b>Substantial Shareholders</b>     |                  |                  |                           |                  |
| Douglas Foo Peow Yong               | 31,926,740       | 22.89            | 60,000,100 <sup>(2)</sup> | 43.02            |
| 28 Holdings Pte. Ltd.               | –                | –                | 13,860,000 <sup>(3)</sup> | 9.94             |
| Goh Khoon Lim                       | 4,320,000        | 3.10             | 13,860,000 <sup>(4)</sup> | 9.94             |
| Gan Suat Lui                        | –                | –                | 13,860,000 <sup>(5)</sup> | 9.94             |

**Notes:**

- (1) As a percentage of the total 139,472,000 issued Shares as at the Latest Practicable Date.
- (2) Mr Douglas Foo Peow Yong is deemed to be interested in the 60,000,100 Shares comprising 60,000,000 Shares held in trust by Raffles Nominees (Pte) Ltd and 100 Shares held by his wife, Ms Koh Yen Khoon.
- (3) 28 Holdings Pte. Ltd. is deemed to be interested in 13,860,000 shares held in trust by Raffles Nominees (Pte) Ltd.
- (4) Mr Goh Khoon Lim is deemed to be interested in 13,860,000 Shares held by 28 Holdings Pte. Ltd. through his shareholdings of not less than 20% in 28 Holdings Pte. Ltd.
- (5) Ms Gan Suat Lui is deemed to be interested in 13,860,000 Shares held by 28 Holdings Pte. Ltd. through her shareholdings of not less than 20% in 28 Holdings Pte. Ltd.

Save as disclosed in this Appendix, none of the Directors or Substantial Shareholders has any direct or indirect interest in the above transactions other than their respective shareholdings in the Company.

**4. THE 2019 ANNUAL GENERAL MEETING**

The 2019 AGM, notice of which is circulated with this Appendix, will be held at 28 Tai Seng Street, Sakae Building, Level 7, Singapore 534106 on 29 October 2019 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification the ordinary resolutions set out in the notice of AGM.

**5. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the 2019 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the attached Proxy Form 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 28 Tai Seng Street, Sakae Building, Level 7, Singapore 534106, not later than forty-eight (48) hours before the time fixed for the 2019 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2019 AGM if he so wishes in place of the proxy if he finds that he is able to do so.

A depositor shall not be regarded as a member of the Company entitled to attend the 2019 AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Division 7A of Part IV of the Companies Act at least seventy-two (72) hours before the AGM.

**6. DIRECTORS' RECOMMENDATION**

The Directors are of the opinion that the Proposed Adoption of the Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Adoption of the Share Buyback Mandate at the 2019 AGM.

**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 Adoption of Share Buyback Mandate, the Company, its Subsidiaries and its Associated Companies, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

**8. DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company at 28 Tai Seng Street, Sakae Building, Level 7, Singapore 534106, during normal business hours from the date of this Appendix up to and including the date of the 2019 AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company.

Yours faithfully

For and on behalf of the Board of Directors of  
**SAKAE HOLDINGS LTD.**

**Douglas Foo Peow Yong**  
Executive Chairman

