

APPENDIX DATED 9 APRIL 2018

THIS APPENDIX TO THE ANNUAL REPORT 2017 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 ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of AsiaPhos Limited (the "**Company**"), you should forward the Annual Report 2017 including the Notice of Annual General Meeting and the proxy form and this Appendix immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Appendix including the accuracy, completeness or correctness of any of the figures used, statements made, opinions expressed or reports contained in this Appendix.

This Appendix has not been examined and approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the figures used, statements made, opinions expressed or reports contained in this Appendix.

The contact person for the Sponsor is Mr Liao H. K.
Telephone Number: 6221 0271.

ASIAPHOS

ASIAPHOS LIMITED

(Company Registration Number: 201200335G)
(Incorporated in the Republic of Singapore)

APPENDIX TO SHAREHOLDERS

in relation to

THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Appendix:

"ACRA"	: Accounting and Corporate Regulatory Authority
"AGM"	: The annual general meeting of the Company to be held on 26 April 2018
"Average Closing Price"	: Has the meaning ascribed to it in Paragraph 2.3.4(1) of this Appendix
"Catalist"	: The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	: The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
"CDP"	: The Central Depository (Pte) Limited
"Companies Act"	: The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"Company"	: AsiaPhos Limited
"Concert Party Group"	: Has the meaning ascribed to it in Paragraph 2.9 of this Appendix
"Constitution"	: The constitution of the Company, as may be amended or modified from time to time
"date of making of the offer"	: Has the meaning ascribed to it in Paragraph 2.3.4(2) of this Appendix
"Directors"	: The directors of the Company for the time being (collectively, the " Board " or " Board of Directors ")
"EPS"	: Earnings per Share
"FY2017"	: Financial year ended 31 December 2017
"Group"	: The Company and its subsidiaries
"Latest Practicable Date "	: 26 April 2018, being the latest practicable date prior to the printing of this Appendix
"Market Day"	: A day on which the SGX-ST is open for trading in securities
"Market Purchases"	: Has the meaning ascribed to it in Paragraph 2.3.3(a) of this Appendix

"Maximum Price"	: Has the meaning ascribed to it in Paragraph 2.3.4 of this Appendix
"NTA"	: Net tangible assets
"Off-Market Purchases"	: Has the meaning ascribed to it in Paragraph 2.3.3(b) of this Appendix
"OHE Group"	: Has the meaning ascribed to it in Paragraph 2.9(a) of this Appendix
"OKE Group"	: Has the meaning ascribed to it in Paragraph 2.9(b) of this Appendix
"Relevant Period"	: The period commencing from the date on which the resolution relating to the proposed adoption of the Share Buyback Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier
"Required Price"	: In relation to the offer required to be made pursuant to: <ul style="list-style-type: none"> (a) the Share Buyback Mandate, refers to the price which shall be determined in accordance with Note 4 of Appendix 2 to the Take-over Code; and (b) Rule 14.1 of the Take-over Code, refers to the price which shall be determined in accordance with Rule 14.3 of the Take-over Code.
"Register of Members"	: The Register of Members of the Company
"Securities Accounts"	: Securities accounts maintained by a Depositor with CDP, but not including securities sub-accounts maintained with a Depository Agent
"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 Buyback Mandate"	: The general and unconditional mandate given by the Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
"Shareholders"	: The registered holder(s) of the Shares
"Shares"	: Ordinary shares in the capital of the Company
"SIC"	: The Securities Industry Council of Singapore

"Sponsor"	: Asian Corporate Advisors Pte. Ltd.
"Substantial Shareholder"	: A person who has an interest in not less than 5.0% of the total votes attached to all voting shares in the Company
"Take-over Code"	: The Singapore Code on take-overs and mergers, as amended, modified or supplemented from time to time
"Treasury Shares"	: Issued Shares which were (or are treated as having been) purchased by the Company in circumstances in which Section 76H of the Companies Act applies, and have been held by the Company continuously since purchased
"%"	: Percentage or per centum
"S\$"	: Singapore dollars, the lawful currency of the Republic of Singapore

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

The expressions "**associate**", "**associated company**", "**subsidiary**", "**controlling shareholder**" and "**substantial shareholder**" shall have the meaning ascribed to them respectively in the Companies Act and the Catalist Rules.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References 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, SFA or Catalist Rules or any statutory or regulatory modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the Companies Act, SFA or Catalist Rules or such statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

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

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

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

ASIAPHOS LIMITED

(Company Registration Number: 201200335G)
(Incorporated in the Republic of Singapore)

Board of Directors

Hong Pian Tee (*Non-Executive Chairman and Independent Director*)
Dr. Ong Hian Eng (*Chief Executive Officer and Executive Director*)
Ong Eng Hock Simon (*Executive Director*)
Ong Eng Siew Raymond (*Non-Executive and Non-Independent Director*)
Ong Bee Pheng (*Non-Executive Director and Non-Independent Director*)
Francis Lee Fook Wah (*Independent Director*)
Goh Yeow Tin (*Independent Director*)

Registered Office

50 Raffles Place
#32-01 Singapore
Land Tower
Singapore 048623

9 April 2018

To: The Shareholders of AsiaPhos Limited

Dear Sir/Madam

1. INTRODUCTION

- 1.1. The Directors propose to table for Shareholders' consideration and approval at the AGM to be held on 26 April 2018, the proposed adoption of the Share Buyback Mandate.
- 1.2. The purpose of this Appendix is to provide Shareholders with information relating to the proposed adoption of the Share Buyback Mandate, and to seek Shareholders' approval for the resolution in respect thereof to be tabled at the AGM as set out in the Notice of AGM.

2. THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

2.1. Background

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by the Companies Act, the Catalist Rules and such other laws and regulations as may for the time being be applicable.

It is a requirement of the Companies Act that before a company purchases or acquires its own shares, its constitution must expressly permit the company to purchase or otherwise acquire the shares issued by it. Article 11(B) of the Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares subject to and in accordance with the Companies Act and the Catalist Rules, on such terms and subject to such conditions as the Company may at a general meeting prescribe. 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 Shareholders at the AGM for the proposed 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

Share Buyback Mandate is revoked or varied 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

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

- (a) in line with international practice, the Share Buyback Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its working capital needs, taking into account its growth and expansion plans, the Share Buyback Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (b) in managing the business of the Group, the management will strive 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 buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced;
- (c) share buybacks may help mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholder confidence. The lack of liquidity most times makes it difficult for Shareholders to realise their gains. The Company now offers Shareholders an exit path;
- (d) the Company is able to protect Shareholders' investments in the Company in a depressed share price situation through judicious purchases or acquisitions of Shares to enhance the EPS. Shares purchased or acquired by the Company may also enhance the net asset value per Share of the Group if the share buybacks are made at a price below the net asset value per Share of the Group; and
- (e) the Share Buyback Mandate will provide the Company with the flexibility to undertake share buybacks at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The purchase or acquisition of Shares will only be undertaken if the Directors believe it can benefit the Company and its Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole and/or affect the listing status of the Company on Catalist. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full limit as authorised.

2.3. Authority and Limits of the Share Buyback Mandate

2.3.1 Maximum Number of Shares

The total number of Shares which may be purchased or acquired by the Company is limited to the number of Shares representing not more than 10.0% of the issued Shares as at the date of the AGM at which the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital by a special resolution

in accordance with the applicable provisions of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the capital reduction. Any Shares which are held as Treasury Shares and subsidiary holdings will be disregarded for purposes of computing the 10.0% limit.

For illustrative purposes only, on the basis of 1,031,524,685 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the AGM, the purchase or acquisition by the Company of up to the maximum limit of 10.0% of its issued Shares will result in the purchase or acquisition of 103,152,468 Shares.

However, purchases or acquisitions of Shares pursuant to the Share Buyback Mandate need not be carried out to the full extent mandated, and in any case, would not be carried out to such an extent that would affect the listing status of the Company on the SGX-ST. The public float in the issued Shares as at the Latest Practicable Date is disclosed in Paragraph 2.13.

2.3.2 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 AGM, at which the adoption of the Share Buyback Mandate is approved, up to:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held (whereupon it will lapse, unless renewed at such meeting);
- (b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company at general meeting (if so varied or revoked prior to the next annual general meeting); or
- (c) the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by Shareholders in a general meeting of the Company, such as at the next annual general meeting or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 Manner of Purchases or Acquisitions of Shares

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

- (a) on-market purchases transacted on the SGX-ST's through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchases**"); and/or

- (b) off-market purchases (if effected otherwise than on the SGX-ST) made in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchases**").

The Directors may impose such terms and conditions, which are not inconsistent with the Share Buyback Mandate, the Catalist Rules, the Companies Act and the Constitution, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are 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 the offers may relate to Shares with different amounts remaining unpaid; 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 Purchase in accordance with an equal access scheme, the Company must, as required by the Catalist Rules, issue and offer documents to all Shareholders containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on Catalist;
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases or acquisitions of Shares; and
- (7) whether the Shares purchased or acquired by the Company will be cancelled or kept as Treasury Shares.

2.3.4 Purchase Price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees 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 pursuant to the Share Buyback Mandate (both Market Purchases and Off-Market Purchases) must not exceed:

- (a) in the case of a Market Purchase, 105.0% of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

- (1) "**Average Closing Price**" means 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 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 Catalist Rules for any corporate action that occurs after the relevant five (5)-Market Day period; and
- (2) "**date of making of the offer**" the date on which the Company announces its intention to make an offer for an Off-Market Purchase, 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.

2.4. **Status of Purchased Shares**

2.4.1 Cancellation

Any Share which is purchased or acquired by the Company shall, unless held as Treasury Shares to the extent permitted under the Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. 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 Act) will be automatically delisted by the SGX-ST, and certificates 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.

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

2.4.2 Treasury Shares

Under the Companies Act, 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 below.

(a) *Maximum Holdings*

The aggregate number of Shares held as Treasury Shares cannot at any time exceed 10.0% 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 or such further period as may be allowed by ACRA.

(b) *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 is 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 are held as Treasury Shares, the Company may at any time (but subject always to the Take-over Code):

- (i) sell the Treasury Shares (or any of them) for cash;
- (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to an employees' share scheme;
- (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 of Singapore.

Where Shares purchased pursuant to the Share Buyback Mandate are held as Treasury Shares, the number of such Shares to be held as Treasury Shares, when aggregated with the existing Treasury Shares held, shall not, subject to the Act, exceed the Treasury Shares limit at any time.

Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares (in each case, the "**usage**").

Such announcement must include details such as the date of the usage, the purpose of the usage, the number of Treasury Shares comprised in the usage, the number of Treasury Shares before and after the usage and 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 Catalist before and after the usage and the value of the Treasury Shares comprised in the usage.

2.5. Source of Funds

The Companies Act permits the Company to purchase or acquire its own Shares out of capital or profits so long as the Company is solvent. Under Section 76F(4) of the Companies Act, the Company is solvent if at the date of payment for the purchase or acquisition of its Shares:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up;
- (c) if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (d) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal resources or external borrowings, or a combination of both, to finance its purchase or acquisition of Shares pursuant to the Share Buyback Mandate.

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 or acquisition of 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.

2.6. Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Buyback Mandate on the financial effects as the resultant effect would depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital 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 (including any expenses incurred directly in the purchase or acquisition of Shares) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the

purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by the Company will not be reduced.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2017, are based on the assumptions set out below.

(a) Number of Shares Acquired or Purchased

As at the Latest Practicable Date, the Company has 1,031,524,685 Shares in issue. The Company does not hold any Treasury Shares and does not have any subsidiary holdings.

For illustrative purposes only, on the basis of 1,031,524,685 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the AGM, not more than 103,152,468 Shares (representing 10.0% of the Shares) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

(b) Maximum Price Paid for Shares Acquired or Purchased

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 103,152,468 Shares at the Maximum Price of S\$0.028 for each Share (being the price equivalent to 105.0% of the Average Closing Price of the Shares for the five (5) Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 103,152,468 Shares is approximately S\$2,888,000.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 103,152,468 Shares at the Maximum Price of S\$0.032 for each Share (being the price equivalent to 120.0% above the Average Closing Price of the Shares over the last five (5) Market Days on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 103,152,468 Shares is approximately S\$3,301,000.

(c) Illustrative Financial Effects

For illustrative purposes only, the financial effects on the Company and the Group arising from the purchase or acquisition of Shares pursuant to the Share Buyback Mandate, based on the audited financial statements of the Company and the Group for FY2017, have been prepared on the basis of the assumptions set out above as well as the following:

- (i) the Share Buyback Mandate had been effective since 1 January 2017;
- (ii) such purchase or acquisition of Shares is financed by the internal resources of the Company;
- (iii) the 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 effect,
- (iv) the purchase or acquisition of 103,152,468 Shares by the Company pursuant to the Share Buyback Mandate by way of Market Purchases is made entirely out of capital and cancelled;

- (v) the purchase or acquisition of 103,152,468 Shares by the Company pursuant to the Share Buyback Mandate by way of Market Purchases is made entirely out of capital and held as Treasury Shares;
- (vi) the purchase or acquisition of 103,152,468 Shares by the Company pursuant to the Share Buyback Mandate by way of Off-Market Purchases is made entirely out of capital and cancelled; and
- (vii) the purchase or acquisition of 103,152,468 Shares by the Company pursuant to the Share Buyback Mandate by way of Off-Market Purchases is made entirely out of capital and held as Treasury Shares,

are set out below.

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

(S\$'000)	Group		Company	
	Before Share Buyback	After Share Buyback	Before Share Buyback	After Share Buyback
<u>As at 31 December 2017</u>				
Share Capital	78,283	75,395	78,283	75,395
Treasury Shares	-	-	-	-
Reserves	12,920	12,920	4,799	4,799
Non-controlling Interests	9,463	9,463	-	-
Total Equity	100,666	97,778	83,082	80,194
Current Assets	108,375	105,487	8,270	5,382
Current Liabilities ⁽¹⁾	18,543	18,543	3,224	3,224
Non-current Assets	30,253	30,253	78,036	78,036
Non-current Liabilities	19,419	19,419	-	-
Net Asset Value	100,666	97,778	83,082	80,194
Number of Shares ('000)	1,031,525	928,372	1,031,525	928,372
Weighted Average Number of Shares during FY2017				
– basic ('000)	996,745	893,592	996,745	893,592
– diluted ('000)	1,004,533	901,380	1,004,533	901,380
<u>Financial Ratios</u>				
NAV per Share ⁽²⁾ (cents)	9.76	10.53	8.05	8.64
Gearing ⁽³⁾ (times)	0.08	0.08	N.A.	N.A.
Current Ratio ⁽⁴⁾ (times)	5.84	5.69	2.57	1.67
Basic EPS ⁽⁵⁾ (cents)	0.02	0.02	(0.18)	(0.20)
Diluted EPS ⁽⁶⁾ (cents)	0.02	0.02	(0.17)	(0.19)

Notes:

- (1) "Current Liabilities" includes interest-bearing borrowings from banks amounting to S\$6,963,000.
- (2) "NAV per Share" represents net asset value divided by the number of issued Shares as at 31 December 2017.
- (3) "Gearing" represents interest-bearing borrowings divided by shareholders' funds excluding non-controlling interest.
- (4) "Current ratio" represents current assets divided by current liabilities.
- (5) "Basic EPS" represents profit after tax (including continuing and discontinued operations) attributable to owners of the Company divided by the weighted average number of Shares during FY2017.
- (6) "Diluted EPS" represents net profit after tax (including continuing and discontinued operations) attributable to owners of the Company divided by the weighted average number of Shares plus the weighted average number of Shares that would be issued on the conversion of all dilutive potential Shares.

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

(S\$'000)	Group		Company	
	Before Share Buyback	After Share Buyback	Before Share Buyback	After Share Buyback
<u>As at 31 December 2017</u>				
Share Capital	78,283	78,283	78,283	78,283
Treasury Shares	-	(2,888)	-	(2,888)
Reserves	12,920	12,920	4,799	4,799
Non-controlling Interests	9,463	9,463	-	-
Total Equity	100,666	97,778	83,082	80,194
Current Assets	108,375	105,487	8,270	5,382
Current Liabilities ⁽¹⁾	18,543	18,543	3,224	3,224
Non-current Assets	30,253	30,253	78,036	78,036
Non-current Liabilities	19,419	19,419	-	-
Net Asset Value	100,666	97,778	83,082	80,194
Number of Shares ('000)	1,031,525	928,372	1,031,525	928,372
Weighted Average Number of Shares during FY2017				
– basic ('000)	996,745	893,592	996,745	893,592
– diluted ('000)	1,004,533	901,380	1,004,533	901,380
<u>Financial Ratios</u>				
NAV per Share ⁽²⁾ (cents)	9.76	10.53	8.05	8.64
Gearing ⁽³⁾ (times)	0.08	0.08	N.A.	N.A.
Current Ratio ⁽⁴⁾ (times)	5.84	5.69	2.57	1.67
Basic EPS ⁽⁵⁾ (cents)	0.02	0.02	(0.18)	(0.20)
Diluted EPS ⁽⁶⁾ (cents)	0.02	0.02	(0.17)	(0.19)

Notes:

- (1) "Current Liabilities" includes interest-bearing borrowings from banks amounting to S\$6,963,000.
- (2) "NAV per Share" represents net asset value divided by the number of issued Shares as at 31 December 2017.
- (3) "Gearing" represents interest-bearing borrowings divided by shareholders' funds excluding non-controlling interest.
- (4) "Current Ratio" represents current assets divided by current liabilities.
- (5) "Basic EPS" represents profit after tax (including continuing and discontinued operations) attributable to owners of the Company divided by the weighted average number of Shares during FY2017.
- (6) "Diluted EPS" represents net profit after tax (including continuing and discontinued operations) attributable to owners of the Company divided by the weighted average number of Shares plus the weighted average number of Shares that would be issued on the conversion of all dilutive potential Shares.

Scenario 3: Off-Market Purchases made entirely out of capital and cancelled

	Group		Company	
(\$'000)	Before Share Buyback	After Share Buyback	Before Share Buyback	After Share Buyback
<u>As at 31 December 2017</u>				
Share Capital	78,283	74,982	78,283	74,982
Treasury Shares	-	-	-	-
Reserves	12,920	12,920	4,799	4,799
Non-controlling Interests	9,463	9,463	-	-
Total Equity	100,666	97,365	83,082	79,781
Current Assets	108,375	105,074	8,270	4,969
Current Liabilities ⁽¹⁾	18,543	18,543	3,224	3,224
Non-current Assets	30,253	30,253	78,036	78,036
Non-current Liabilities	19,419	19,419	-	-
Net Asset Value	100,666	97,365	83,082	79,781
Number of Shares ('000)	1,031,525	928,372	1,031,525	928,372
Weighted Average Number of Shares during FY2017				
– basic ('000)	996,745	893,592	996,745	893,592
– diluted ('000)	1,004,533	901,380	1,004,533	901,380
<u>Financial Ratios</u>				
NAV per Share ⁽²⁾ (cents)	9.76	10.49	8.05	8.59
Gearing ⁽³⁾ (times)	0.08	0.08	N.A.	N.A.
Current Ratio ⁽⁴⁾ (times)	5.84	5.67	2.57	1.54
Basic EPS ⁽⁵⁾ (cents)	0.02	0.02	(0.18)	(0.20)
Diluted EPS ⁽⁶⁾ (cents)	0.02	0.02	(0.17)	(0.19)

Notes:

- (1) "Current Liabilities" includes interest-bearing borrowings from banks amounting to S\$6,963,000.
- (2) "NAV per Share" represents net asset value divided by the number of issued Shares as at 31 December 2017.
- (3) "Gearing" represents interest-bearing borrowings divided by shareholders' funds excluding non-controlling interest.
- (4) "Current Ratio" represents current assets divided by current liabilities.
- (5) "Basic EPS" represents profit after tax (including continuing and discontinued operations) attributable to owners of the Company divided by the weighted average number of Shares during FY2017.
- (6) "Diluted EPS" represents net profit after tax (including continuing and discontinued operations) attributable to owners of the Company divided by the weighted average number of Shares plus the weighted average number of Shares that would be issued on the conversion of all dilutive potential Shares.

Scenario 4: Off-Market Purchases made entirely out of capital and held as Treasury Shares

(S\$'000)	Group		Company	
	Before Share Buyback	After Share Buyback	Before Share Buyback	After Share Buyback
<u>As at 31 December 2017</u>				
Share Capital	78,283	78,283	78,283	78,283
Treasury Shares	-	(3,301)	-	(3,301)
Reserves	12,920	12,920	4,799	4,799
Non-controlling Interests	9,463	9,463	-	-
Total Equity	100,666	97,365	83,082	79,781
Current Assets	108,375	105,074	8,270	4,969
Current Liabilities ⁽¹⁾	18,543	18,543	3,224	3,224
Non-current Assets	30,253	30,253	78,036	78,036
Non-current Liabilities	19,419	19,419	-	-
Net Asset Value	100,666	97,365	83,082	79,781
Number of Shares ('000)	1,031,525	928,372	1,031,525	928,372
Weighted Average Number of Shares during FY2017				
– basic ('000)	996,745	893,592	996,745	893,592
– diluted ('000)	1,004,533	901,380	1,004,533	901,380
<u>Financial Ratios</u>				
NAV per Share ⁽²⁾ (cents)	9.76	10.49	8.05	8.59
Gearing ⁽³⁾ (times)	0.08	0.08	N.A.	N.A.
Current Ratio ⁽⁴⁾ (times)	5.84	5.67	2.57	1.54
Basic EPS ⁽⁵⁾ (cents)	0.02	0.02	(0.18)	(0.20)
Diluted EPS ⁽⁶⁾ (cents)	0.02	0.02	(0.17)	(0.19)

Notes:

- (1) "Current Liabilities" includes interest-bearing borrowings from banks amounting to S\$6,963,000.
- (2) "NAV per Share" represents net asset value divided by the number of issued Shares as at 31 December 2017.
- (3) "Gearing" represents interest-bearing borrowings divided by shareholders' funds excluding non-controlling interest.
- (4) "Current Ratio" represents current assets divided by current liabilities.
- (5) "Basic EPS" represents profit after tax (including continuing and discontinued operations) attributable to owners of the Company divided by the weighted average number of Shares during FY2017.
- (6) "Diluted EPS" represents net profit after tax (including continuing and discontinued operations) attributable to owners of the Company divided by the weighted average number of Shares plus the weighted average number of Shares that would be issued on the conversion of all dilutive potential Shares.

Shareholders should note that the financial effects set out above are based on the audited financial statements of the Group and the Company for FY2017 and are for illustrative purposes only. The analysis above based on the results of the Group and the Company for FY2017 is not necessarily representative of future performance.

The actual financial effects of the Share Buyback Mandate will depend on the number and purchase price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements, financial position and/or gearing of the Group. The purchase or acquisition 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.

It should be noted that although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10.0% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10.0% of the issued Shares as mandated. In addition, the Company may cancel or hold as Treasury Shares all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, the public float of the Company, stock market conditions and the performance of the Shares) in assessing the relative impact of a share buyback before execution.

2.7. Implications of the Take-over Code

2.7.1 Obligation to make a Take-Over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purpose of 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, it may in certain circumstances give rise to an obligation on the part of such Shareholder or group of Shareholders 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 30.0% 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 50.0% 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 1.0% 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.

However, where any person who, together with persons acting in concert with him, holds more than 50.0% of the voting rights, any acquisitions by any member of the group does not normally give rise to any obligation to make a take-over offer for the Company under Rule 14.1 of the Take-over Code.

2.7.2 Persons Acting in Concert

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

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

- (a) a company with its parent company, its 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 for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the 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 whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client 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 10.0% 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, 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 and/or entities for the purchase of voting rights.

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 Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 to the Take-over Code.

2.8. Effect of Rule 14 and Appendix 2 to the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 to the Take-over Code is that, unless exempted, the Directors and their concert parties will incur an obligation to make a takeover offer under Rule 14 of the Take-over Code if, as a result of any purchase or acquisition by the Company of its Shares:

- (a) the voting rights of such Directors and their concert parties would increase to 30.0% or more; or
- (b) in the event that such Directors and their concert parties hold between 30.0% and 50.0% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of six (6) months.

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

When a group acting in concert holds over 50.0% of the voting rights, no obligation would normally arise from acquisitions by any member of the group. However, the SIC may, subject to various considerations as set out in Note 5 to Rule 14.1 of the Take-over Code, regard as giving rise to an obligation to make an offer any acquisition by a single member or sub-group of the group acting in concert of voting rights sufficient to increase his or its holding to 30.0% or more or, if he or it already hold between 30.0% and 50.0%, by more than 1.0% in any six (6) month period.

Under Appendix 2 to the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30.0% or more, or, if such Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Buyback Mandate

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who

are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.

2.9. Application of the Take-over Code

As at the Latest Practicable Date, the Shareholders include the following:

- (a) the "**OHE Group**", which comprises:
- (i) Dr. Ong Hian Eng ("**OHE**"), who is the Chief Executive Officer and Executive Director of the Company;
 - (ii) OHE's daughter, Ong Bee Pheng, who is a Non-Executive Director and Non-Independent Director of the Company;
 - (iii) OHE's spouse, Kong Sou Hui Grace;
 - (iv) OHE's son, Ong Eng Keong; and
 - (v) Fica (Pte.) Ltd. ("**Fica**"), the shares of which are held by OHE, his spouse Kong Sou Hui Grace, and his children, Ong Bee Pheng and Ong Eng Keong. The directors of Fica are OHE, Ong Bee Pheng and Ong Eng Keong; and
- (b) the "**OKE Group**", which comprises:
- (i) OHE's brother, Ong Kwee Eng ("**OKE**");
 - (ii) OKE's son, Ong Eng Hock Simon ("**Simon Ong**"), who is an Executive Director of the Company;
 - (iii) OKE's son, Ong Eng Siew Raymond ("**Raymond Ong**"), who is a Non-Executive Director and Non-Independent Director of the Company;
 - (iv) OKE's spouse, Ng Siew Tin;
 - (v) OKE's daughter, Ong Bee Kuan Melissa ("**Melissa Ong**");
 - (vi) Raymond Ong's spouse, Linawati Alamsjah; and
 - (vii) Astute Ventures Pte. Ltd. ("**Astute Ventures**"), the shares of which are held by OKE, OKE's spouse Ng Siew Tin, Simon Ong, Raymond Ong, Melissa Ong, Nicole Ong Yu Yan and Marc Ong Tong Leong. The directors of Astute Ventures are Simon Ong, Raymond Ong and Melissa Ong,

(collectively, the "**Concert Party Group**").

Accordingly, by virtue of their relationships, the Concert Party Group is presumed to be acting in concert with each other in relation to the Company for the purposes of the Take-over Code in respect of their combined shareholdings of approximately 56.33% of the entire issued and paid-up capital of the Company.

For illustrative purposes only, the shareholdings of the Concert Party Group under a Market Purchase and an Off-Market Purchase in accordance with an equal access scheme is set out below.

2.9.1 Market Purchase

The illustrative example has been prepared on the basis of the following assumptions:

- (a) purchase or acquisition of 103,152,468 Shares by the Company pursuant to the Share Buyback Mandate by way of Market Purchases made entirely out of capital and cancelled;
- (b) there is no change in the Concert Party Group's shareholdings in the Company between the Latest Practicable Date and the date of the AGM;
- (c) no new Shares are issued following the Shareholders' approval of the Share Buyback Mandate; and
- (d) the Concert Party Group does not sell or otherwise dispose of its shareholdings in the Company.

Concert Party Group	Number of Shares (Before Share Buyback)	Number of Shares (After Share Buyback)	Percentage of Shares (Before Share Buyback) (%)⁽¹⁾	Percentage of Shares (After Share Buyback) (%)⁽²⁾
<u>OHE Group</u>				
Dr Ong Hian Eng	9,024,394	9,024,394	0.87	0.97
Ong Bee Pheng	33,084,041	33,084,041	3.21	3.56
Kong Sou Hui Grace	11,484,041	11,484,041	1.11	1.24
Ong Eng Keong	10,948,941	10,948,941	1.06	1.18
Fica (Pte.) Ltd.	230,653,636	230,653,636	22.36	24.84
Sub-total for the OHE Group	295,195,053	295,195,053	28.62	31.80
<u>OKE Group</u>				
Ong Kwee Eng	3,000,265	3,000,265	0.29	0.32
Ong Eng Hock Simon	2,919,306	2,919,306	0.28	0.31
Ong Eng Siew Raymond	2,919,306	2,919,306	0.28	0.31
Ng Siew Tin	237,959	237,959	0.02	0.03
Ong Bee Kuan Melissa	5,367,190	5,367,190	0.52	0.58
Linawati Alamsjah	1,348,731	1,348,731	0.13	0.15
Astute Ventures Pte. Ltd.	270,025,455	270,025,455	26.18	29.09
Sub-total for the OKE Group	285,818,212	285,818,212	27.71	30.79
Total for the Concert Party Group	581,013,265	581,013,265	56.33	62.58

Notes:

- (1) Based on 1,031,524,685 Shares in issue as at the Latest Practicable Date.
- (2) Based on 928,372,217 Shares after the purchase or acquisition of 103,152,468 Shares by the Company, being 10.0% of the existing issued Shares.

Based on the illustrative example above, in the event that the Company purchases or acquires up to 10.0% of its Shares by way of Market Purchases pursuant to the Share Buyback Mandate, the increase in the aggregate percentage of total voting rights of:

- (i) the OHE Group will increase from 28.62% to 31.80%; and
- (ii) the OKE Group will increase from 27.71% to 30.79%,

which may result in the Concert Party Group being obliged to make a general offer under the Take-over Code for Shares not owned by them.

2.9.2 Off-Market Purchase

The illustrative example has been prepared on the basis of the following assumptions:

- (a) purchase or acquisition of 103,152,468 Shares by the Company pursuant to the Share Buyback Mandate by way of Off-Market Purchases made entirely out of capital and cancelled;
- (b) there is no change in the Concert Party Group's shareholdings in the Company between the Latest Practicable Date and the date of the AGM; and
- (c) no new Shares are issued following the Shareholders' approval of the Share Buyback Mandate.

Concert Party Group	Number of Shares (Before Share Buyback)	Number of Shares (After Share Buyback)	Percentage of Shares (Before Share Buyback) (%)⁽¹⁾	Percentage of Shares (After Share Buyback) (%)
<u>OHE Group</u>				
Dr Ong Hian Eng	9,024,394	8,121,955	0.87	0.87
Ong Bee Pheng	33,084,041	29,775,637	3.21	3.21
Kong Sou Hui Grace	11,484,041	10,335,637	1.11	1.11
Ong Eng Keong	10,948,941	9,854,047	1.06	1.06
Fica (Pte.) Ltd.	230,653,636	207,588,273	22.36	22.36
Sub-total for the OHE Group	295,195,053	265,675,548	28.62	28.62
<u>OKE Group</u>				
Ong Kwee Eng	3,000,265	2,700,239	0.29	0.29
Ong Eng Hock Simon	2,919,306	2,627,375	0.28	0.28
Ong Eng Siew Raymond	2,919,306	2,627,375	0.28	0.28
Ng Siew Tin	237,959	214,163	0.02	0.02
Ong Bee Kuan Melissa	5,367,190	4,830,471	0.52	0.52
Linawati Alamsjah	1,348,731	1,213,858	0.13	0.13
Astute Ventures Pte. Ltd.	270,025,455	243,022,910	26.18	26.18
Sub-total for the OKE Group	285,818,212	257,236,391	27.71	27.71
Total for the Concert Party Group	581,013,265	522,911,939	56.33	56.33

Notes:

- (1) Based on 1,031,524,685 Shares in issue as at the Latest Practicable Date.

- (2) Based on 928,372,217 Shares after the purchase or acquisition of 103,152,468 Shares by the Company, being 10.0% of the existing issued Shares

Based on the illustrative example above, in the event that the Company purchases or acquires up to 10.0% of its Shares by way of Off-Market Purchases with an equal access scheme pursuant to the Share Buyback Mandate, the aggregate percentage of voting rights of the Concert Party Group will remain the same and the Concert Party Group will continue to own more than 50.0% of the voting rights in the Company.

Accordingly, none of the Concert Party Group would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the Company purchasing or acquiring Shares by way of Off-Market Purchases pursuant to the Share Buyback Mandate.

Save as disclosed, the Directors confirm that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or 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 or acquisition of Shares by the Company pursuant to the Share Buyback Mandate.

Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation on them to make a mandatory take-over offer would arise by reason of any purchases or acquisitions of Shares by the Company.

2.10. Exemptions under the Take-over Code

The Concert Party Group will be exempted under Appendix 2 to the Take-over Code, from the requirement under Rule 14.1 of the Take-over Code to make a general offer for the Company if the aggregate percentage of voting rights in the Company increases to 30.0% or more as a result of the Company purchasing or acquiring Shares pursuant to the Share Buyback Mandate, subject to the following conditions:

- (a) this Appendix to Shareholders on the resolution to authorise the proposed adoption of the Share Buyback Mandate contains advice to the effect that by voting for the proposed adoption of the Share Buyback Mandate, Shareholders are waiving their right to a general offer at the Required Price from the OHE Group and the OKE Group who, as a result of the company buying back its shares, would increase their respective aggregate voting rights to 30.0% or more, and the names of the Concert Party Group and their voting rights at the time of the resolution and after the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate are disclosed in this Appendix;
- (b) the resolution to authorise the proposed adoption of the Share Buyback Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate;
- (c) the Concert Party Group abstains from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the proposed adoption of the Share Buyback Mandate;
- (d) within seven (7) days after the passing of the resolution to authorise the proposed adoption of the Share Buyback Mandate, each member of the Concert Party Group who are also Directors submits to the SIC a duly signed form as prescribed by the SIC;

- (e) the Concert Party Group not having acquired and not acquiring any Shares between the date on which they know that the announcement of the proposed adoption of the Share Buyback Mandate is imminent and the earlier of:
 - (i) the date on which the authority of the Share Buyback Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders by the Share Buyback Mandate or it has decided to cease buying back its shares, as the case may be,

if such acquisitions, taken together with the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate, would cause the aggregate voting rights of the OHE Group and the OKE Group respectively to increase to 30.0% or more; and.

Shareholders should therefore note that by voting in favour of the ordinary resolution to approve the proposed adoption of the Share Buyback Mandate, they will be waiving their rights to a general offer at the Required Price by the Concert Party Group in the circumstances set out above.

2.11. Reporting Requirements

The Directors are, within 30 days of the passing of a Shareholders' resolution to approve the proposed adoption of the Share Buyback Mandate, required to lodge a copy of such resolution with ACRA.

The Catalist 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.:

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

Such announcement (which must be in the form of Appendix 8D to the Catalist Rules) must include, *inter alia*, details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as Treasury Shares, the price paid per Share or the highest and lowest prices paid for such Shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the Shares, the number of Shares purchased or acquired as at the date of the announcement (on a cumulative basis), the number of issued Shares excluding Treasury Shares and the number of Treasury Shares held after the purchase.

The Directors are, within 30 days of the purchase or acquisition of Shares on Catalist, required to lodge with ACRA the notice of purchase or acquisition of the Shares in the prescribed form containing particulars including the date of the purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled, the number of Shares held as Treasury Shares, the issued share capital of the Company before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition of the Shares, and whether the Shares were purchased or acquired out of the profits or the capital of the Company.

2.12. Listing Rules

The Catalist Rules restrict a listed company from purchasing or acquiring its shares by way of Market Purchases at a price per share which is more than 5.0% above the Average Closing Price. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Paragraph 2.3.4 complies with this restriction.

While the Catalist Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share 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, in observing the best practices recommended in the Catalist Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's half-yearly and full-year results, as the case may be, and ending on the date of announcement of the relevant results, and the period of two (2) weeks before the announcement of the first quarter, second quarter and third quarter results.

2.13. Listing Status of the Shares on the SGX-ST

The Company does not have any individual shareholding limit or foreign shareholding limit. However, Rule 723 of the Catalist Rules requires a listed company to ensure that at least 10.0% of the total number of its issued Shares (excluding preference shares, convertible equity securities and Treasury Shares) in a class that is listed on Catalist, is held at all times held by the public. The "public", as defined in the Catalist Rules, refers to persons other than:

- (a) directors, chief executive officer, substantial shareholders, or controlling shareholders of the issuer or its subsidiary companies; and
- (b) associates of the persons in Paragraph 2.13(a) above.

As at the Latest Practicable Date, approximately 308,140,708 issued Shares were held by the public, representing approximately 29.87% of the total number of issued Shares.

For illustrative purposes only, assuming that the Company purchases or acquires the maximum of 103,152,468 Shares, being 10.0% of its issued Shares at the Latest Practicable Date from the public by way of a Market Purchase, the resultant number of Shares held by the public after the purchase or acquisition of such Shares would be approximately 277,326,637 Shares, representing approximately 29.87% of the remaining issued Shares.

Accordingly, the Company is of the view that there is a sufficient number of issued Shares held by the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10.0% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on Catalist, and that the remaining number of Shares held by the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading of the Shares.

2.14. Previous Share Buybacks

The Company has not entered into transactions to purchase or acquire any Shares during the 12 months immediately preceding the Latest Practicable Date.

2.15. Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications of the Share Buyback Mandate, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

3. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained under the provisions of the Companies Act, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	Percentage of Shares (%) ⁽¹⁾	Number of Shares	Percentage of Shares (%) ⁽¹⁾
<u>Directors</u>				
Hong Pian Tee ⁽⁸⁾	2,099,850	0.20	562,500	0.05
Dr. Ong Hian Eng ("OHE") ⁽²⁾⁽³⁾⁽⁴⁾	9,024,394	0.87	242,137,677	23.47
Ong Eng Hock Simon ⁽⁴⁾	2,919,306	0.28	-	-
Ong Eng Siew Raymond ⁽⁴⁾⁽⁶⁾	2,919,306	0.28	1,348,731	0.13
Ong Bee Pheng	33,084,041	3.21	-	-
Francis Lee Fook Wah	200,000	0.02	-	-
Goh Yeow Tin	-	-	-	-
<u>Substantial Shareholders (other than Directors)</u>				
Astute Ventures Pte. Ltd. ("Astute Ventures") ⁽⁵⁾⁽⁷⁾	270,025,455	26.18	-	-
FICA (Pte.) Ltd. ("FICA") ⁽²⁾	230,653,636	22.36	-	-
Ong Bee Kuan Melissa ⁽⁴⁾⁽⁵⁾	5,367,190	0.52	270,025,455	26.18
Luo Yong	62,277,900	6.04	-	-

Notes:

- (1) Based on 1,031,524,685 Shares in issue as at the Latest Practicable Date.
- (2) FICA is controlled by OHE and he is therefore deemed to be interested in the 230,653,636 Shares held by FICA.
- (3) OHE is also deemed to be interested in the 11,484,041 Shares held by his spouse, Kong Sou Hui Grace.
- (4) OHE, Ong Eng Hock Simon, Ong Eng Siew Raymond and Ong Bee Kuan Melissa are relatives.
- (5) Ong Bee Kuan Melissa is a director of, and is entitled to exercise not less than 20.0% of the votes attached to the voting shares in the share capital of Astute Ventures. As such, she is deemed to be interested in the 270,025,455 Shares held by Astute Ventures.
- (6) Ong Eng Siew Raymond is also deemed to be interested in the 1,348,731 Shares held by his spouse, Linawati Alamsjah.
- (7) OHE, OHE's spouse Ng Siew Tin, Ong Eng Hock Simon, Ong Eng Siew Raymond, Ong Bee Kuan Melissa, Nicole Ong Yu Yan and Marc Ong Tong Leong are the shareholders of Astute Ventures.

- (8) Hong Pian Tee is deemed to be interested in the 562,500 Shares held by his nominee, DBS Private Bank.

4. DIRECTORS' RECOMMENDATION

The Directors (save for Dr. Ong Hian Eng, Ong Eng Hock Simon, Ong Eng Siew Raymond and Ong Bee Pheng who are members of the Concert Party Group and have accordingly abstained from making any voting recommendations to Shareholders) are of the opinion that the proposed adoption of the Share Buyback Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Share Buyback Mandate as set out in the Notice of AGM.

5. APPROVAL AND RESOLUTION

Shareholders' approval for the proposed adoption of the Share Buyback Mandate will be sought at the AGM. The resolution relating to the proposed adoption of the Share Buyback Mandate is contained in the Notice of AGM as Resolution 8.

6. ABSTENTION FROM VOTING

Each of the Concert Party Group will abstain from voting at the AGM in respect of the resolution relating to the proposed adoption of the Share Buyback Mandate in view of Note 3(iii) of Appendix 2 to the Take-over Code, and will not accept nominations as proxy or otherwise for voting at the AGM in respect of the said ordinary resolution.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1. Appointment of Proxies

Shareholders who are unable to attend the AGM and wish to appoint proxies to attend and vote at the AGM on their behalf will find attached to this Appendix, a proxy form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the AGM. The completion and lodgement of the proxy form by a Shareholder does not preclude him from attending and voting in person at the AGM if he finds that he is able to do so.

7.2. Depositors

A Depositor will not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the AGM.

8. 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 the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such

information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection by Shareholders at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, during normal business hours from the date of this Appendix up to and including the date of the AGM:

- (a) the Constitution; and
- (b) the Annual Report 2017.

Yours faithfully

For and on behalf of the Board

ASIAPHOS LIMITED

Hong Pian Tee

Non-Executive Chairman and Independent Director