

## APPENDIX DATED 10 JULY 2014

### THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

This is an Appendix to the Notice of AGM dated 10 July 2014 and is circulated to the shareholders (“**Shareholders**”) of SingHaiyi Group Ltd. (the “**Company**”) together with the annual report of the Company for the financial year ended 31 March 2014 (“**Annual Report**”). Its purpose is to explain to the Shareholders the rationale and provide information to the Shareholders for the renewal of the Share Buy-Back Mandate (as defined herein) to be tabled at the Annual General Meeting (“**AGM**”) of the Company to be held at Pan Pacific Singapore, Ocean 4-5, Level 2, Raffles Boulevard, Marina Square, Singapore 039595 on Friday, 25 July 2014 at 11.30 a.m.

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

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

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this Appendix. This Appendix has not been examined or approved by SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Mr. Ong Hwee Li (Telephone: 65-6221 5590) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.



**SINGHAIYI**  
GROUP

**SINGHAIYI GROUP LTD.**

(Company Registration No.: 198803164K)  
(Incorporated in the Republic of Singapore)

**APPENDIX TO THE NOTICE OF AGM IN RELATION TO:**

**THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

**SingHaiyi Group Ltd**  
**(Company Registration No.: 198803164K)**  
**(Incorporated in the Republic of Singapore)**

## **THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

### **1. INTRODUCTION**

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek Shareholders' approval at the forthcoming annual general meeting ("**AGM**") to be held on 25 July 2014 for the proposed renewal of **Share Buy-Back Mandate**.

The Notice of AGM is set out on pages 126 to 130 of the Annual Report, and Shareholders' approval is being sought under Resolution 12 of the Notice of AGM for the proposed renewal of Share Buy-Back Mandate.

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

At the annual general meeting of the Company held on 29 July 2013 (the "**2013 AGM**"), Shareholders had approved the renewal of the Share Buy-Back Mandate to enable the Company to purchase or otherwise acquire its issued Shares (the "**Existing Share Buy-Back Mandate**"). The rationale for, the authority and limitations on, and the financial effects of, the Existing Share Buy-Back Mandate were set out in the Company's Appendix to Shareholders dated 12 July 2013 and Ordinary Resolution 9 set out in the Notice of the 2013 AGM.

The Existing Share Buy-Back Mandate will expire on the date of the forthcoming AGM to be held on 25 July 2014. The Directors propose that the Existing Share Buy-Back Mandate be renewed at the AGM in terms of Resolution 12 that will be proposed at the AGM (the "**Share Buy-Back Mandate**").

Shareholders' approval is being sought under Resolution 12 of the Notice of AGM for the proposed renewal of the Share Buy-Back Mandate.

The Company has not undertaken any purchase or acquisition of its Shares pursuant to the Existing Share Buy-Back Mandate approved by Shareholders at the 2013 AGM.

#### **2.1 Rationale**

The proposed Share Buy-Back Mandate will give the Company the flexibility to undertake purchases or acquisitions of its Shares up to the ten per cent. (10%) limit described below at any time, during the period when the proposed Share Buy-Back Mandate is in force.

The rationale for the proposed Share Buy-Back Mandate is as follows:

- (a) in line with the management's objective to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group;
- (b) the Shares purchased or otherwise acquired under the proposed Share Buy-Back Mandate may be held by the Company as Treasury Shares and any or all of them to be used and transferred for the purposes of or in connection with any share or share option scheme adopted by the Company from time to time;
- (c) the proposed Share Buy-Back Mandate will allow the Company to have greater flexibility over, *inter alia*, the dividend policy and the Company's share capital structure. Purchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to enhancement of the EPS and/or NAV per Share of the Company; and
- (d) the proposed Share Buy-Back Mandate can help mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholders' confidence.

While the proposed Share Buy-Back Mandate would authorise a purchase or acquisition of Shares up to ten per cent. (10%) limit during the period referred to in paragraph 2.2.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the proposed Share Buy-Back Mandate may not be carried out to the full ten per cent. (10%) limit as authorised and the purchases or acquisitions of Shares pursuant to the proposed Share Buy-Back Mandate will only be made as and when the Directors consider it to be in the best interest of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-Catalist.

The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the proposed Share Buy-Back Mandate, the number of Shares remaining in the hands of public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-Catalist.

## 2.2 Authority and Limits

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

### 2.2.1 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 or acquired by the Company pursuant to the proposed Share Buy-Back Mandate during the Relevant Period, is limited to that number of Shares representing not more than ten per cent (10%) of the total number of Shares as at the date of the forthcoming AGM at which the proposed Share Buy-back Mandate is approved (unless the Company has, at any time during the Relevant Period, made an order under Sections 78B or 78C of the Act, or the Court has, at any time during the Relevant Period, made an order under Section 78I of the Act confirming the reduction of share capital of the Company, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution of the Company or the order of the Court, as the case may be) excluding any Treasury Shares that may be held by the Company from time to time.

**For illustrative purposes only**, based on 2,863,681,283 Shares (excluding Treasury Shares) as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the AGM and the Company has not effected any reduction of its share capital at any time during the Relevant Period, not more than 286,368,128 Shares (representing ten per cent (10%) of the issued ordinary share capital of the Company (excluding Treasury Shares) at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate during the period referred to in paragraph 2.2.2 below.

### 2.2.2 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 proposed Share Buy-Back Mandate is approved, up to the earliest of:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Buy-Back Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the proposed Share Buy-Back Mandate is varied or revoked by Shareholders in a general meeting.

The authority conferred on the Directors by the proposed Share Buy-Back Mandate to purchase or otherwise acquire Shares may be renewed by the Shareholders in any general meeting of the Company. When seeking the approval of the Shareholders for the proposed Share Buy-Back Mandate, the Company is required to disclose

details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buy-Back Mandate made during the previous twelve (12) months, including, but not limited to, the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Share, where relevant, and the total consideration paid for such purchases or acquisitions.

### 2.2.3 Manner of Purchases or Acquisitions of Shares

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

- (a) on-market purchases (the “**Market Purchases**”), transacted on the SGX-Catalist through the SGX-ST’s trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purchase; and/or
- (b) off-market purchases (the “**Off-Market Purchases**”) effected pursuant to an equal access scheme as defined in Section 76C of the Act (“**Equal Access Scheme**”).

The Directors may impose such terms and conditions which are not inconsistent with the proposed Share Buy-Back Mandate, the Catalist Rules, the Act and the Articles, as they consider fit in the interests of the Company and/or Shareholders in connection with or in relation to any Equal Access Scheme. An Off-Market Purchase on an Equal Access Scheme must, however, satisfy all of the following conditions:

- (a) offers for the purchase or acquisition 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 may 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; and
  - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, pursuant to the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an Equal Access Scheme, it must issue an offer document to all Shareholders containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptance;
- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of the proposed purchase or acquisition of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-Catalist;

- (f) details of any purchase or acquisition of Shares made by the Company in the previous twelve (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; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

#### 2.2.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses (the “**related expenses**”)) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Price (as defined below); and
- (b) in the case of an Off-Market Purchase pursuant to an Equal Access Scheme, one hundred and twenty per cent (120%) of the Average Closing Price, (the “**Maximum Price**”) in either case, excluding related expenses.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which transactions in the Shares were recorded, immediately preceding the date on which a Market Purchase was made by the Company, or as the case may be, the date of the making of the offer pursuant to an Off-Market Purchase on an Equal Access Scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.

“**date of the making of the offer**” means the date on which the Company makes an announcement of 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.

The Catalist Rules restricts the Company from purchasing Shares by way of Market Purchases at a price per Share which is more than five per cent. (5%) above its Average Closing Price.

Although the Catalist Rules does not prescribe a maximum price in relation to purchases of shares by way of Off-Market Purchases, the Company has set a cap of twenty per cent. (20%) above the Average Closing Price of a Share as the maximum price for a Share to be purchased or acquired by way of Off-Market Purchases.

#### 2.2.5 Status of Purchased Shares

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as Treasury Shares in accordance with Sections 76H to 76K of the Act. At the time of each purchase or acquisition of the Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, depending on the needs of the Company at that time. The total number of 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 de-listed by the SGX-Catalist, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

## 2.3 Treasury Shares

Under the 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 Act are summarised below:

### 2.3.1 Maximum Holdings

The number of Shares held as Treasury Shares shall not at any time exceed ten per cent (10%) of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months or such further periods as ACRA may allow.

### 2.3.2 Voting and Other Rights

The Company cannot exercise any right in respect of the Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the 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 (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made, to the Company in respect of the 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 Share 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 the subdivision or consolidation, as the case may be.

### 2.3.3 Disposal and Cancellation

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

- (a) sell the Treasury Shares for cash;
- (b) transfer the Treasury Shares for the purposes of, or pursuant to an employee's share scheme;
- (c) transfer the Treasury Shares as consideration for the acquisition of shares in, or assets of, another company or assets of a person;
- (d) cancel the Treasury Shares; or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister of Finance of Singapore.

## 2.4 Reporting Requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve the purchases or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with the ACRA.

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

The Catalist Rules specifies that a listed company must make an announcement of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

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

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of Treasury Shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

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

## **2.5 Source of Funds**

The Company may only apply funds for the purchase or acquisition of Shares as provided in the Articles and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST. The Act permits any purchase or acquisition of shares to be made out of a Company's capital or profits as long as the company is solvent. For this purpose, pursuant to Section 76F(4) of the Act, a company is "solvent" if:

- (a) the company is able to pay its debts in full as they fall due in the normal course of business at the time of the payment made by a company in consideration of the purchase or acquisition of the Company's shares as well as during the period of twelve (12) months immediately following the date of the payment; and
- (b) 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 or release, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds to finance the Company's purchase or acquisition of Shares pursuant to the proposed Share Buy-Back Mandate. Where the purchase or acquisition of Shares is financed through internal resources, it will reduce the cash reserves of the Company, and thus the current assets and shareholders' funds of the Company resulting in a decline in the current ratio of the Company.

The Directors do not propose to exercise the proposed Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group.

## 2.6 Financial Effects

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

When the purchased Shares are held as Treasury Shares, the total number of Shares would remain unchanged.

The Company's total number of Shares and total issued share capital will be diminished by the total number of the Shares purchased or acquired by the Company and which are cancelled and not held as Treasury Shares. The NAV of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares purchased or acquired.

Under the 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 expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources and the expansion and investment plans of the Group, and the prevailing market conditions.

**For illustrative purposes only**, based on the audited financial accounts of the Group for the financial year ended 31 March 2014 and based on the following assumptions:

- (a) based on 2,863,513,919 Shares in issue as at 31 March 2014 and assuming no further Shares are issued on or prior to the AGM, not more than 286,351,391 Shares (representing ten per cent. (10%) of the total number of Shares of the Company as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 286,351,391 Shares at the Maximum Price of S\$0.18963 for one Share (being the price equivalent to five per cent. (5%) above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 286,351,391 Shares (excluding related expenses) is approximately S\$54,301,000;
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 286,351,391 Shares at the Maximum Price of S\$0.21672 for one Share (being the price equivalent to twenty per cent. (20%) above the Average Closing Price of the Shares on the five (5) consecutive Market Days on which the Shares were traded on the SGX-Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 286,351,391 Shares (excluding related expenses) is approximately S\$62,058,000;
- (d) the purchase or acquisition of Shares is financed by internal sources of funds; and
- (e) the Company had purchased or acquired 286,351,391 Shares (representing ten per cent. (10%) of the total number of Shares of the Company as at the Latest Practicable Date),

the financial effects of the purchase or acquisition of 286,351,391 Shares by the Company pursuant to the proposed Share Buy-Back Mandate on the Company and the Group:

- (A) by way of purchases or acquisitions made entirely out of capital and held as Treasury Shares; and
- (B) by way of purchases made entirely out of capital and cancelled,

are set out in the following tables:

<b>Scenario</b>	<b>Purchased out of</b>	<b>Type of Purchase</b>	<b>Held as Treasury Shares or cancelled</b>	<b>Maximum Price per Share (S\$)</b>
1(A)	Capital	Market Purchase	Held as Treasury Shares	0.18963
1(B)	Capital	Off-Market Purchase	Held as Treasury Shares	0.21672
2(A)	Capital	Market Purchase	Cancelled	0.18963
2(B)	Capital	Off-Market Purchase	Cancelled	0.21672

**(1A) Market Purchases made entirely out of capital and held as Treasury Shares**

	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
<b>As at 31 March 2014</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
Share capital	382,253	382,253	382,253	382,253
Accumulated profits/ (losses)	28,296	28,296	(21,495)	(21,495)
Reserves	5,791	5,791	5,516	5,516
Non-controlling interests	1,245	1,245	-	-
Treasury Shares	-	(54,301)	-	(54,301)
<b>Total equity</b>	<b>417,585</b>	<b>363,284</b>	<b>366,274</b>	<b>311,973</b>
Current assets	479,211	424,910	158,706	104,405
Current liabilities	157,694	157,694	74,935	74,935
Working capital	321,517	267,216	83,771	29,470
Number of issued Shares (net of Treasury Shares)	2,863,514	2,577,163	2,863,514	2,577,163
Weighted average number of Shares (net of Treasury Shares)	2,321,858	2,035,507	2,321,858	2,035,507
<u>Financial ratios</u>				
<b>NAV /Share (cents)</b>	14.54	14.05	12.79	12.11
<b>Current ratio (times)</b>	3.04	2.69	2.12	1.39
<b>EPS / (LPS) (cents)</b>	0.997	1.138	(0.806)	(0.919)
<b>Total debt / Total equity (%)</b>	47.73	54.87	13.72	16.11

**(1B) Off-Market Purchases made entirely out of capital and held as Treasury Shares**

	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
<b>As at 31 March 2014</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
Share capital	382,253	382,253	382,253	382,253
Accumulated profits/ (losses)	28,296	28,296	(21,495)	(21,495)
Reserves	5,791	5,791	5,516	5,516
Non-controlling interests	1,245	1,245	-	-
Treasury Shares	-	(62,058)	-	(62,058)
<b>Total equity</b>	<b>417,585</b>	<b>355,527</b>	<b>366,274</b>	<b>304,216</b>
Current assets	479,211	417,153	158,706	96,648
Current liabilities	157,694	157,694	74,935	74,935
Working capital	321,517	259,459	83,771	21,713
Number of issued Shares (net of Treasury Shares)	2,863,514	2,577,163	2,863,514	2,577,163
Weighted average number of Shares (net of Treasury Shares)	2,321,858	2,035,507	2,321,858	2,035,507
<u>Financial ratios</u>				
<b>NAV /Share (cents)</b>	14.54	13.75	12.79	11.80
<b>Current ratio (times)</b>	3.04	2.65	2.12	1.29
<b>EPS / (LPS) (cents)</b>	0.997	1.138	(0.806)	(0.919)
<b>Total debt / Total equity (%)</b>	47.73	56.07	13.72	16.52

**(2A) Market Purchases made entirely out of capital and cancelled**

	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
<b>As at 31 March 2014</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
Share capital	382,253	327,952	382,253	327,952
Accumulated profits/ (losses)	28,296	28,296	(21,495)	(21,495)
Reserves	5,791	5,791	5,516	5,516
Non-controlling interests	1,245	1,245	-	-
Treasury Shares	-	-	-	-
<b>Total equity</b>	<b>417,585</b>	<b>363,284</b>	<b>366,274</b>	<b>311,973</b>
Current assets	479,211	424,910	158,706	104,405
Current liabilities	157,694	157,694	74,935	74,935
Working capital	321,517	267,216	83,771	29,470
Number of issued Shares (net of Treasury Shares)	2,863,514	2,577,163	2,863,514	2,577,163
Weighted average number of Shares (net of Treasury Shares)	2,321,858	2,035,507	2,321,858	2,035,507
<u>Financial ratios</u>				
<b>NAV /Share (cents)</b>	14.54	14.05	12.79	12.11
<b>Current ratio (times)</b>	3.04	2.69	2.12	1.39
<b>EPS / (LPS) (cents)</b>	0.997	1.138	(0.806)	(0.919)
<b>Total debt / Total equity (%)</b>	47.73	54.87	13.72	16.11

**(2B) Off-Market Purchases made entirely out of capital and cancelled**

	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
As at 31 March 2014	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Share capital	382,253	320,195	382,253	320,195
Accumulated profits/ (losses)	28,296	28,296	(21,495)	(21,495)
Reserves	5,791	5,791	5,516	5,516
Non-controlling interests	1,245	1,245	-	-
Treasury Shares	-	-	-	-
<b>Total equity</b>	<b>417,585</b>	<b>355,527</b>	<b>366,274</b>	<b>304,216</b>
Current assets	479,211	417,153	158,706	104,405
Current liabilities	157,694	157,694	74,935	74,935
Working capital	321,517	259,459	83,771	21,713
Number of issued Shares (net of Treasury Shares)	2,863,514	2,577,163	2,863,514	2,577,163
Weighted average number of Shares (net of Treasury Shares)	2,321,858	2,035,507	2,321,858	2,035,507
<u>Financial ratios</u>				
<b>NAV /Share (cents)</b>	14.54	13.75	12.79	11.80
<b>Current ratio (times)</b>	3.04	2.65	2.12	1.29
<b>EPS / (LPS) (cents)</b>	0.997	1.138	(0.806)	(0.919)
<b>Total debt / Total equity (%)</b>	47.73	56.07	13.72	16.52

Shareholders should note that the financial effects set out above are purely for illustrative purposes and based only on historical numbers for FY2014 and the abovementioned assumptions, and are not representative of future financial performance. Although the proposed Share Buy-Back Mandate would authorise the Company to purchase or otherwise acquire up to ten per cent. (10%) of its total number of Shares (excluding Treasury Shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%) of its total number of Shares. In addition, the Company may cancel all or a part of the Shares purchased or acquired or hold all or part of the Shares purchased or acquired in treasury.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the proposed Share Buy-Back Mandate in their jurisdictions should consult their own professional advisers.

## 2.7 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back 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.

### 2.7.1 Obligation to make a Take-over Offer

**Pursuant to Appendix 2 of the Take-over Code**, if, as a result of any purchase or acquisition by the Company of its Shares, the resulting increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code.

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

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

### 2.7.2 Persons Acting in Concert

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

- (a) a company, its parent company, its subsidiaries, its fellow subsidiaries, and the associated companies of any of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, 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 of associated company status;
- (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 employees' 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 but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, 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 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 the directors 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 of the Take-over Code.

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

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a takeover offer under Rule 14 of the Take-Over Code if, as a result of the Company purchasing or acquiring Shares:

- (a) the voting rights of such Directors and their concert parties would increase to thirty per cent (30%) or more; or
- (b) in the event that such Directors and their concert parties hold between thirty per cent. (30%) and fifty 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.

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

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

- (a) the voting rights of such Shareholder would increase to thirty per cent. (30%) or more; or
- (b) if such Shareholder holds 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 12 authorising the proposed Share Buy-Back Mandate.**

Based on substantial shareholding notifications received by the Company under Division 4, Part IV of the Act as at the Latest Practicable Date, the Substantial Shareholders would not become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase or acquisition by the Company of the maximum limit of ten per cent. (10%) of its issued Shares as at the Latest Practicable Date.

**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 are advised to consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.**

## 2.8 Catalyst Rules

While the Catalyst Rules does not expressly prohibit purchase or acquisition of shares by a listed company during any particular time or times, the listed company would be considered an “insider” in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase or acquire any Shares pursuant to the proposed Share Buy-Back Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board of Directors until such time as such information has been publicly announced. In particular, in line with Rule 1204(19) of the Catalyst Rules, the Company will not purchase or acquire any Shares during the period of:

- (a) one (1) month immediately preceding the announcement of the Company’s half-year or full-year results, as the case may be, and ending on the date of announcement of the relevant results (if not required to announce quarterly financial statements); or
- (b) two (2) weeks immediately preceding the announcement of the Company’s quarterly results for each of the first three (3) quarters of its financial year.

The Company is required under Rule 723 of the Catalyst Rules to ensure that at least ten per cent (10%) of its Shares are held by the public at all times. The “**public**”, as defined under the Catalyst Rules, are persons other than the Directors, chief executive officer, Substantial Shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, approximately 800,714,202 Shares, representing approximately 27.96% of the issued Shares are held by the public. Assuming that the Company exercises the proposed Share Buy-Back Mandate in full and purchases or acquires ten per cent. (10%) of the Shares through Market Purchases from the public, the public float would be reduced to 514,346,074 Shares, representing approximately 17.96% of the issued share capital of the Company.

Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full ten per cent. (10%) limit pursuant to the proposed Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-Catalist, 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 adversely affect the orderly trading of Shares.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisition, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-Catalist, cause market illiquidity or adversely affect the orderly trading of the Shares.

## 2.9 Previous Share Buy-Backs

The Company has not undertaken any purchases or acquisitions of Shares during the twelve (12) months immediately preceding the Latest Practicable Date.

### 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 The interests of the Directors in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below.

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Neil Bush <sup>(2)</sup>	-	-	220,000,000	7.68
Tang Yigang @ Gordon Tang <sup>(3)</sup>	-	-	1,821,391,481	63.60
Chen Huaidan @ Celine Tang <sup>(4)</sup>	-	-	1,601,391,481	55.92
Yang Dehe <sup>(5)</sup>	-	-	237,000,000	8.28
Mao Jinshan	4,075,600	0.14	-	-
Gn Hiang Meng	-	-	-	-
David Hwang Soo Chin	500,000	0.02	-	-
Jason Lim Cheong Tiong	-	-	-	-

**Notes:**

- (1) Calculated as a percentage of the total number of issued Shares as at the Latest Practicable Date.
- (2) Mr. Neil Bush and his spouse are ultimate shareholders of New Palace Developments Limited ("NPDL"). It is assumed that NPDL is, or its directors are accustomed or under an obligation whether formal or informal to act in accordance with the directions, instructions or wishes of Mr. Neil Bush. NPDL owns 30% in Acquire Wealth Limited ("AWL") and accordingly, Mr. Neil Bush through NPDL is deemed to have an interest in the shares which AWL is interested in by virtue of Section 7 of the Act.
- (3) Mr. Tang Yigang @ Gordon Tang has a controlling interest in Haiyi Holdings Pte Ltd ("Haiyi"). He is therefore deemed to have interest in the shares which Haiyi is interested in by virtue of Section 7 of the Act. In addition, he owns 70% interest in AWL and accordingly he is also deemed to have interest in the shares which AWL is interested in by virtue of Section 7 of the Act.
- (4) Mdm Chen Huaidan @ Celine Tang is entitled to exercise or control the exercise of not less than 20% of the votes attached to the shares held by her in Haiyi. She is therefore deemed to have interest in the shares which Haiyi is interested in by virtue of Section 7 of the Act.
- (5) Mr. Yang Dehe has a controlling interest in Hai Run Pte. Ltd. He is a director of Hai Run Pte. Ltd. and is deemed to have interest in the shares held by Hai Run Pte. Ltd. by virtue of Section 7 of the Act.

3.2 The interests of the Substantial Shareholders in the issued share capital of the Company as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below.

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Haiyi Holdings Pte. Ltd.	1,601,391,481	55.92	-	-
Tang Yigang @ Gordon Tang <sup>(2)</sup>	-	-	1,821,391,481	63.60
Chen Huaidan @ Celine Tang <sup>(3)</sup>	-	-	1,601,391,481	55.92
Hai Run Pte. Ltd	237,000,000	8.28	-	-
Yang Dehe <sup>(4)</sup>	-	-	237,000,000	8.28
Yang Manlin <sup>(5)</sup>	-	-	237,000,000	8.28
Acquire Wealth Limited	220,000,000	7.68	-	-
New Palace Developments Limited <sup>(6)</sup>	-	-	220,000,000	7.68
Neil Bush <sup>(7)</sup>	-	-	220,000,000	7.68

**Notes:**

- (1) Calculated as a percentage of the total number of issued Shares as at the Latest Practicable Date.
- (2) Mr. Tang Yigang @ Gordon Tang has a controlling interest in Haiyi. He is therefore deemed interested in the shares held by Haiyi by virtue of Section 7 of the Companies Act. In addition, he owns 70% interest in AWL and accordingly he is also deemed to have interest in the shares which AWL is interested in by virtue of Section 7 of the Companies Act.
- (3) Mdm Chen Huaidan @ Celine Tang is entitled to exercise or control the exercise of not less than 20% of the votes attached to the shares held by her in Haiyi. She is therefore deemed interested in the shares held by Haiyi by virtue of Section 7 of the Companies Act.
- (4) Mr. Yang Dehe has a controlling interest in Hai Run Pte. Ltd. He is a director of Hai Run Pte. Ltd. and is deemed interested in the shares held by Hai Run Pte. Ltd by virtue of Section 7 of the Companies Act.
- (5) Ms. Yang Manlin is a substantial shareholder and director of Hai Run Pte. Ltd. and is deemed interested in the shares held by Hai Run Pte. Ltd. by virtue of Section 7 of the Companies Act.
- (6) NPDL owns 30% interest in AWL, and accordingly NPDL is deemed to have interest in the shares which AWL is interested in by virtue of Section 7 of the Companies Act.
- (7) Mr. Neil Bush and his spouse are ultimate shareholders of NPDL. It is assumed that NPDL is, or its directors are accustomed or under an obligation whether formal or informal to act in accordance with the directions, instructions or wishes of Mr. Neil Bush. Accordingly, Mr. Neil Bush is deemed to have an interest in the shares which NPDL is interested in by virtue of Section 7 of the Companies Act.

**4. DIRECTORS' RECOMMENDATION****4.1 Proposed Renewal of Share Buy-Back Mandate**

The Directors, having considered, *inter alia*, the rationale for the proposed Share Buy-Back Mandate, are of the opinion that the proposed Share Buy-Back Mandate is in the interests of the Company and, accordingly, recommend that Shareholders vote in favour of Resolution 12 in respect of the Share Buy-Back Mandate to be proposed at the AGM as set out in the Notice of AGM on pages 126 to 130 of the Annual Report.

**5. 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 Share Buy-Back Mandate and the Group, 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 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.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 81 Ubi Avenue 4, #02-20 UB One, Singapore 408830 during normal business hours from the date of this Appendix up to and including the date of the AGM:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 March 2014.

## 7. DEFINITIONS

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

<b>“2013 AGM”</b>	:	The annual general meeting of the Company held on 29 July 2013
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority
<b>“AGM”</b>	:	The forthcoming annual general meeting of the Company scheduled to be held on 25 July 2014
<b>“Articles”</b>	:	The Articles of Association of the Company, as amended from time to time
<b>“Associate”</b>	:	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  In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Companies Act” or “Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<b>“Controlling Shareholder”</b>	:	A person who (a) holds directly or indirectly 15% or more of the total number of issued shares excluding Treasury Shares in the Company (unless otherwise determined by the SGX-ST) or (b) in fact exercises control over the Company
<b>“Directors”</b>	:	The directors of the Company
<b>“EPS”</b>	:	Earnings per share
<b>“FY”</b>	:	Financial year ended or ending, 31 March, as the case may be
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Latest Practicable Date”</b>	:	17 June 2014, being the latest practicable date prior to the printing of this Appendix
<b>“Listing Manual”</b>	:	The Listing Manual (Section B: Rules of Catalist) of the SGX-ST, as amended or modified from time to time
<b>“LPS”</b>	:	Loss per share
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for securities trading
<b>“NAV”</b>	:	Net asset value

<b>“Relevant Period”</b>	:	The period commencing from the date on which the last annual general meeting of the Company was held and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date the resolution relating to the proposed Share Buy-Back Mandate is passed
<b>“Securities Account”</b>	:	Securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<b>“SGX-ST”</b>	:	The Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Persons who are for the time being registered as holders of the Shares in the Register of Members maintained by the Company, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
<b>“Share Buy-Back”</b>	:	The purchase or acquisition of Shares by the Company in accordance with the Companies Act
<b>“Share Buy-Back Mandate”</b>	:	The mandate to enable the Company to purchase or otherwise acquire its Shares
<b>“Shares”</b>	:	Issued and paid-up ordinary shares in the capital of the Company
<b>“Substantial Shareholder”</b>	:	A substantial Shareholder as defined under Section 81 of the Companies Act
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers
<b>“Total Debt”</b>	:	Total debt includes loans and borrowings and amounts due to non-controlling interests
<b>“Treasury Shares”</b>	:	Shares which: <ul style="list-style-type: none"> <li>(a) are purchased by the Company in circumstances in which Section 76H of the Companies Act applies; and</li> <li>(b) held by the Company continuously since the Treasury Shares are so purchased</li> </ul>
<b>“%”</b>	:	Per centum or percentage
<b>“S\$” and “cents”</b>	:	Singapore dollar and cents, respectively

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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

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

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