

APPENDIX DATED 23 OCTOBER 2015

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY AND CONSIDER IT IN ITS ENTIRETY.**

This Appendix is issued by Datapulse Technology Limited (the "**Company**"). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Appendix to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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

The approval-in-principle granted by the SGX-ST for the listing and quotation of the Consolidated Shares (as defined in this Appendix) on the official list of the SGX-ST arising from the Proposed Share Consolidation (as defined in this Appendix) is not an indication of the merits of the Proposed Share Consolidation, the Company, its subsidiaries, its associated companies, or the Consolidated Shares.



**DATAPULSE TECHNOLOGY LIMITED**

(Incorporated in the Republic of Singapore)  
Company Registration No. 198002677D

**APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING**

**IN RELATION TO:**

- (I) THE PROPOSED SHARE CONSOLIDATION OF EVERY THREE (3) ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AS AT A BOOK CLOSURE DATE TO BE DETERMINED BY THE DIRECTORS, INTO ONE (1) ORDINARY SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (II) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.**

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# DATAPULSE TECHNOLOGY LIMITED

(Incorporated in the Republic of Singapore)  
Company Registration No. 198002677D

## Directors:

Hee Theng Fong, *Non-Executive Chairman and Independent Director*  
Ng Cheow Chye, *Executive Deputy Chairman/Chief Executive Officer*  
Si Yok Fong @ Chin Yok Fong, *Executive Director*  
Ng Cheow Leng, *Executive Director*  
Hilary Quah Lam Seng, *Independent Non-Executive Director*  
Guok Chin Huat Samuel, *Independent Non-Executive Director*

## Registered Office:

15A Tai Seng Drive  
Datapulse Industrial Building  
Singapore 535225

23 October 2015

To: **The Shareholders of Datapulse Technology Limited**

Dear Sir/Mdm,

## 1. INTRODUCTION

The purpose of this Appendix is to provide shareholders of the Company ("**Shareholders**") with the relevant information and to seek Shareholders' approval at the annual general meeting ("**AGM**") to be held on 9 November 2015 for, *inter alia*:

- (i) the proposed consolidation of every three (3) ordinary shares in the capital of the Company ("**Shares**") held by Shareholders of the Company as at a book closure date to be determined (the "**Book Closure Date**") into one (1) Share (the "**Consolidated Share**"), fractional entitlements to be disregarded (the "**Proposed Share Consolidation**"); and
- (ii) the proposed renewal of the general mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate (the "**Share Purchase Mandate**").

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

## 2. THE PROPOSED SHARE CONSOLIDATION

### 2.1 BASIS FOR THE PROPOSED SHARE CONSOLIDATION

On 17 September 2015, the Company announced that it proposed to seek Shareholders' approval to undertake a share consolidation of every three (3) Shares as at the Book Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.

As at 9 October 2015, being the latest practicable date prior to despatch of this Appendix (the "**Latest Practicable Date**"), the Company has an issued and paid-up share capital of S\$32,991,936 comprising 659,724,000 Shares. Following the implementation of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S\$32,991,936 comprising 219,908,000 Consolidated Shares (subject to rounding).

**Shareholders should note that the number of Consolidated Shares which the Shareholders will be entitled to, based on their holdings of existing Shares as at the Book Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation shall be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.**

The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company. The Proposed Share Consolidation will also not involve the diminution of liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Company and its subsidiaries (the "**Group**"). Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding. For illustrative purposes, based on the

closing market price on the Latest Practicable Date on which the Shares were traded on the SGX-ST of S\$0.093, upon completion of the Proposed Share Consolidation, the theoretical share price of each Consolidated Share is S\$0.279.

## 2.2 RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

The SGX-ST had introduced, with effect from March 2015, a minimum trading price of S\$0.20 for Mainboard-listed stocks as a continuing listing requirement (the "MTP Requirement").

Pursuant to the MTP Requirement, issuers who are unable to record a 6-month volume weighted average price of its Shares of S\$0.20 or above at each of the quarterly review dates, which will first commence in March 2016, will be placed on the watch-list. Affected issuers who fail to take remedial actions during the cure period of 36 months may be delisted from the Mainboard of the SGX-ST.

Accordingly, the Board believes that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders in facilitating compliance with the MTP Requirement.

**However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the long-term.**

## 2.3 APPROVAL AND CONDITIONS

The Proposed Share Consolidation is subject to, *inter alia*,

- (a) the approval of Shareholders at the AGM to be convened to approve, *inter alia*, the Proposed Share Consolidation; and
- (b) the approval in-principle from the SGX-ST for the listing of and quotation for the Consolidated Shares arising from the Proposed Share Consolidation.

On 22 September 2015, the Company obtained the approval in-principle from the SGX-ST for the listing of and quotation for the Consolidated Shares on the Mainboard of the SGX-ST, subject to, *inter alia*,

- (a) Shareholders' approval being obtained at the AGM; and
- (b) compliance with the SGX-ST's listing requirements.

Approval in-principle granted by the SGX-ST for the listing of and quotation for up to 219,908,000 Consolidated Shares on the official list of the SGX-ST is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Company, its subsidiaries, and their securities.

## 2.4 UPDATING OF THE REGISTER OF SHAREHOLDERS AND DEPOSITORY REGISTER FOR THE CONSOLIDATED SHARES

If Shareholders at the AGM approve the Proposed Share Consolidation, Shareholders' entitlements to the Consolidated Shares will be determined on the Book Closure Date. The register of shareholders to be maintained by the Company pursuant to Section 190 of the Companies Act (the "Register of Shareholders") and the Depository Register (as defined in section 130A of the Companies Act (Singapore, Chapter 50)) will be updated to reflect the number of Consolidated Shares held by Shareholders on the **Market Day** (being a day on which the SGX-ST is open for trading in securities) immediately following the Book Closure Date.

- (a) *Deposit of Share Certificates with The Central Depository (Pte) Limited ("CDP")*

Shareholders who hold physical share certificates for the existing Shares in their own names (the "Old Share Certificates") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their securities accounts maintained with CDP (the "Securities Accounts") must deposit their Old Share Certificates, together with duly executed instruments of transfer in favour of CDP, no later than twelve (12) Market Days prior to the Book Closure Date.

After the Book Closure Date, CDP will only accept the deposit of share certificates for Consolidated Shares (the "New Share Certificates"). Shareholders who wish to deposit their Old Share Certificates with CDP after the Book Closure Date must first deliver the Old Share Certificates to the Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, for cancellation and issuance of New Share Certificates in replacement thereof as described below.

(b) *Issue of New Share Certificates*

Shareholders who have deposited their Old Share Certificates with CDP at least twelve (12) Market Days prior to the Book Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation.

**Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, as soon as possible after they have been notified of the Book Closure Date, for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within ten (10) Market Days from the Book Closure Date or the date of receipt of the Old Share Certificates, whichever is later.**

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Shareholders of the Company.

Shareholders shall deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above, only after the Company's announcement of the Book Closure Date.

(c) *Share Certificates not valid for settlement of trades on Mainboard*

Shareholders who hold physical share certificates are reminded that their Old Share Certificates are no longer valid for settlement of trading in the Shares (and the Consolidated Shares) on the SGX-ST (as the Company is under a book-entry (scripless) settlement system) but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar. The New Share Certificates will not be valid for delivery of trades done on the SGX-ST, though they will continue to be *prima facie* evidence of legal title.

## 2.5 TRADING ARRANGEMENTS FOR THE CONSOLIDATED SHARES AND ODD LOTS

(a) *Trading Arrangements for the Consolidated Shares*

Subject to the approval of the Proposed Share Consolidation by Shareholders at the AGM, with effect from 9.00 a.m. on the date falling two (2) Market Days before the Book Closure Date (the "**Effective Trading Date**"), trading in the Consolidated Shares will be in board lots of 100 Consolidated Shares. Accordingly, three (3) existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

(b) *Trading Arrangements for Odd Lots*

Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company.

The existing Shares are currently traded in board lots of 100 Shares in the ready market. Following the completion of the Proposed Share Consolidation, the Securities Accounts maintained with CDP of Shareholders (being Depositors (as defined in section 130A of the Companies Act (Singapore, Chapter 50))) may be credited with odd lots of the Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares).

Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade in odd lots on the SGX-ST should note that the unit share market is available to allow trading in odd lots with a minimum size of one (1) Consolidated Share on the SGX-ST. The unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying Consolidated Shares. Shareholders who hold odd lots may have to bear disproportionate transaction costs in trading their shares and may find difficulty in realising the fair market price of such Consolidated Shares.

## 2.6 FINANCIAL EFFECTS OF THE PROPOSED SHARE CONSOLIDATION

For illustration purposes only and on the basis of the following assumptions, the financial effects of the Proposed Share Consolidation on the Group and/or the Company are set out below:

- (a) the pro forma financial effects have been computed based on the Group's and the Company's audited financial statements for the financial period ended 31 July 2015; and
- (b) the pro forma financial effects of the Proposed Share Consolidation on the share capital, net tangible assets ("NTA") per Share and earnings per Share ("EPS") and gearing of the Group and/or the Company are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Group and/or the Company immediately after the completion of the Proposed Share Consolidation.

### 2.6.1 Share capital

	Group		Company	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Issued and paid up capital (\$\$)	32,991,936	32,991,936	32,991,936	32,991,936
Number of Shares	659,724,000	219,908,000	659,724,000	219,908,000

### 2.6.2 NTA

	Group		Company	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
NTA (\$\$)	49,103,175	49,103,175	48,990,396	48,990,396
Number of Shares	659,724,000	219,908,000	659,724,000	219,908,000
NTA per Share (\$\$) (cents)	7.44	22.33	7.43	22.28

### 2.6.3 EPS

	Group		Company	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Earnings attributable to Shareholders for the financial year ended 31 July 2015 (\$\$)	1,634,267	1,634,267	1,567,305	1,567,305
Weighted average number of shares for basic and diluted EPS	603,806,192	201,268,730	603,806,192	201,268,730
EPS – basic and diluted (cents)	0.27	0.81	0.26	0.78

### 2.6.4 Gearing

The Proposed Share Consolidation will not affect the gearing of the Company and the Group.

## 2.7 EFFECT OF THE PROPOSED SHARE CONSOLIDATION ON THE VOLUME WEIGHTED AVERAGE SHARE PRICE

For illustration purposes only, based on the 6-month volume weighted average share price (the “**6-month VWAP**”) of the Company of S\$0.121 for the period from 10 April 2015 to 9 October 2015, the theoretical 6-month VWAP as adjusted for the Proposed Share Consolidation is S\$0.363.

## 2.8 NOTICE OF BOOK CLOSURE DATE

The Book Closure Date for the purpose of determining Shareholders’ entitlements pursuant to the Proposed Share Consolidation will be as at a time and date to be determined by the Directors, and will be announced by the Company at a later date in due course.

## 3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

### 3.1 BACKGROUND

At the extraordinary general meeting of the Company held on 18 November 2014 (the “**2014 EGM**”), the Shareholders had approved the renewal of the Share Purchase Mandate (the “**2014 Mandate**”) to enable the Company to purchase or otherwise acquire issued Shares. The rationale for, the authority and limitations on, and the financial effects of, the 2014 Mandate were set out in the Company’s circular to Shareholders dated 31 October 2014.

The 2014 Mandate was expressed to take effect on the date of the passing of the ordinary resolution relating thereto at the 2014 EGM and expire on the date of the forthcoming annual general meeting of the Company, the date on which purchases of shares pursuant to the Share Purchase Mandate (“**Share Purchases**”) have been carried out to the full extent of the 2014 Mandate or until it is varied or revoked by an ordinary resolution of the Shareholders in general meeting (if so varied or revoked prior to the annual general meeting of the Company).

### 3.2 MANDATE

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 (Singapore, Chapter 50) and the listing manual of the SGX-ST (the “**Listing Manual**”) and such other laws and regulations as may, for the time being, be applicable.

If approved by Shareholders at the AGM, the authority conferred by the Share Purchase Mandate will continue to be in force until the next AGM of the Company (whereupon it will lapse, unless renewed at such meeting), until the date on which the purchase of Shares is carried out to the full extent mandated or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM of the Company), whichever is earlier (the “**Relevant Period**”).

### 3.3 RATIONALE FOR THE SHARE PURCHASE MANDATE

The proposed Share Purchase Mandate will give the Directors the flexibility to purchase or acquire the issued Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share Purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. Share Purchases will also allow the Directors greater flexibility over the Company’s share capital structure with a view to enhance the net tangible assets and/or earnings per Share.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that such purchase or acquisition would benefit the Company and the Shareholders. No purchase or acquisition of Shares will be made in circumstances which the Directors believe would have or may have a material adverse effect on the financial condition, liquidity, orderly trading of the Shares, and/or the working capital requirements of the Company and the Group.

### 3.4 AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisition of Shares by the Company under the Share Purchase Mandate, if renewed at the AGM, are as follows:

#### (a) *Maximum Number of Shares*

Only shares that are issued and fully-paid up may be purchased or acquired by the Company pursuant to the Share Purchase Mandate. The total number of Shares that may be purchased is limited to that number of Shares representing not more than ten percent (10%) of the issued Shares (excluding treasury shares) as at the date of the resolution passed by Shareholders approving the renewal of the Share Purchase Mandate (“**Approval Date**”), unless the Company has,

at any time during the Relevant Period, effected the Proposed Share Consolidation, in which event the total number of Shares that may be purchased shall be adjusted for the Proposed Share Consolidation.

**For illustrative purposes only**, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date of S\$32,991,936 comprising 659,724,000 Shares (excluding treasury shares), and assuming that no further Shares are issued and no Shares are purchased or acquired by the Company on or prior to the AGM, not more than 65,972,400 Shares (representing ten percent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

**For illustrative purposes only**, assuming the Proposed Share Consolidation has been completed, based on the issued and paid-up share capital of the Company immediately after completion of the Proposed Share Consolidation of S\$32,991,936 comprising 219,908,000 Consolidated Shares (subject to rounding and excluding treasury shares), and assuming that no further Shares are issued and no Shares are purchased or acquired by the Company on or prior to the AGM, not more than 21,990,800 Consolidated Shares (representing ten percent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

(b) *Duration of Authority*

Under the Share Purchase Mandate, Share Purchases may be made, at any time and from time to time, from the Approval Date up to the earliest of:

- (i) the conclusion of the next AGM or the date by which such AGM is required to be held;
- (ii) the date on which Share Purchases have been carried out to the full extent of the Share Purchase Mandate; or
- (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

(c) *Manner of Share Purchase*

Share Purchases may be made by way of:

- (i) on-market purchase(s) transacted through the SGX-ST's trading system or on another stock exchange on which Company's equity securities are listed ("**Market Purchases**"); or
- (ii) off-market purchase(s) in accordance with an equal access scheme as defined in Section 76C of the Companies Act (Singapore, Chapter 50) ("**Off-Market Purchases**").

The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Companies Act (Singapore, Chapter 50), the Listing Manual and the Memorandum and Articles of Association of the Company as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). An Off-Market Purchase must however, satisfy all of the following conditions:

- (i) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued 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:
  - (aa) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;
  - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
  - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

- (i) the terms and conditions of the offer;

- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Purchase;
- (iv) the consequences, if any, of Share Purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the “Take-over Code”) or other applicable take-over rules;
- (v) whether the Share Purchase, if made, could affect the listing of the Shares on the official list of the SGX-ST;
- (vi) details of any Share Purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

If and when circumstances permit, the Directors will decide whether to effect the Share Purchases via Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

(d) *Maximum Purchase Price*

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) to be paid by the Company for the Shares will be determined by the Directors and must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price (as defined hereinafter) of the Shares,

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

For the above purposes:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

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

### 3.5 STATUS OF PURCHASED SHARES

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as treasury shares to the extent permitted under the Companies Act (Singapore, Chapter 50). 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.

*Treasury Shares*

Pursuant to the Companies Act (Singapore, Chapter 50), the number of Shares held as treasury shares cannot at any time exceed ten percent (10%) of the total number of issued Shares.

Treasury shares will not confer upon the Company any right to attend or vote at meetings, nor any right to receive dividends and/or other distributions (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to members on a winding up). However, the allotment of treasury

shares as fully paid bonus shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller or greater amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

Treasury shares may be, *inter alia*, sold for cash, transferred for the purposes of or pursuant to an employee share option scheme, transferred as consideration for the acquisition of shares in or assets of another company or assets of another person, cancelled, or sold, transferred or otherwise used for such other purposes as may be prescribed by the Minister for Finance.

### 3.6 SOURCE OF FUNDS

The Company will use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of its Shares.

### 3.7 FINANCIAL EFFECTS OF THE SHARE PURCHASE MANDATE

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed Share Purchase Mandate on the net tangible asset value and earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act (Singapore, Chapter 50), and the amounts (if any) borrowed by the Company to fund the purchases.

The Companies Act (Singapore, Chapter 50) permits the Company to purchase its Shares out of the Company's capital or profits so long as the Company is solvent.

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for distribution of cash dividends by the Company.

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

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and Shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and Shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

**For illustrative purposes only** and on the basis of the following assumptions:

- (a) that the purchase or acquisition by the Company of up to 65,972,400 Shares, representing ten percent (10%) of its total number of issued Shares as at the Latest Practicable Date, was made on 1 August 2014;
- (b) that, in the case of Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S\$0.095 for each Share (being 105% of the Average Closing Price as at the Latest Practicable Date), and, in the case of Off-Market Purchases, Company purchased or acquired Shares at the Maximum Price of S\$0.112 for each Share (being 120% of the Highest Last Dealt Price as at the Latest Practicable Date);
- (c) that the purchase or acquisition of Shares by the Company, which required funds amounting to, in the case of Market Purchases, S\$6,267,378, and in the case Off-Market Purchases, S\$7,388,909, was financed entirely using its internal sources of funds; and
- (d) that the Singapore corporate tax rate applied was 17%,

the various financial effects of Share Purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for financial year ended 31 July 2015, are set out below:

Scenario	Type	Held as Treasury Shares/Cancelled
1(A)	Market Purchases	Held as treasury shares
1(B)	Market Purchases	Cancelled against capital
1(C)	Market Purchases	Cancelled against profits
2(A)	Off-Market Purchases	Held as treasury shares
2(B)	Off-Market Purchases	Cancelled against capital
2(C)	Off-Market Purchases	Cancelled against profits

### Market Purchases

#### *Pro-forma financial effects on the Group for scenarios of Share Purchases by the Company via Market Purchases*

	Per consolidated financial statements as at 31 July 2015 S\$'000	Pro-forma financial effects as at 31 July 2015 for scenario 1(A), 1(B) and 1(C)		
		1(A) S\$'000	1(B) S\$'000	1(C) S\$'000
Share capital	32,992	32,992	26,725	32,992
Revenue reserves (distributable)	15,132	15,132	15,132	8,865
Other reserves	(287)	(287)	(287)	(287)
Treasury shares	–	(6,267)	–	–
Shareholders' funds	47,837	41,570	41,570	41,570
Net tangible assets <sup>(1)</sup>	49,103	42,836	42,836	42,836
Current assets	35,222	28,955	28,955	28,955
Current liabilities	9,764	9,764	9,764	9,764
Working capital	25,458	19,191	19,191	19,191
Total liabilities	11,030	11,030	11,030	11,030
Cash and bank balances	31,975	25,708	25,708	25,708
Interest bearing borrowings	6,409	6,409	6,409	6,409
Number of Shares	659,724	593,752	593,752	593,752
<b>Financial Ratios</b>				
Net tangible assets <sup>(1)</sup> per Share (cents)	7.44	7.21	7.21	7.21
Earnings per Share (cents)	0.27	0.30	0.30	0.30
Gearing ratio <sup>(2)</sup> (times)	0.13	0.15	0.15	0.15
Current ratio <sup>(3)</sup> (times)	3.61	2.97	2.97	2.97

#### Notes:

<sup>(1)</sup> Net tangible assets equal Shareholders' funds excluding intangible assets and liabilities.

<sup>(2)</sup> Gearing ratio equals interest bearing borrowings divided by Shareholders' funds.

<sup>(3)</sup> Current ratio equals current assets divided by current liabilities

## Off-Market Purchases

### *Pro-forma financial effects on the Group for scenarios of Share Purchases by the Company via Off-Market Purchases*

	Per consolidated financial statements as at 31 July 2015 S\$'000	Pro-forma financial effects as at 31 July 2015 for scenario 2(A), 2(B) and 2(C)		
		2(A) S\$'000	2(B) S\$'000	2(C) S\$'000
Share capital	32,992	32,992	25,603	32,992
Revenue reserves (distributable)	15,132	15,132	15,132	7,743
Other reserves	(287)	(287)	(287)	(287)
Treasury shares	–	(7,389)	–	–
Shareholders' funds	47,837	40,448	40,448	40,448
Net tangible assets <sup>(1)</sup>	49,103	41,714	41,714	41,714
Current assets	35,222	27,833	27,833	27,833
Current liabilities	9,764	9,764	9,764	9,764
Working capital	25,458	18,069	18,069	18,069
Total liabilities	11,030	11,030	11,030	11,030
Cash and bank balances	31,975	24,586	24,586	24,586
Interest bearing borrowings	6,409	6,409	6,409	6,409
Number of Shares	659,724	593,752	593,752	593,752
<b>Financial Ratios</b>				
Net tangible assets <sup>(1)</sup> per Share (cents)	7.44	7.03	7.03	7.03
Earnings per Share (cents)	0.27	0.30	0.30	0.30
Gearing ratio <sup>(2)</sup> (times)	0.13	0.16	0.16	0.16
Current ratio <sup>(3)</sup> (times)	3.61	2.85	2.85	2.85

#### **Notes:**

<sup>(1)</sup> Net tangible assets equal Shareholders' funds excluding intangible assets and liabilities.

<sup>(2)</sup> Gearing ratio equals interest bearing borrowings divided by Shareholders' funds.

<sup>(3)</sup> Current ratio equals current assets divided by current liabilities

**Shareholders should note that the financial effects set out in this Section 3.7 are purely for illustrative purposes only. In particular, it is important to note that the above analyses are based on the financial statements for the financial year ended 31 July 2015 and are in no way indicative of the Group's real financial position or a forecast of the Group's financial figures.**

**Although the Share Purchase Mandate would authorise the Company to purchase up to ten percent (10%) of the Company's issued Shares as at the date the Share Purchase Mandate is obtained, the Company may not necessarily purchase or be able to purchase ten percent (10%) of the issued Shares in full. In addition, the Company may cancel all or part of the Share Purchases or hold all or part of the Share Purchases as treasury shares.**

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company and the Group. Share Purchases will only be effected after taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements of the Group) and non-financial factors (such as market conditions and performance of the Shares).

### 3.8 LISTING RULES

#### (a) *Dealings in securities*

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

#### (b) *Listing Status*

Rule 723 of the Listing Manual requires the Company to ensure that at least ten percent (10%) of its issued Shares (excluding treasury shares, preference shares, convertible equity securities) in a class that is listed is at all times held by the public. The Directors shall safeguard the interests of the “public” Shareholders (as defined in the Listing Manual), before undertaking any Share Purchases. Before exercising the Share Purchase Mandate, the Directors shall at all times take due cognisance of (a) the then shareholding spread of the Company in respect of the number of Shares held by substantial shareholders and by non-substantial shareholders; and (b) the volume of trading on the SGX-ST in respect of the Shares immediately before the exercise of any Share Purchase.

As at the Latest Practicable Date, 382,647,600 Shares, representing 58% of the issued share capital of the Company are held by the public.

**For illustrative purposes only**, assuming that the Company purchases its Shares through Market Purchases up to the full ten percent (10%) limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 316,675,200 Shares, representing 53% of the issued share capital of the Company.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Share Purchases up to the full ten percent (10%) limit pursuant to the Share Purchase Mandate without:

- (i) affecting adversely the listing status of the Shares on the SGX-ST;
- (ii) causing market illiquidity; or
- (iii) affecting adversely the orderly trading of Shares.

### 3.9 OBLIGATION TO MAKE A TAKE-OVER OFFER

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.

If, as a result of Share Purchases, a Shareholder’s proportionate interest in the voting capital of the Company increases, such an increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such an increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

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 Share Purchase by the Company are set out in Appendix 2 of the Take-over Code.

#### (a) *Effect of Rule 14 and Appendix 2 of the Take-over Code*

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 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to thirty percent (30%) or more, or, if such Shareholder holds between thirty percent (30%) and fifty percent (50%) of the Company’s voting rights, the voting rights of

such Shareholder would increase by more than one percent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the proposed renewal of the Share Purchase Mandate.

With regard to Directors and persons acting in concert with them, unless exempted pursuant to Rule 14 and Appendix 2 of the Take-over Code, if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to thirty percent (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty percent (30%) and fifty percent (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one percent (1%) in any period of six (6) months, such Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code.

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

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

(b) *Application of the Take-over Code*

The shareholdings of persons who have an interest or interests in voting Shares in the Company representing not less than five percent (5%) of all the voting Shares ("**Substantial Shareholders**") as at the Latest Practicable Date and after the purchase by the Company (other than from the Substantial Shareholders) of the maximum of ten percent (10%) of the issued share capital of the Company pursuant to the Share Purchase Mandate as the case may be, are as follows:

	Before Share Purchases			After Share Purchases		
	Number of Shares			Number of Shares		
	Direct Interest	Deemed Interest	Total % <sup>(1)</sup>	Direct Interest	Deemed Interest	Total % <sup>(2)</sup>
<b>Substantial Shareholders</b>						
Uniseraya Holdings Pte Ltd <sup>(3)</sup>	101,200,000	–	15.34	101,200,000	–	17.04
Ng Khim Guan <sup>(4)</sup>	500,000	101,200,000	15.42	500,000	101,200,000	17.13
Kwek Li Chien <sup>(4)</sup>	–	101,200,000	15.34	–	101,200,000	17.04
Ng Han Meng <sup>(5)</sup>	3,784,000	101,200,000	15.91	3,784,000	101,200,000	17.68
Ng Bie Tjin @ Djuniarti Intan <sup>(6)</sup>	3,944,400	101,200,000	15.94	3,944,400	101,200,000	17.71
Ng Cheow Chye	78,285,000	–	11.87	78,285,000	–	13.18
Lian Beng Group Ltd	65,000,000	–	9.85	65,000,000	–	10.95
Ong Sek Chong & Sons Pte Ltd <sup>(7)</sup>	–	65,000,000	9.85	–	65,000,000	10.95

**Notes:**

- (1) Based on the total issued share capital of the Company of 659,724,000 Shares as at the Latest Practicable Date.
- (2) Based on the total issued share capital of the Company of 593,751,600 Shares after purchase by the Company (other than from the Substantial Shareholders) of the maximum of ten percent (10%) of the issued share capital of the Company pursuant to the Share Purchase Mandate.
- (3) Uniseraya Holdings Pte Ltd's direct interest includes 30,000,000 Shares held by Singapore Nominees Private Limited as its nominee.
- (4) Mr. Ng Khim Guan and Ms. Kwek Li Chien's deemed interests arise from the 101,200,000 Shares in which Uniseraya Holdings Pte Ltd has an interest.
- (5) Mr. Ng Han Meng's direct interest includes 3,534,000 Shares held by Phillip Securities Pte Ltd, DBS Nominees Pte Ltd and CIMB Securities (Singapore) Pte Ltd, and his deemed interest arises from the 101,200,000 Shares in which Uniseraya Holdings Pte Ltd has an interest.
- (6) Ms. Ng Bie Tjin @ Djuniarti Intan's direct interest in 3,944,400 Shares is held by United Overseas Bank Nominees (Private) Limited and her deemed interest arises from the 101,200,000 Shares in which Uniseraya Holdings Pte Ltd has an interest.
- (7) Ong Sek Chong & Sons Pte Ltd's deemed interest arises from the 65,000,000 shares in which Lian Beng Group Ltd has an interest.

Based on the above shareholdings of Substantial Shareholders of the Company as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, in the event the Company undertakes Share Purchases of up to ten percent (10%) of the issued Shares of the Company as permitted under the Share Purchase Mandate, the shareholdings and voting rights of the substantial shareholders will remain below thirty percent (30%) of the issued share capital of the Company. Accordingly, none of the Substantial Shareholders of the Company would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

**Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Purchases pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Purchase Mandate is in force.**

### 3.10 TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company or who may be subject to tax whether in or outside Singapore should consult their own professional advisers.

### 3.11 SHARE PURCHASES TO DATE

There were no Share Purchases executed by the Company in the last twelve (12) months up to the Latest Practicable Date.

### 3.12 LIMITS ON SHAREHOLDINGS

The Company does not have any limits on the shareholdings of the Shareholders.

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors in the share capital of the Company as at the Latest Practicable Date are as follows:

	Direct		Deemed	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Executive Directors</b>				
Ng Cheow Chye	78,285,000	11.87	–	–
Si Yok Fong @ Chin Yok Fong	850,000	0.13	–	–
Ng Cheow Leng	–	–	–	–
<b>Non-Executive Directors</b>				
Hee Theng Fong	200,000	0.03	–	–
Hilary Quah Lam Seng	200,000	0.03	–	–
Guok Chin Huat Samuel	–	–	–	–

**Note:**

<sup>(1)</sup> Based on the total issued share capital of the Company of 659,724,000 Shares as at the Latest Practicable Date.

The interests of the Substantial Shareholders of the Company, as at the Latest Practicable Date, are disclosed in Section 3.9(b) above.

## 5. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the Proposed Share Consolidation and the proposed renewal of the Share Purchase Mandate are in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Share Consolidation and the proposed renewal of the Share Purchase Mandate to be proposed at the AGM.

## **6. ANNUAL GENERAL MEETING**

The AGM, notice of which has been announced on 23 October 2015, is being convened to be held at Furama Riverfront, Venus 1, Level 3, 405 Havelock Road, Singapore 169633, on 9 November 2015 at 2.00 p.m. (for the purpose of considering and, if thought fit, passing, *inter alia*, the ordinary resolutions relating to the Proposed Share Consolidation and the Proposed Share Purchase Mandate).

## **7. ACTION TO BE TAKEN BY SHAREHOLDERS**

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the proxy form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's Share Registrar Office, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, by not later than 2.00 p.m. on Saturday, 7 November 2015. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes.

## **8. 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 Consolidation, the proposed renewal of the Share Purchase 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 the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

## **9. INSPECTION OF DOCUMENTS**

The following documents may be inspected at the registered office of the Company at 15A Tai Seng Drive, Datapulse Industrial Building, Singapore 535225 during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the annual report of the Company for the financial year ended 31 July 2015; and
- (b) the Memorandum and the Articles of Association of the Company.

By Order of the Board

**Lim Jit Siew**  
*Chief Financial Officer/Company Secretary*

23 October 2015