

APPENDIX DATED 1 APRIL 2017

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

This Appendix is circulated to the shareholders (the **"Shareholders"**) of GSS Energy Limited (the **"Company"**, and together with its subsidiaries, the **"Group"**) together with the Company's annual report for the financial year ended 31 December 2016 (**"Annual Report 2016"**). Its purpose is to explain to the Shareholders the rationale and to provide information for the proposed renewal of Share Buy-Back Mandate (as defined herein), the proposed grant of Options (as defined herein) under the GSS Energy Limited Executives' Share Option Scheme (the **"GEL Scheme"**) to Mr. Yeung Kin Bond, Sydney, and the proposed amendments to the Constitution of the Company, to be tabled at the Annual General Meeting (**"AGM"**) to be held on 24 April 2017 at Blk 4012 Ang Mo Kio Ave 10 #05-01 Techplace 1 Singapore 569628 at 10.00 am.

The Notice of AGM (**"Notice"**) and a proxy form are enclosed with the Annual Report 2016.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2016 (including the Notice of AGM and the proxy form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund (**"CPF"**) monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

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

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (**"Sponsor"**), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) Listing Manual Section B: Rules of Catalist.

The Sponsor has not independently verified the contents of this Appendix including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this Appendix. This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr. Bernard Lui, at telephone no. (65) 6389 3000; email address bernard.lui@morganlewis.com.



GSS ENERGY LIMITED

(Company Registration Number: 201432529C)
(Incorporated in the Republic of Singapore)

APPENDIX

TO THE NOTICE OF AGM DATED 1 APRIL 2017

IN RELATION TO

- (1) THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE**
- (2) THE PROPOSED GRANT OF OPTIONS UNDER THE GEL SCHEME TO MR. YEUNG KIN BOND, SYDNEY, THE GROUP CHIEF EXECUTIVE OFFICER, WHO IS ALSO AN EXECUTIVE DIRECTOR AND A CENTROLLING SHAREHOLDER OF THE COMPANY**
- (3) THE PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY**

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DEFINITIONS

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

- “AGM”** : Annual General Meeting of the Company. Unless the context otherwise requires, **“AGM”** shall refer to the AGM of the Company to be held on 24 April 2017 at Blk 4012 Ang Mo Kio Ave 10 #05-01 Techplace 1 Singapore 569628 at 10.00 am
- “Annual Report 2016”** : The Company’s annual report for the financial year ended 31 December 2016
- “Appendix”** : This appendix to the Notice
- “Associate”** : (a) In relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:-
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and
- (b) 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 company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board”** : The board of Directors of the Company as at the date of this Appendix
- “CDP”** : The Central Depository (Pte) Limited
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules”** : The SGX-ST’s Listing Manual Section B: Rules of Catalist, as may be amended, varied or supplemented from time to time
- “Committee”** : The committee of Directors duly authorised and appointed by the Board to administer the GEL Scheme, and which presently comprises all the members of the remuneration committee of the Company and Yeung Kin Bond, Sydney, the Group Chief Executive Officer and an Executive Director
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
- “Constitution”** : The Constitution of the Company (being the constitutive document of the Company, which was previously known as the memorandum and articles of association), as amended, supplemented or modified from time to time

DEFINITIONS

“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises Control over the company
“CPF”	:	Central Provident Fund
“Date of Grant”	:	The date on which an Option is granted to a Participant pursuant to the GEL Scheme
“Directors”	:	The directors of the Company as at the date of this Appendix
“Employee”	:	A confirmed full-time employee of the Group (including an Executive Director) who is selected by the Committee to participate in the GEL Scheme
“EPS”	:	Earnings per Share
“Executive Director”	:	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function
“FY” or “Financial Year”	:	Financial year ended or ending 31 December, as the case may be
“GEL Scheme”	:	The GSS Energy Limited Share Option Scheme, as approved by Shareholders of the Company at an AGM held on 22 April 2016
“Group”	:	The Company and its subsidiaries, collectively
“Latest Practicable Date”	:	24 March 2017, being the latest practicable date prior to the printing of this Appendix
“Legislative Amendments”	:	The Companies (Amendment) Act 2014 which was passed in the Parliament of Singapore on 8 October 2014 and took effect in two (2) phases on 1 July 2015 and 3 January 2016, respectively
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Price”	:	The average of the last dealt prices for a Share, as determined by reference to the daily Official List (as defined in the Catalist Rules) published by the SGX-ST for a period of five (5) consecutive trading days immediately preceding the Offering Date of that Option, provided always that in the case of a Market Day on which the Shares of the Company are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediate preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices
“Non-Executive Director”	:	A director of the Company and/or its subsidiaries, as the case may be, other than an Executive Director

DEFINITIONS

“ Notice ”	:	The Notice of AGM dated 1 April 2017
“ NTA ”	:	Net tangible assets
“ Offering Date ”	:	The date on which the offer of the grant of an Option is made pursuant to the rules of the GEL Scheme
“ Options ”	:	The right to subscribe for Shares granted pursuant to the rules of the GEL Scheme
“ Participants ”	:	The holder of an Option
“ Securities Account ”	:	A securities account maintained by a Depositor with CDP, but does not include a securities account maintained with a Depository Agent
“ Securities and Futures Act ”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“ SGX-ST ”	:	Singapore Exchange Securities Trading Limited
“ Shares ”	:	Ordinary shares in the capital of the Company
“ Shareholders ”	:	Registered holders of Shares, except that where the registered holder is the CDP, the term “ Shareholder ” shall, in relation to those Shares, mean the Depositors whose Securities Accounts are credited with Shares
“ Share Buy-Back ”	:	The purchase or acquisition by the Company of its own Shares pursuant to the Share Buy-Back Mandate
“ Share Buy-Back Mandate ”	:	The general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
“ Sponsor ”	:	Stamford Corporate Services Pte. Ltd.
“ Substantial Shareholder ”	:	A Shareholder who has an interest in not less than 5% of the issued Shares, as defined under section 81 of the Companies Act
“ Take-over Code ”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“ S\$ ” and “ cents ”	:	Dollars and cents respectively of the currency of Singapore
“ % ”	:	Per centum or percentage

The terms “**Depositors**”, “**Depository**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in section 81SF of the Securities and Futures Act.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

DEFINITIONS

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

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

LETTER TO SHAREHOLDERS

GSS ENERGY LIMITED

(Company Registration Number: 201432529C)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr. Kuek Eng Chye, Anthony (Non-Executive Chairman and Independent Director)
Mr. Yeung Kin Bond, Sydney (Executive Director and Group Chief Executive Officer)
Mr. Ng Say Tiong (Executive Director)
Mr. Suyulianto Badung Tariono (Executive Director)
Mr. Glenn Fung Kau Lee (Non-Executive Director)
Mr. Chee Sanford (Non-Executive and Independent Director)

Registered Office:

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

1 April 2017

To: The Shareholders of GSS Energy Limited

Dear Sir/Madam

- (1) **PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**
- (2) **PROPOSED GRANT OF OPTIONS UNDER THE GEL SCHEME TO MR. YEUNG KIN BOND, SYDNEY, THE GROUP CHIEF EXECUTIVE OFFICER, WHO IS ALSO AN EXECUTIVE DIRECTOR AND A CONTROLLING SHAREHOLDER OF THE COMPANY**
- (3) **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY**

1. INTRODUCTION

1.1. Annual General Meeting

Reference is made to the Notice of AGM of the Company dated 1 April 2017, accompanying the Annual Report of the Company for the financial year ended 31 December 2016, convening the AGM of the Company which is scheduled to be held on 24 April 2017 and the Special Resolution in relation to the proposed amendments to the Constitution, under the heading "Special Business" set out in the Notice.

1.2. Purpose of this Appendix

The purpose of this Appendix is to explain to the Shareholders the rationale and to provide information for the proposed renewal of the Share Buy-Back Mandate, the proposed grant of Options under GEL Scheme to Mr. Yeung Kin Bond, Sydney, and the proposed amendments to the Constitution of the Company, to be tabled at the AGM to be held on 24 April 2017 at Blk 4012 Ang Mo Kio Ave 10 #05-01 Techplace 1 Singapore 569628 at 10.00 am.

The Sponsor and the SGX-ST take no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

LETTER TO SHAREHOLDERS

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

2.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the Constitution. 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 and the Catalist Rules and such other laws and regulations as may for the time being be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares.

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting. In this regard, the Shareholders had approved the Share Buy-Back Mandate at the AGM held on 22 April 2016 (the “**2016 Mandate**”). The 2015 Mandate is expiring on 24 April 2017, being the date of the forthcoming AGM.

Accordingly, the Company is seeking approval from Shareholders at the AGM for the proposed renewal of the Share Buy-Back Mandate at the forthcoming AGM. If approved by Shareholders at the AGM, the authority conferred by the Share Buy-Back Mandate will continue to be in force until the next AGM of the Company (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM).

2.2 Rationale for the Share Buy-Back Mandate

The proposed renewal of the Share Buy-Back Mandate would give the Company the flexibility to undertake buy-backs of the Shares at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force. Share Buy-Backs at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Further, amongst others, Share Buy-Backs 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. The Directors also expect that Share Buy-Backs may help mitigate against short term volatility of the Company's share price and offset the effects of short term speculation. Share Buy-Backs will also allow the Directors greater control over the Company's share capital structure, dividend payout and cash reserves.

Share Buy-Backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share of the Company and the Group.

Shareholders should note that Share Buy-Backs will only be made when the Directors believe that such purchases or acquisitions would benefit the Company and its Shareholders and would not have a material adverse effect on the financial position of the Company.

2.3 Terms of the Share Buy-Back Mandate

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

(a) 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 is limited to that number of Shares representing not more than 10% of the issued share capital of the Company (excluding treasury shares), ascertained as at the date of the AGM at which the Share Buy-Back Mandate is approved (“**Approval Date**”), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions

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of the Companies Act, at any time during the relevant period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered (excluding treasury shares that may be held by the Company from time to time). For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company of 496,158,657 Shares (excluding any treasury shares) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 49,615,865 Shares (representing approximately 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earlier of:

- (i) the date on which the next AGM of the Company is held or required by law or the Constitution to be held;
- (ii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting; or
- (iii) the date on which the Share Buy-Back is carried out to the full extent mandated.

The Share Buy-Back Mandate may be renewed at each AGM or other general meeting of the Company.

(c) Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of, *inter alia*:

- (i) on-market purchases (“**Market Purchase**”), transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Catalist Rules.

The Directors may impose such terms and conditions, which are consistent with the Share Buy-Back Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase of issued Shares shall be made to every person who holds issued Shares to purchase the same percentage of their issued Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

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- (iii) the terms of the offers are the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that offers may 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 Catalist Rules provide 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 Buy-Back;
 - (iv) the consequences, if any, of Share Buy-Backs by the Company that will arise under the Take-over Code or other applicable takeover rules;
 - (v) whether the Share Buy-Back, if made, would have any effect on the listing of the Shares on the SGX-ST;
 - (vi) details of any Share Buy-Backs (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme) made by the Company in the previous 12 months, giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (vii) whether the shares purchased by the Company will be cancelled or kept as treasury shares.
- (d) Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors 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 pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter) of the Shares,

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

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

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“**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 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.

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

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury 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.

(c) Disposal and Cancellation

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

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

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In addition, under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued Shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds for Share Buy-Back

In purchasing Shares under the Share Buy-Back Mandate, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. The Company may not buy Shares on Catalist for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Catalist Rules. Share Buy-Backs by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**");
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits available for the distribution of cash dividends by the total amount of the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits available for the distribution of cash dividends proportionately by the total amount of the Purchase Price.

The Company may use internal resources and/or external borrowings to fund purchases of Shares pursuant to the Share Buy-Back Mandate.

The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.7 Financial Effects of the Share Buy-Back Mandate

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2016 and are not necessarily representative of future financial performance of the Group. Although the proposed Share Buy-Back Mandate would authorise the Company to buy-back up to 10% of the Company's issued Shares, the Company may not necessarily buy-back or be able to buy-back 10% of the issued Shares in full.

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy-Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. The purchase price paid by the Company for the

LETTER TO SHAREHOLDERS

Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buy-Back Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group. The financial effects presented in this section of the Appendix are based on the assumptions set out below:

(a) Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued share capital of the Company comprised 496,158,657 Shares (excluding any treasury shares).

(b) Illustrative Financial Effects

Purely for illustrative purposes, on the basis of 496,158,657 Shares (excluding any treasury shares) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of approximately 10% of its issued Shares will result in the purchase of 49,615,865 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 49,615,865 Shares at the Maximum Price of S\$0.185 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 49,615,865 Shares is approximately S\$9.18 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 49,615,865 Shares at the Maximum Price of S\$0.211 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 49,615,865 Shares is approximately S\$10.47 million.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

- (i) the Share Buy-back Mandate had been effective on 1 January 2016;
- (ii) the Share purchases are funded solely by internal cash of the Group; and
- (iii) transaction costs incurred during the Share Buy-Back pursuant to the Share Buy-back Mandate are assumed to be insignificant and have thus been ignored for the purpose of computing the financial effects,

the financial effects of:

- (aa) the acquisition of 10% of the issued shares of the Company by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and held as treasury shares ("**Scenario A**"); and
- (bb) the acquisition of 10% of the issued shares of the Company by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and cancelled ("**Scenario B**"),

LETTER TO SHAREHOLDERS

on the audited consolidated financial results of the Group and the Company for FY2016, are set out below:

Scenario A – Purchases made entirely out of capital and held as treasury shares

<u>As at 31 December 2016</u>	Group			
	Market Purchase		Off-Market Purchase	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
Profit attributable to owners of the Company	13,461	13,461	13,461	13,461
Share Capital	58,522	58,522	58,522	58,522
Accumulated Losses	(21,535)	(21,535)	(21,535)	(21,535)
Translation Reserve	119	119	119	119
Other Reserve	870	870	870	870
Treasury Shares	–	(9,179)	–	10,469
Shareholders' Equity	37,976	28,797	37,976	27,507
Non-controlling Interest	(85)	(85)	(85)	(85)
Total Equity ⁽¹⁾	37,891	28,712	37,891	27,422
NTA ⁽²⁾	37,855	28,676	37,855	27,386
Current Assets	45,156	35,977	45,156	34,687
Current Liabilities	(18,255)	(18,255)	(18,255)	(18,255)
Working Capital	26,901	17,722	26,901	16,432
Total Borrowings	114	114	114	114
Cash and Cash Equivalents	15,536	6,357	15,536	5,067
Net Debt ⁽³⁾	Net Cash	Net Cash	Net Cash	Net Cash
Number of Shares as at 31 December 2016 ('000)	496,159	446,543	496,159	446,543
Weighted average number of Shares as at 31 December 2016 ('000)	496,159	446,543	496,159	446,543
Financial Ratios				
NTA per Share (cents) ⁽²⁾	7.63	6.42	7.63	6.13
Gearing Ratio (times) ⁽⁴⁾	–	–	–	–
Current Ratio (times) ⁽⁵⁾	2.47	1.97	2.47	1.90
Basic EPS (cents) ⁽⁶⁾	2.71	3.01	2.71	3.01

Notes:

- (1) Total Equity equals Shareholders' Equity plus non-controlling interests.
- (2) NTA equals Total Equity less intangible assets and non-controlling interests. NTA per Share equals NTA divided by the number of shares as at 31 December 2016.
- (3) Net Debt means total borrowings less cash and cash equivalents.
- (4) Gearing Ratio equals Net Debt divided by Total Equity.
- (5) Current Ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals profit attributable to owners of the company divided by the weighted average number of shares as at 31 December 2016.

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As at 31 December 2016	Company			
	Market Purchase		Off-Market Purchase	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000
Loss attributable to owners of the Company	(1,916)	(1,916)	(1,916)	(1,916)
Share Capital	58,522	58,522	58,522	58,522
Accumulated Losses	(27,947)	(27,947)	(27,947)	(27,947)
Treasury Shares	–	(9,179)	–	(10,469)
Shareholders' Equity	30,575	21,396	30,575	20,106
Total Equity ⁽¹⁾	30,575	21,396	30,575	20,106
NTA ⁽²⁾	30,575	21,396	30,575	20,106
Current Assets	536	536	536	536
Current Liabilities	(4,192)	(13,371)	(4,192)	(14,661)
Working Capital	(3,656)	(12,835)	(3,656)	(14,125)
Total Borrowings	–	–	–	–
Cash and Cash Equivalents	527	527	527	527
Net Debt ⁽³⁾	Net Cash	Net Cash	Net Cash	Net Cash
Number of Shares as at 31 December 2016 ('000)	496,159	446,543	496,159	446,543
Weighted average number of Shares as at 31 December 2016 ('000)	496,159	446,543	496,159	446,543
<u>Financial Ratios</u>				
NTA per Share (cents) ⁽²⁾	6.16	4.79	6.16	4.50
Gearing Ratio (times) ⁽⁴⁾	–	–	–	–
Current Ratio (times) ⁽⁵⁾	0.13	0.04	0.13	0.04
Basic EPS (cents) ⁽⁶⁾	(0.39)	(0.43)	(0.39)	(0.43)

Notes:

- (1) Total Equity equals Shareholders' Equity plus non-controlling interests.
- (2) NTA equals Total Equity less intangible assets. NTA per Share equals NTA divided by the number of shares as at 31 December 2016.
- (3) Net Debt means total borrowings less cash and cash equivalents.
- (4) Gearing Ratio equals Net Debt divided by Total Equity.
- (5) Current Ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals loss attributable to owners of the company divided by the weighted average number of shares as at 31 December 2016

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Scenario B – Purchases made entirely out of capital and cancelled

<u>As at 31 December 2016</u>	Group			
	Market Purchase		Off-Market Purchase	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
Profit attributable to owners of the Company	13,461	13,461	13,461	13,461
Share Capital	58,522	49,343	58,522	48,053
Accumulated Losses	(21,535)	(21,535)	(21,535)	(21,535)
Translation Reserve	119	119	119	119
Other Reserve	870	870	870	870
Shareholders' Equity	37,976	28,797	37,976	27,507
Non-controlling Interest	(85)	(85)	(85)	(85)
Total Equity ⁽¹⁾	37,891	28,712	37,891	27,422
NTA ⁽²⁾	37,855	28,676	37,855	27,386
Current Assets	45,156	35,977	45,156	34,687
Current Liabilities	(18,255)	(18,255)	(18,255)	(18,255)
Working Capital	26,901	17,772	26,901	16,432
Total Borrowings	114	114	114	114
Cash and Cash Equivalents	15,536	6,357	15,536	5,067
Net Debt ⁽³⁾	Net Cash	Net Cash	Net Cash	Net Cash
Number of Shares as at 31 December 2016 ('000)	496,159	446,543	496,159	446,543
Weighted average number of Shares as at 31 December 2016 ('000)	496,159	446,543	496,159	446,543
<u>Financial Ratios</u>				
NTA per Share (cents) ⁽²⁾	7.63	6.42	7.63	6.13
Gearing Ratio (times) ⁽⁴⁾	–	–	–	–
Current Ratio (times) ⁽⁵⁾	2.47	1.97	2.47	1.90
Basic EPS (cents) ⁽⁶⁾	2.71	3.01	2.71	3.01

Notes:

- (1) Total Equity equals Shareholders' Equity plus non-controlling interests.
- (2) NTA equals Total Equity less intangible assets and Minority Interest. NTA per Share equals NTA divided by the number of shares as at 31 December 2016.
- (3) Net Debt means total borrowings less cash and cash equivalents.
- (4) Gearing Ratio equals Net Debt divided by Total Equity.
- (5) Current Ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals profit attributable to owners of the company divided by the weighted average number of shares as at 31 December 2016.

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As at 31 December 2016	Company			
	Market Purchase		Off-Market Purchase	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000
Loss attributable to owners of the Company	(1,916)	(1,916)	(1,916)	(1,916)
Share Capital	58,522	49,343	58,522	48,053
Accumulated Losses	(27,947)	(27,947)	(27,947)	(27,947)
Shareholders' Equity	30,575	21,396	30,575	20,106
Total Equity ⁽¹⁾	30,575	21,369	30,575	20,106
NTA ⁽²⁾	30,575	21,396	30,575	20,106
Current Assets	536	536	536	536
Current Liabilities	(4,192)	(13,371)	(4,192)	(14,661)
Working Capital	(3,656)	(12,835)	(3,656)	(14,125)
Total Borrowings	–	–	–	–
Cash and Cash Equivalents	527	527	527	527
Net Debt ⁽³⁾	Net Cash	Net Cash	Net Cash	Net Cash
Number of Shares as at 31 December 2016 ('000)	496,159	446,543	496,159	446,543
Weighted average number of Shares as at 31 December 2016 ('000)	496,159	446,543	496,159	446,543
Financial Ratios				
NTA per Share (cents) ⁽²⁾	6.16	4.79	6.16	4.50
Gearing Ratio (times) ⁽⁴⁾	–	–	–	–
Current Ratio (times) ⁽⁵⁾	0.13	0.04	0.13	0.04
Basic EPS (cents) ⁽⁶⁾	(0.39)	(0.43)	(0.39)	(0.43)

Notes:

- (1) Total Equity equals Shareholders' Equity plus non-controlling interests.
- (2) NTA equals Total Equity less intangible assets. NTA per Share equals NTA divided by the number of shares as at 31 December 2016.
- (3) Net Debt means total borrowings less cash and cash equivalents.
- (4) Gearing Ratio equals Net Debt divided by Total Equity.
- (5) Current Ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals loss attributable to owners of the company divided by the weighted average number of shares as at 31 December 2016.

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The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buy-Back Mandate will be exercised with a view to enhance the EPS and/or NAV per Share of the Group.

Shareholders should note that the financial effects set out above, based on the respective aforesaid assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Group for FY2016, and is not representative of the future financial performance of the Group.

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or otherwise acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share Buy-Back before execution.

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of a share buy-back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.9 Catalyst Rules

As at the Latest Practicable Date, approximately 68.57% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 66.26%.

The Directors will use their best efforts to ensure that the Company does not effect Share Buy-Backs if the same would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

Under the Catalyst Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in section 2.3(d) of this Appendix, conforms to this restriction.

Additionally, the Catalyst Rules also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

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

The notification of such purchase or acquisition 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 to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

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While the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two (2) weeks before the announcement of the Company’s financial statements for each of the first three quarters of its Financial Year, or one (1) month immediately preceding the announcement of the Company’s annual full-year results respectively.

2.10 Take-Over Obligations

(a) Obligation to make a Take-over Offer

Pursuant to the Take-over Code, an increase of a Shareholder’s proportionate interest in the voting rights of the Company resulting from a share buy-back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”).

Under Rule 14, 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 six (6) months.

(b) Persons Acting in Concert

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

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

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

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

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

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

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

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

The Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholders are, or may be regarded as parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a Share Buy-Back.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the proposed Share Buyback Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity before they acquire any Shares in the Company during the period when the proposed Share Buy-Back Mandate is in force.

2.11 Details of the Shares bought by the Company in the previous 12 months

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

2.12 Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase of Shares on Catalist or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including inter alia, details of the purchase,

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the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

3. THE PROPOSED GRANT OF OPTIONS UNDER THE GEL SCHEME TO MR. YEUNG KIN BOND, SYDNEY, THE GROUP CHIEF EXECUTIVE OFFICER, WHO IS ALSO AN EXECUTIVE DIRECTOR AND A CONTROLLING SHAREHOLDER OF THE COMPANY

3.1 Background

The Company is proposing to seek Shareholders' approval for the Proposed Grant of Options under the GEL Scheme to Mr. Yeung Kin Bond, Sydney, the Group Chief Executive Officer, who is also an Executive Director and a Controlling Shareholder of the Company.

At the AGM of the Company held on 22 April 2016, Shareholders adopted the GEL Scheme to provide an opportunity for Employees to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance.

3.2 Options granted

On 28 February 2017, the Company granted an aggregate of 47,200,000 Options under the GEL Scheme to certain Directors of the Company, which includes 7,400,000 Options to be granted to Mr Yeung Kin Bond, Sydney, the Group Chief Executive Officer, who is also an Executive Director and a Controlling Shareholder of the Company, subject to independent Shareholders' approval being obtained in the next shareholders' meeting to be held not later than 30 April 2017.

Save for the above, the Company has not granted any options under the GEL Scheme.

3.3 Rationale for participation by a Controlling Shareholder in the GEL Scheme

The key objectives of the proposed GEL Scheme are to motivate key executives (including Directors and Employees) to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that the proposed GEL Scheme may be more effective than cash bonuses in motivating employees to work towards pre-determined targets and/or to put in their best efforts whilst at the same time allowing the Company to offer competitive incentives and remuneration packages.

To this end, key executives including the Controlling Shareholders and their Associates shall be treated equally as the Controlling Shareholders and their Associates are important to the development and success of the Group. As such, regardless of whether they are Controlling Shareholders or Associates of Controlling Shareholders, the Company's view is that all deserving and eligible participants should be equally entitled to take part and benefit from the Company's fair and equitable system of remuneration.

Although the Controlling Shareholders and their Associates may already have shareholding interests in the Company, the extension of the GEL Scheme to include them ensures that they are similarly entitled, with the other eligible employees of the Group who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. The Directors are of the view that the Company should have a fair and equitable system to reward the eligible persons who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or their Associates.

In terms of the basis for determining the quantum of Options to be granted to each Controlling Shareholder and/or Associate of a Controlling Shareholder, factors which will be taken into account include the designation, capability, experience, skills, expertise, scope of responsibility and years of service of the Participant as well as his overall past and potential contributions to the growth and development of the Group.

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3.4 Independent Shareholders' Approval

Pursuant to Rule 852 of the Catalist Rules, Controlling Shareholders or their Associates may participate in the GEL Scheme provided that their participation and the actual number of Shares and terms of any Options to be granted to them, have been approved by the independent Shareholders at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation; and (ii) the actual number of Shares and terms of any Options to be granted to him.

3.5 Rationale for Participation by Mr. Yeung Kin Bond, Sydney in the GEL Scheme and the Grant of Options to Mr. Yeung Kin Bond, Sydney

Mr. Yeung Kin Bond, Sydney, the Group Chief Executive Officer and an Executive Director and Controlling Shareholder of the Group, has provided valuable insights in management and Board decisions, drawing from his wealth of experience and business acumen. He is responsible for overall future planning and corporate direction of the Group and has been instrumental in the overall growth and business development of the Group.

The Company recognises that Mr. Yeung Kin Bond, Sydney plays an integral roll in driving the strategic direction of the Group. Granting of Options to him to participate in GEL Scheme will spur him to continue to further contribute to the future growth, profitability and development of the Group over a longer horizon.

Mr. Yeung Kin Bond, Sydney's participation in the GEL Scheme is consistent with the Company's objectives to motivate its key employees to achieve and maintain a high level of performance and contribution which is vital for the success of the Group. It will also ensure that Mr. Yeung Kin Bond, Sydney is similarly entitled, with the other eligible employees of the Group who are not Controlling Shareholders or their Associates, to take part in and benefit from this system or remuneration, thereby enhancing his long-term commitment to the Group.

Mr. Yeung Kin Bond, Sydney is deemed to have an interest in the 89,275,000 Shares held by Roots Capital Asia Limited, which represents approximately 17.99% of the total number of issued Shares. As such, Mr. Yeung Kin Bond, Sydney is a Controlling Shareholder for the purposes of the GEL Scheme and his participation in the same is subject to the approval of independent Shareholders.

3.6 Proposed Grant of Options to Mr. Yeung Kin Bond, Sydney

As announced on 28 February 2017, the proposed grant of Options to Mr. Yeung Kin Bond, Sydney, on the terms set out below, are subject to independent Shareholders' approval to be obtained at the AGM.

- (a) Date of grant : 27 February 2017
- (b) Exercise price of Options : S\$0.09856 per Option, being a 20% discount to the Market Price set out below in (d).
- (c) Number of Options granted : 7,400,000 Discount Options
- (d) Market Price of the Company's securities on the date of grant : S\$0.1232
- (e) Validity period of Options : Exercisable after the second anniversary of the date of grant.

The Options shall be exercised before the fifth anniversary of the date of grant, failing which all unexercised Options shall immediately lapse and become null and void.

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In compliance with the requirements of the Catalist Rules, the aggregate number of Shares for which Options may be granted on any date under the GEL Scheme, when added to the number of Shares issued and/or issuable in respect of:

- (i) all Options granted under the GEL Scheme; and
- (ii) all Shares, options or awards granted under any other share option scheme or share scheme of the Company then in force (if any),

shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares) on the day immediately preceding that date. Furthermore, the aggregate number of Shares over which Options may be granted under the GEL Scheme to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the GEL Scheme, and the number of Shares over which an Option may be granted under the GEL Scheme to each Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the GEL Scheme.

As at the Latest Practicable Date, the Company has 496,158,657 Shares and no Options have been granted under the GEL Scheme. Accordingly, based on the rules of the GEL Scheme, as at the Latest Practicable Date, the maximum number of Shares that may be issued pursuant to Options under the GEL Scheme is 74,423,798.

Accordingly, the maximum number of Shares comprised in the Options that can be granted to Mr. Yeung Kin Bond, Sydney is 7,442,379.

4. THE PROPOSED AMENDMENTS TO THE CONSTITUTION

4.1. Background

The Companies (Amendment) Act 2014 (i.e. the Legislative Amendments) which was passed in the Parliament of Singapore on 8 October 2014 and took effect in two (2) phases on 1 July 2015 and 3 January 2016, respectively, introduced wide-ranging changes to the Companies Act. The Legislative Amendments aim to reduce regulatory burden on companies, provide for greater business flexibility and improve the corporate governance landscape in Singapore.

The key changes include the introduction of a multiple-proxies regime to enfranchise indirect investors and CPF investors, provisions to facilitate the electronic transmission of notices and documents, and the merging of the memorandum and articles of association of a company into one document called the “constitution”.

In addition, the SGX-ST announced on 31 July 2013 that the listing rules would be amended to promote greater transparency in general meetings and support listed companies and trusts in enhancing shareholder engagement. The new rules include mandating that general meetings shall be held in Singapore and the voting of all resolutions put to the general meetings shall be conducted by poll.

4.2. Rationale

With effect from 3 January 2016, the memorandum and articles of association of the Company will now be treated as and referred to as the Constitution of the Company.

The Company is proposing to update its existing Constitution to, *inter alia*, enable the Company to streamline its existing Constitution with the Legislative Amendments and the prevailing listing rules of the SGX-ST to achieve greater clarity and consistency.

The proposed amendments to the existing Constitution are set out in Annexure A to this Appendix.

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Shareholders should note that the SGX-ST has, on 11 January 2016, issued a consultation paper proposing amendments to its listing manual for alignment with the Legislative Amendments. As at the Latest Practicable Date, the amendments to the listing manual have not yet come into effect. The Company is proposing to update its existing Constitution prior to such Legislative Amendments coming into effect. The updated Constitution does not prohibit the Company from complying with the existing rules of the Catalist Rules. Accordingly, notwithstanding the early updating of its Constitution, unless specifically granted an exemption by the SGX-ST, the Company will continue to comply with the prevailing rules of the Catalist Rules. In accordance with Rule 730 of the Catalist Rules which provides that, if an issuer amends its articles of association or other constituent documents, they must be made consistent with all the listing rules prevailing at the time of amendment.

The Directors have confirmed that the proposed New Constitution is consistent with the Catalist Rules prevailing at the time of adoption.

4.3. Summary of the Proposed Amendments to the Existing Constitution

The following is a summary of the proposed amendments to the existing Constitution:

4.3.1. Article 2

Pursuant to the Legislative Amendments, Article 2, which sets out the interpretation of the Constitution, is proposed to include a new provision stating that the expression “relevant intermediary” shall have the meaning ascribed to it in the Companies Act.

4.3.2. Article 3(A)

Pursuant to the new section 68 of the Companies Act, Article 3(A), which relates to the issuance of new shares, is proposed to be amended to reflect that the Company may issue Shares for which no consideration is payable to the Company.

4.3.3. Article 10

Pursuant to the new section 73 of the Companies Act, Article 10, which relates to the Company’s power to alter its share capital, is proposed to be amended to include that the Company may by ordinary resolution convert its share capital or any class of shares from one currency to another currency.

Additionally, pursuant to the new section 74A of the Companies Act, Article 10 is proposed to be amended to provide that subject to the Constitution and applicable laws and regulations, the Company may, by special resolution (previously by ordinary resolution), convert one class of shares into another class of shares.

4.3.4. Article 12(A)

Pursuant to the amended section 123(2) of the Companies Act, Article 12(A), which relates to share certificates, is proposed to be amended to provide that a share certificate is only required to state, *inter alia*, the number and class of the shares, whether the shares are fully or partly paid up and the amount (if any) unpaid on the shares. The requirement to disclose the amount paid on the shares in the share certificate relating to those shares is proposed to be removed.

4.3.5. Articles 46 and 49(A)

Pursuant to rule 730A(1) of the Catalist Rules, Articles 46 and 49(A), which relate to the proceedings of general meetings, are proposed to be amended to provide that such general meetings shall be held in Singapore.

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4.3.6. Article 58

Pursuant to the amended section 178 of the Companies Act, Article 58, which relates to the proceedings at general meetings, is proposed to be amended to reduce the threshold for eligibility to demand a poll from 10% to five per cent. (5%) of the total voting rights of all the members having the right to vote at the meeting.

Pursuant to rule 730A(2) of the Catalist Rules, Article 58 is also proposed to be amended to provide that, if required by the listing rules of the SGX-ST, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the SGX-ST).

4.3.7. Articles 62 and 68

(a) The new section 181(1C) of the Companies Act provides that relevant intermediaries, such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, may appoint more than two (2) proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting, and where such shareholder's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed must be specified in the form of proxy. In addition, section 181(1D) provides that a proxy appointed under section 181(1C) shall at a meeting have the right to vote on a show of hands. Accordingly, Articles 62 and 68 are proposed to be amended to reflect the new multiple proxies regime pursuant to the Legislative Amendments. Consequential amendment is also proposed to Article 2 to include the definition of "relevant intermediary" under the interpretation section.

(b) The new section 81SJ(4) of the Securities and Futures Act provides that a company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours (previously 48 hours) before the time of the relevant general meeting. Accordingly, amendments have also been proposed to Articles 62 and 68 to make it clear that the number of shares entered against his name in the Depository Register is the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting.

4.3.8. Article 70

Pursuant to the amended section 178(1) of the Companies Act, Article 70, which relates to deposit of proxies, is proposed to be amended to extend the cut-off time for the deposit of instruments appointing proxies from 48 to 72 hours before the time appointed for holding the general meeting.

4.3.9. Article 81

Pursuant to the new section 156 of the Companies Act, Article 81, which relates to the power of Directors to hold an office of profit and to contract with the Company, is proposed to be amended to include the obligation of a Director and Chief Executive Officer (or person(s) holding an equivalent position) to disclose interests in transactions or proposed transactions with the Company, or any office or property held which might create duties or interests in conflict with those serving as Director and Chief Executive Officer.

4.3.10. Article 91

Pursuant to the repeal of section 153 of the Companies Act, Article 91, which relates to the filling of office vacated by a retiring Director in default circumstances except in certain cases, is proposed to be amended to remove the event of a Director attaining any applicable retiring age as an exception to a deemed re-election to office. This is consistent with the removal of the 70-year age limit for directors of public companies and subsidiaries of public companies.

LETTER TO SHAREHOLDERS

4.3.11. Article 109

Pursuant to the amended section 157A of the Companies Act, Article 109, which relates to the general powers of the Directors to manage the Company's business, is proposed to provide that the business and affairs of the Company is to be managed by, or under the direction of or, additionally, under the supervision of, the Directors.

4.3.12. Article 120

Pursuant to the new sections 395 and 396 of the Companies Act, Article 120, which relates to the keeping of statutory records, is proposed to be amended to provide that such records may be kept either in hard copy or electronic form.

4.3.13. Article 137

Pursuant to the new section 203(2) of the Companies Act, Article 137, which relates to accounts, is proposed to be amended to provide that the Company's financial statement and related documents may be sent to Shareholders less than 14 days before the date of the general meeting at which they are to be laid if all the persons entitled to receive notice of general meetings of the company so agree.

Pursuant to the amended terminologies under the Companies Act, reference to the Company's "profit and loss account" is proposed to be amended to "financial statements" for the purpose of consistency.

4.3.14. Article 140(B)

Pursuant to the new section 387C of the Companies Act, Article 140(B), which relates to the service of notice to Shareholders using electronic communications, is proposed to be amended to provide that a Shareholder is deemed to have agreed to receive such notice or document by way of electronic communications and shall not have a right to elect to receive a physical copy of such notice or document. Additionally, Article 140(B) is proposed to be amended to provide that Shareholders will be given an opportunity to elect within a specified period of time, whether to receive such notice or document by way of electronic communications or as a physical copy. Consequently, Shareholders are deemed to have consented to receive such notice of document by way of electronic communications if Shareholders were given such an opportunity but failed to opt out within the specified time.

4.4. **Details of the Proposed Amendments to the Constitution**

The text of the Constitution which is proposed to be amended is set out in Annexure A to this Appendix.

4.5. **Shareholders' Approval**

The proposed amendments to the Constitution are subject to the approval of the Shareholders by way of a special resolution to be tabled at the AGM and if so approved, it will become effective immediately after the AGM.

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5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors or Substantial Shareholders has any direct or deemed interest in the Shares of the Company:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Mr. Yeung Kin Bond, Sydney ⁽²⁾	–	–	89,275,000	17.99
Substantial Shareholders				
Roots Capital Asia Limited	89,275,000	17.99	–	–

Notes:

(1) The percentage of issued share capital is calculated on the basis of 496,158,657 Shares, excluding any treasury shares, as at the Latest Practicable Date.

(2) Mr. Yeung Kin Bond, Sydney is deemed to have an interest in the 89,275,000 Shares held by Roots Capital Asia Limited.

6. DIRECTORS' RECOMMENDATIONS

6.1 The Proposed Renewal of Share Buy-Back Mandate

The Directors, having considered, *inter alia*, the terms, the rationale and the benefits of the proposed renewal of the Share Buy-Back Mandate, are of the view that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the Ordinary Resolution 8 as set out in the Notice of AGM.

6.2 The Proposed Grant of Options under the GEL Scheme to Mr. Yeung Kin Bond, Sydney, the Group Chief Executive Officer, who is also an Executive Director and a Controlling Shareholder of the Company

As all of the Directors are eligible to participate in the GEL Scheme, they are deemed to be interested in the proposed participation by Mr. Yeung Kin Bond, Sydney in the GEL Scheme, and the proposed grant of Options to him. Accordingly, the Directors have abstained from making any recommendation to the Shareholders in respect of Ordinary Resolutions 9 and 10 as set out in the Notice of AGM.

6.3 The Proposed Amendments to the Constitution

The Directors, having considered, *inter alia*, the terms, the rationale and the benefits of the proposed amendments to the Constitution, are of the view that the proposed amendments to the Constitution are in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of Special Resolution 11, being the special resolution relating to the proposed amendments to the Constitution, at the AGM.

7. ABSTENTIONS FROM VOTING

Shareholders who are entitled to participate in the GEL Scheme should abstain from voting at the AGM on Ordinary Resolutions 9 and 10 as set out in the Notice of AGM, and should decline appointment as proxies for voting at the AGM in respect of the aforesaid resolutions, unless specific instructions have been given in the proxy form on how the votes are to be cast for each of the aforesaid resolutions.

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As all the Directors are entitled to participate in the GEL Scheme, the Directors shall abstain from voting at the AGM in respect of Ordinary Resolutions 9 and 10 as set out in the Notice of AGM relating to the proposed participation by Mr. Yeung Kin Bond, Sydney in the GEL Scheme, and the proposed grant of Options to him. The Directors shall also decline to accept the appointment of proxies for any Shareholder to vote in respect of the said resolutions unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of such resolutions.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

9. ADVICE TO SHAREHOLDERS

As different Shareholders would have different investment objectives and profiles with specific investment objectives, financial situation, tax position or unique needs or constraints, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf are requested to 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 registered office of the Company at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the AGM.

The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the AGM if he subsequently wishes to do so. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time appointed for the AGM.

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11. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 during normal business hours from the date of this Appendix to the date of the forthcoming AGM scheduled to be held on 22 April 2016:

- (i) the Constitution;
- (ii) the Annual Report 2016; and
- (iii) the rules of the GEL Scheme.

Yours faithfully,
For and on behalf of the Board of Directors of
GSS Energy Limited

Ng Say Tiong
Executive Director

ANNEXURE A – DETAILS OF PROPOSED AMENDMENTS TO THE CONSTITUTION

The amendments which are proposed to be made to the Constitution are set out below. For ease of reference, the full text of the Constitution which are proposed to be amended has also been reproduced. The proposed amendments are denoted with strikethroughs for deletion and bold and underlined for insertions.

1. Article 2

2. In these Articles (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively.

“these Articles”	These Articles of Association as from time to time amended.
“the Act”	The Companies Act, Chapter 50 or any statutory modification, amendment or re-enactment thereof for the time being in force or any every other act for the time being in force concerning companies and affecting the Company and any reference to any provision as so modified, amendmed or re-enacted or contained in any such subsequent Companies Act.
“book-entry securities”	Listed securities:- (a) documents of title to which are deposited by a Depositor with the CDP and are registered in the name of the CDP or its nominee; and (b) which are transferable by way of book-entry in the Depository Register and not by way of an instrument of transfer.
“CDP”	The Central Depository (Pte) Limited established by the Designated Stock Exchange or any other corporation appointed by the Minister as a depository company or corporation for the purpose of the Act, which as bare trustee operates the Central Depository System for the holding and transfer of book-entry securities.
“Chairman”	The the chairman of the Directors or the chairman of the General Meeting as the case may be.
“Company”	The abovenamed Company by whatever name from time to time called.
“Depositor”	A Depository Agent or a Direct Account Holder to the balance of whose Securities Account any shares are credited, but excluding a Sub-Account Holder.

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“Depository Agent”	<p>A member company of the Singapore Exchange Securities Trading Limited, a trust company (registered under the Trust Companies Act, Chapter 336), a banking corporation or merchant bank (approved by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act, Chapter 186), or any other person or body approved by CDP who or which:-</p> <p>(a) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between CDP and the Depository Agent;</p> <p>(b) deposits book-entry securities with CDP on behalf of the sub-account holders; and</p> <p>(c) establishes an account in its name with CDP.</p>
“Depository Register”	<p>A register maintained by CDP in respect of book-entry securities.</p>
“Designated Stock Exchange”	<p>The Singapore Exchange Securities Trading Limited for so long as the shares of the Company are listed and quoted on the Singapore Exchange Securities Trading Limited and/or such other stock exchange in respect of which the shares of the Company are listed or quoted.</p>
“Direct Account Holder”	<p>A person who has a securities account directly with CDP and not through a Depository Agent.</p>
“Director”	<p>Includes any person acting as director of the Company and includes any person duly appointed and acting for the time being as an alternate Director.</p>
“Directors”	<p>The directors of the Company for the time being, as a body or as a quorum present at a meeting of directors.</p>
“Dividend”	<p>Includes bonus and payment by way of bonus.</p>
“General Meeting”	<p>A general meeting of the Company.</p>
“in writing”	<p>Written or produced by any substitute for writing or partly one and partly the other.</p>
“market day”	<p>A day on which the Designated Stock Exchange is open for trading in securities.</p>

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“Managing Director”	Any person appointed by the Directors to be managing director or executive chairman of the Company and the expression “Managing Director” shall include any equivalent appointment(s) howsoever described.
“Member”	A member of the Company, save that references in these Articles to “Member(s)” shall where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as treasury shares.
“month”	Calendar month.
“Office”	The registered office of the Company for the time being.
“Ordinary Resolution”	Shall have the same meaning ascribed to it in the Act.
“Paid”	Paid or credited as paid.
“Register of Members”	The Company’s register of Members.
“Register of Transfers”	The Company’s register of transfers.
<u>“relevant intermediary”</u>	<u>Shall have the meaning ascribed to it in the Act.</u>
“Seal”	The common seal of the Company.
“Secretary”	Any person appointed by the Directors to perform any of the duties of the Secretary or where two or more persons are appointed to act as Joint Secretaries any one of those persons.
“Securities Account”	The securities account maintained by a depositor with CDP.
“shares”	Shares in the capital of the Company.
“Special Resolution”	Shall have the meaning ascribed to it in the Act.
“Statutes”	The Act and every other written law for the time being in force concerning companies and affecting the Company.
“treasury shares”	Means shares of the Company which are purchased or otherwise acquired by a company in accordance with sections 76B to 76G of the Act.
“year”	Calendar year.

All such of the provisions of these Articles as are applicable to paid-up shares shall apply to stock, and the words “share” and “shareholder” shall be construed accordingly.

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References in the Articles to “holder” or “holder(s)” of shares or a class of shares shall:-

- (a) exclude CDP or its nominee (as the case may be), except where otherwise expressly provided in these Articles or where the term “registered holders” or “registered holder” is used in these Articles;
- (b) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of those shares; and
- (c) except where expressly provided in these Articles, exclude the Company in relation to shares held by it as treasury shares.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include corporations.

Subject as aforesaid, any words or expression defined in the Act or the Interpretation Act, Chapter 1 shall (if not inconsistent with the subject or context) bear the same meanings in these Articles.

Reference in these Articles to any enactment is a reference to that enactment as for the time being amended or re-enacted.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Articles.

2. Article 3(A)

3. (A) Subject to the Act and to these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration **(if any)** and at such time and whether or not subject to the payment of any part of the amount **(if any)** thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards Dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, provided always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange’s listing rules.

3. Article 10

10. **(A)** The Company may by Ordinary Resolution:-
 - (a) consolidate and divide all or any of its share capital;
 - (b) sub-divide its share, or any of them, provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;
 - (c) ~~convert or exchange any class of shares into or for any other class of shares; and/or~~ **subject to the Act and these Articles, convert its share capital or any class of shares from one currency to another currency; and/or**

ANNEXURE A – DETAILS OF PROPOSED AMENDMENTS TO THE CONSTITUTION

- (d) cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled.

(B) The Company may by Special Resolution, subject to all applicable laws and regulations currently in force and in accordance with the Act, convert one class of shares into another class of shares.

4. Article 12(A)

12. (A) Every certificate shall be issued under the Seal and shall bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Director and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates, **whether the shares are fully or partly paid up**, and ~~the amount paid up and the amount (if any) unpaid thereon.~~ The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company. No certificate shall be issued representing shares of more than one class.

5. Article 46

46. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place **in Singapore** as may be determined by the Directors. All the General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months or such other period as prescribed by the Act and the byelaws and listing rules of the Designated Stock Exchange or other legislation applicable to the Company from time to time.

6. Article 49(A)

49. (A) Every notice calling a General Meeting shall specify the place **in Singapore**, day and hour of the meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.

7. Article 58

58. **(A) If required by the listing rules of the Designated Stock Exchange upon which the shares of the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such the Designated Stock Exchange).**

(B) Subject to Article 58(A), at At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-

- (a) the chairman of the meeting; or
- (b) not less than two Members present in person or by proxy and entitled to vote; or
- (c) any Member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be not less than **five per cent. one-tenth** of the total voting rights of all the Members having the right to vote at the General Meeting; or

ANNEXURE A – DETAILS OF PROPOSED AMENDMENTS TO THE CONSTITUTION

- (d) any Member present in person or by proxy, or where such a Member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding shares conferring a right to vote at the General Meeting, of which an aggregate sum has been paid up equal to not less than **five** ~~10~~ per cent. of the total sum paid up on all the share conferring that right,

provided always that no poll shall be demanded on the choice of the chairman or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting.

8. Article 62

62. Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of shares, and to Article 4, each Member entitled to vote may vote in person or by proxy. ~~On a show of hands every~~ **Every** Member who is present in person or by proxy shall:-

(a) on a show of hands, have one vote, provided that:-

(i) in the case of a Member who is not a relevant intermediary and ~~(provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands); and~~

(ii) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and

(b) on a poll, every Member who is present in person or by proxy shall have one vote for every share of which he holds or represents.

For the purposes of determining the number of votes which a Member being a Depositor, be the number of shares entered against his name in the Depository Register as at **72** ~~48~~ hours before the time of the relevant General Meeting as certified by CDP to the Company. A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a Member, or attend, vote or act at any General Meeting.

9. Article 68

68. (A) **Save as otherwise provided in the Act:-** ~~A Member shall not be entitled to appoint more than two proxies to attend and vote at the General Meeting, provided that if the~~

(a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and

(b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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(B) In any case where a Member is a Depositor, the Company shall be entitled and bound:-

- (a) to reject any instrument of proxy lodged if the Depositor, is not shown, to have any shares entered against his name in the Depository Register as at ~~72~~ 48-hours before the time of the relevant General Meeting as certified by CDP to the Company; and
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at ~~72~~ 48-hours before the time of the relevant General meeting as certified by CDP to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

~~(B)~~ **(C)** Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

~~(C)~~ **(D)** A proxy need not be a Member of the Company.

10. Article 70

70. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting (or, if no place is so specified, at the Office) not less than ~~72 forty-eight~~ hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the meeting to which it relates, provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

11. Article 81

81. **(A)** A Director may be party to or be in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

(B) Every Director and Chief Executive Officer (or person(s) holding an equivalent position) shall observe the provisions of the Act relating to the disclosure of the interests of the Directors and Chief Executive Officers (or person(s) holding an equivalent position) in transactions or proposed transactions with the Company or of any office or property held by a Director or a Chief Executive Officer (or person(s) holding an equivalent position) which might create duties or interests in conflict with his duties or interests as a Director or a Chief Executive Officer (or an equivalent position), as the case may be.

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12. Article 91

91. The Company at any General Meeting at which a Director retires under any provision of these Articles may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:-

- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected; or
- (c) where the default is due to the moving of a resolution in contravention of the next following Article; ~~or~~
- ~~(d) where such Director has attained any retiring age applicable to him as Director.~~

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

13. Article 109

109. The business and affairs of the Company shall be managed by or under the direction ~~or supervision~~ of the Directors, who may exercise all such powers of the Company as are not by the Statutes or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless to any regulations of these Articles, to the provisions of the Statutes and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article.

14. Article 120

120. Any register, index, minute book or book of account required to be kept by the Company under the Statutes may be kept either by making entries in a bound book or (subject to reasonable precautions against falsification and for discovery of falsification, and to the provision of proper facilities for inspection to the persons entitled to inspection) by recording in electronic form or in any other permanent manner. **If such records records are kept otherwise than in hard copy form, the Company shall ensure that they are capable of being reproduced in hard copy form and the Company shall provide for the manner in which the records are to be authenticated and verified.** The Company shall cause true English translations of all accounts, minute books or other records required to be kept by the Company under the Statutes which are not kept in English to be made from time to time at intervals of not more than seven days, and shall keep the translations with the originals for so long as the originals are required under the Statutes to be kept. The Company shall also keep at the Office certified English translations of all instruments, certificates, contracts or documents not written in English which the Company is required under the Statutes to make available for public inspection.

ANNEXURE A – DETAILS OF PROPOSED AMENDMENTS TO THE CONSTITUTION

15. Article 137

137. A copy of every balance-sheet and ~~the financial statements~~ profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) shall not less than fourteen days before the date of the meeting be sent to every Member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of General ~~Meetings~~ meetings under the provisions of the Statutes or of these Articles, provided that:-

(a) these documents may be sent less than fourteen days before the date of the General meeting if all persons entitled to receive notices of General Meetings from the Company so agree; and

(b) this Article shall not require a copy of these documents to be sent to more than one of any joint holders or to any person of whose address the Company is not aware, but any Member or holder of debentures to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

16. Article 140

140. (A) Any notice or document (including a share certificate) may be served on or delivered to any Member by the Company either personally or by sending it through the post in a prepaid cover addressed to such Member at his Singapore registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company, or (as the case may be) CDP as his address or the service of notices, or by delivering it to such address as aforesaid. Where any notice or other document is served or delivered by post, service or delivery shall be deemed to have been served at the time the envelope or cover containing the same is posted, and in providing such service or delivery, it shall be sufficient to prove that such envelope or cover was properly addressed, stamped and posted.

(B) Any notice of meeting or other document required or permitted to be given, sent or served under the Act, ~~Memorandum of Association~~ **Constitution** of the Company or these Articles may be given, sent or served by the Company using electronic communications in accordance with the Act. Any notice given, sent or served using electronic communication (as the case may be) shall be deemed to have been duly given, sent or served upon transmission of the electronic communication to the current address of such person or as otherwise provided under the Act and/or other applicable regulations or procedures.

(C) For the purposes of this Article 140, a Member shall be deemed to have agreed to such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document.

(D) Notwithstanding Article 140(C), the Company may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.