

**CIRCULAR DATED 5 APRIL 2019**

**THIS CIRCULAR TO SHAREHOLDERS (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Circular is issued by mDR Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”). **If you are in any doubt about the contents of this Circular or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2018 (including the Notice of Annual General Meeting and the Proxy Form) and this Circular 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.

The Notice of Annual General Meeting and the Proxy Form are enclosed with the Annual Report 2018.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes 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.



**MDR LIMITED**

(Company Registration No. 200009059G)  
(Incorporated in the Republic of Singapore)

## **CIRCULAR TO SHAREHOLDERS**

in relation to

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

**This Circular is issued to you together with the Annual Report 2018 of MDR Limited. The resolution proposed to be passed in relation to the above matter is set out in the Notice of Annual General Meeting in the Annual Report 2018.**

## **TABLE OF CONTENTS**

<b>DEFINITIONS</b>	1
<b>LETTER TO SHAREHOLDERS</b>	4
1. INTRODUCTION	4
2. INFORMATION ON THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE	4
3. AUTHORITY AND LIMITATIONS OF THE SHARE BUY-BACK MANDATE	6
4. STATUS OF THE PURCHASED OR ACQUIRED SHARES	9
5. TREASURY SHARES	10
6. SOURCE OF FUNDS	11
7. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK MANDATE	12
8. LISTING RULES	16
9. TAKE-OVER IMPLICATIONS	17
10. TAX IMPLICATIONS	22
11. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS	23
12. DIRECTORS' RECOMMENDATIONS	23
13. ABSTENTIONS FROM VOTING	24
14. ANNUAL GENERAL MEETING	24
15. ACTIONS TO BE TAKEN BY SHAREHOLDERS	24
16. DIRECTORS' RESPONSIBILITY STATEMENT	24
17. DOCUMENTS AVAILABLE FOR INSPECTION	25

## DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

<b>“AGM”</b>	:	The annual general meeting of the Company to be held on 29 April 2019
<b>“Annual Report 2018”</b>	:	The Company’s annual report for the financial year ended 31 December 2018
<b>“Board” or “Directors”</b>	:	The directors of the Company as at the date of this Circular
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 5 April 2019
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<b>“Company”</b>	:	mDR Limited
<b>“Constitution”</b>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<b>“CPF”</b>	:	The Central Provident Fund
<b>“EPS”</b>	:	Earnings per Share
<b>“FY2018”</b>	:	Financial year ended on 31 December 2018
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Latest Practicable Date”</b>	:	26 March 2019
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST and its relevant rules, as amended, modified or supplemented from time to time
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Market Purchase”</b>	:	Has the meaning ascribed to it in Section 3.3(a) of this Circular
<b>“Maximum Price”</b>	:	Has the meaning ascribed to it in Section 3.4 of this Circular
<b>“Notice of AGM”</b>	:	The notice of AGM as set out in the Annual Report 2018
<b>“NTA”</b>	:	Net tangible assets
<b>“Off-Market Purchase”</b>	:	Has the meaning ascribed to it in Section 3.3(b) of this Circular
<b>“Proxy Form”</b>	:	The proxy form in respect of the AGM as set out in the Annual Report 2018
<b>“Register of Members”</b>	:	Register of members of the Company

“ <b>Securities Account</b> ”	:	Securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
“ <b>SFA</b> ”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
“ <b>SGX-ST</b> ”	:	Singapore Exchange Securities Trading Limited
“ <b>Share Buy-back</b> ”	:	The purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate
“ <b>Share Buy-back Mandate</b> ”	:	Has the meaning ascribed to it in Section 1 of this Circular
“ <b>Shareholders</b> ”	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “ <b>Shareholders</b> ” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“ <b>Shares</b> ”	:	Ordinary shares in the capital of the Company
“ <b>SIC</b> ”	:	Securities Industry Council
“ <b>Substantial Shareholder</b> ”	:	A person who holds directly and/or indirectly five per cent. (5.0%) or more of the total issued share capital of the Company
“ <b>S\$</b> ” or “ <b>cents</b> ”	:	Singapore dollars and cents, respectively
“ <b>Take-over Code</b> ”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“ <b>Treasury Share</b> ”	:	A share of the Company that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled
“ <b>%</b> ” or “ <b>per cent.</b> ”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in section 81SF of the SFA. The term “**subsidiary**” shall have the same meaning ascribed to it in section 5 of the Companies Act.

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

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

The words “**written**” and “**in writing**” include, where the context requires, any means of visible reproduction.

Any reference in this Circular to any enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA, the Listing Manual, or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning

assigned to it under the Companies Act, the SFA, the Listing Manual, or any statutory modification thereof, as the case may be, unless otherwise provided.

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

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

### **Cautionary Note on Forward-looking Statements**

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company disclaims any responsibility and does not undertake any obligation to update publicly or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the date of this Circular or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

# MDR LIMITED

(Company Registration No. 200009059G)  
(Incorporated in the Republic of Singapore)

## LETTER TO SHAREHOLDERS

### Board of Directors

Mr. Edward Lee Ewe Ming (Executive Chairman and Non-Independent Executive Director)  
Mr. Ong Ghim Choon (Chief Executive Officer and Non-Independent Executive Director)  
Ms. Zhang Yanmin (Non-Independent Executive Director)  
Mr. Mark Leong Kei Wei (Lead Independent Non-Executive Director)  
Mr. Oei Su Chi, Ian (Independent Non-Executive Director)  
Mr. Lai Yew Fei (Independent Non-Executive Director)

### Registered Office:

53 Ubi Crescent  
Singapore 408594

5 April 2019

To: The Shareholders of mDR Limited

Dear Sir/Madam

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

### 1. INTRODUCTION

The Company will be holding its AGM on 29 April 2019, 2:00 pm, at Hilton Singapore, 581 Orchard Road, Panorama 2, Level 24, Singapore 238883. Notice of the AGM and the Proxy Form have been circulated with the Company's Annual Report 2018.

The purpose of this Circular is to provide Shareholders with information relating to, and to seek their approval at the AGM for, the renewal of a general and unconditional mandate to be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its Shares (the "**Share Buy-back Mandate**") upon and subject to the terms of the proposed renewal of the Share Buy-back Mandate, details of which are set out in this Circular.

Shareholders are advised that the SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Circular.

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

#### 2.1 The proposed renewal of the Share Buy-back Mandate

The Share Buy-Back Mandate was first obtained at an extraordinary general meeting of the Shareholders held on 28 September 2018 (the "**2018 Mandate**"). The 2018 Mandate will expire on 29 April 2019, being the date of the AGM. It is proposed that such authority be renewed.

Rule 881 of the Listing Manual provides that a company may purchase its own shares if it has obtained the prior specific approval of its shareholders in a general meeting. Accordingly, the Directors propose to seek Shareholders' approval at the AGM for a renewed general and unconditional mandate to be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its Shares on the terms of such mandate.

If approved by the Shareholders at the AGM, the authority conferred by the Share Buy-back Mandate will continue in force until the date on which the next annual general meeting is held or required by law to be held, or the authority conferred by the Share Buy-back Mandate is revoked or varied by Shareholders in a general meeting.

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

## **2.2 Rationale for the Share Buy-back Mandate**

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

- (a) the Share Buy-back Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of the Group's financial needs, taking into account its growth and expansion plans, the Share Buy-back Mandate will facilitate the return to Shareholders of surplus funds in an expedient, effective and cost-efficient manner;
- (b) share buy-backs are one of the ways in which the return on equity of the Company may be improved, thereby increasing shareholder value;
- (c) share buy-backs allow the Board to exercise control over the Company's share structure with a view to enhancing the EPS and/or NTA value per Share;
- (d) the purchase and/or acquisition of Shares under the Share Buy-back Mandate will help mitigate short-term market volatility in the price of the Shares (by stabilising the supply and demand of issued Shares) and offset the effects of short-term Share price speculation, supporting the fundamental value of the issued Shares and thereby bolstering Shareholders' confidence and employees' morale; and
- (e) to support the vesting of awards pursuant to share award plans adopted by the Company.

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

Nonetheless, Shareholders should note that there is no assurance that the proposed Share Buy-back will achieve the desired effect, nor is there assurance that such effect (if achieved) can be sustained in the longer term.

### 3. AUTHORITY AND LIMITATIONS OF THE SHARE BUY-BACK MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate, if approved at the AGM, are summarised below:

#### 3.1 Maximum number of Shares

(a) Share Buy-back limit

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. Pursuant to Rule 882 of the Listing Manual, the total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate is limited to that number of Shares representing not more than 10% of the total number of Shares of the Company (excluding Treasury Shares) as at the date of the AGM at which the Share Buy-back Mandate is approved. Treasury Shares will be disregarded for the purposes of computing this 10% limit.

**For illustrative purposes only**, on the basis that there are 64,956,439,397 issued Shares (excluding 2,480,800 Treasury Shares) as at the Latest Practicable Date, and assuming that no further Shares are issued and no further Shares are purchased or acquired between the Latest Practicable Date and the date of the AGM, the Company can purchase or acquire up to a maximum of 6,495,643,939 Shares (representing 10% of the total number of Shares of the Company as at that date) pursuant to the Share Buy-back Mandate during the period referred to in Paragraph 3.2 below.

However, purchases or acquisitions pursuant to the Share Buy-back Mandate need not be carried out to the full extent mandated, and in any case, will not be carried out to such an extent that would result in the Company losing the minimum public float required to maintain the listing status of the Company's Shares on the SGX-ST.

(b) Listing status on the SGX-ST

The Listing Manual provides that an issuer must ensure that at least 10% of a class of the total number of issued shares in a class that is listed (excluding treasury shares, preference Shares and convertible equity securities) is at all times held by the public.

In order to maintain the listing status of the Shares on the SGX-ST and pursuant to Rule 723 of the Listing Manual, the Company must ensure that there is at all times a public float of not less than 10% of the issued Shares (excluding Treasury Shares). The Company will not carry out any Share Buy-back to such extent that it would result in the number of Shares remaining in the hands of the public to fall below the minimum level required under the Listing Manual without adversely affecting the listing status of the Company.

As at the Latest Practicable Date, 28,118,473,917 Shares (or approximately 43.29% of the total number of issued Shares) are held in the hands of the public. In the event that the Company purchases the maximum of 10% of its Shares from such public Shareholders, the resultant percentage of the issued Shares held by the public Shareholders would be reduced to approximately 36.99%. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share



Buy-back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

The Company is seeking Shareholders' approval to enable the Company to purchase or acquire Shares up to a maximum of 10% of the total number of Shares of the Company (excluding Treasury Shares) for greater flexibility. **If approved, the Company will be able to purchase or acquire up to a maximum of 10% of the total number of Shares of the Company (excluding Treasury Shares).** Nevertheless, before deciding to effect a Share Buy-back, the Directors will ensure that, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to comply with Listing Manual requirements.

As at the Latest Practicable Date, the Company holds 2,480,800 Treasury Shares.

### 3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM at which the proposed renewal of the Share Buy-back Mandate is approved, up to the earliest of:

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

The authority conferred on the Directors to purchase Shares pursuant to the Share Buy-back Mandate may be renewed by the Shareholders at each subsequent annual general meeting or other general meeting of the Company.

### 3.3 Manner of purchases or acquisitions of Shares

Pursuant to Rule 882 of the Listing Manual, purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases transacted through the SGX-ST's trading system ("**Market Purchase**"); and/or
- (b) off-market purchases in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchase**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-back Mandate, the Listing Manual, the SFA, the Companies Act, and all applicable laws and regulations as they consider fit in the interests of the Company, in connection with or in relation to any equal access scheme(s).

An Off-Market Purchase must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers shall be the same except that there shall be disregarded:
  - (i) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
  - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
  - (iii) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:

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

### 3.4 Purchase price

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

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

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

For the purposes of determining the Maximum Price:

- (i) “**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, before the day on which the purchases are made, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and is deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period; and
- (ii) “**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the Off-Market Purchase from the holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

The Listing Manual restricts a listed company from purchasing Shares by way of Market Purchases at a price per Share which is more than 5% above the Average Closing Price.

Although the Listing Manual does not prescribe a maximum price in relation to purchases of Shares by way of Off-Market Purchases, the Company has set a cap of 20% above the Average Closing Price of a Share as the maximum price for a Share to be purchased or acquired by way of Off-Market Purchases.

## 4. STATUS OF THE PURCHASED OR ACQUIRED SHARES

The Shares purchased or acquired by the Company pursuant to the Share Buy-back Mandate shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless held by the Company as Treasury Shares in accordance with Section 76H of the Companies Act. At the time of each such Share Buy-back by the Company, the Directors shall decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company at that time.

Where Shares purchased or acquired by the Company pursuant to the Share Buy-back Mandate are cancelled, such Shares will be automatically de-listed by the SGX-ST and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as is reasonably practicable following settlement of any such purchase or acquisition, and the total number of issued Shares will be diminished by such number of Shares that are cancelled.

## **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 as follows:

### **5.1 Maximum holdings**

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

### **5.2 Voting and other rights**

The Company shall not exercise any right in respect of the Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and, for the purposes of the 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 dividends may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Shareholders on a winding up) may be made, to the Company in respect of Treasury Shares.

However, the Company may allot as fully paid bonus Shares in respect of the Treasury Shares and the Treasury Shares may be subdivided or consolidated so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be. Any Shares allotted as fully-paid bonus Shares in respect of the Treasury Shares shall be treated for the purposes of the Companies Act as if they were purchased by the Company at the time they were allotted, in circumstances in which Section 76H of the Companies Act applied.

### **5.3 Disposal and cancellation**

When Shares purchased or acquired are held as Treasury Shares, the Company may at any time but subject always to the Take-over Code:

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

In addition, under Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of Treasury Shares held by it, stating the following:

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

## 6. SOURCE OF FUNDS

Any purchase or acquisition of Shares (including any expenses such as brokerage or commission incurred directly in the purchase or acquisition of such Shares) may be made out of the Company's capital or profits so long as the Company is solvent. Under the Companies Act, it is an offence for a Director or chief executive officer of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if at the date of the payment the following conditions are satisfied:

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

The Company intends to use internal resources of funds and/or external borrowings to finance the purchase or acquisition of Shares pursuant to the Share Buy-back Mandate. The Board will principally consider the availability of internal resources, and the availability of external financing. However, in considering the option of external financing, the Board will particularly consider the prevailing gearing level of the Group. **The Board will only make purchases or acquisitions of Shares pursuant to the Share Buy-back Mandate in circumstances which**

**they believe will not result in any material adverse effect on the financial condition of the Company or the Group.** The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

## **7. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK MANDATE**

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Buy-back Mandate on the Company and the Group will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effect on the audited financial statements of the Group and the Company will depend, *inter alia*, on the factors set out below:

### **7.1 Purchase or acquisition out of profits and/or capital**

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including brokerage, commission, applicable goods and services tax, and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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

### **7.2 Number of Shares acquired or purchased**

Based on 64,956,439,397 issued Shares (excluding 2,480,800 Treasury Shares) as at the Latest Practicable Date, the purchase or acquisition of Shares by the Company up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 6,495,643,939 Shares.

### **7.3 Maximum price paid for Shares acquired or purchased**

In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires 6,495,643,939 Shares at the Maximum Price of S\$0.00105 per Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 6,495,643,939 Shares is approximately S\$6,820,426 (excluding brokerage, commission, applicable goods and services tax, and other related expenses).

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 6,495,643,939 Shares at the Maximum Price of S\$0.00120 per Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 6,495,643,939 Shares is approximately S\$7,794,773 (excluding brokerage, commission, applicable goods and services tax, and other related expenses).

#### 7.4 Illustrative financial effects

**For illustrative purposes only**, based on the assumptions set out in Section 7.3 and assuming that (i) the number of issued Shares of the Company to be 64,923,277,197 for the entire period of FY2018; (ii) the transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buy-back Mandate are not significant and therefore have been disregarded for the purposes of computing the illustrative financial effects of the Share Buy-back Mandate; (iii) the purchase or acquisition of Shares are made to the extent aforesaid; (iv) the purchase or acquisition of such Shares are funded wholly by internal resources within the Group; and (v) the Company had purchased 6,495,643,939 Shares (representing 10% of the issued Shares as at the Latest Practicable Date) on 1 January 2018, the financial effects of the purchase of 6,495,643,939 Shares by way of:

- (a) purchases made entirely out of capital and held as Treasury Shares; and
- (b) purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group for FY2018 pursuant to the Share Buy-back Mandate are as follows:

**Note:** No illustrations will be shown for purchases made out of profits as the Company does not have sufficient revenue reserves or profits to do so.

##### 7.4.1 Purchases made entirely out of capital and held as Treasury Shares

	Group			Company		
	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) <sup>(7)</sup>	After Share Buy-back by way of Off-Market Purchase (S\$'000) <sup>(8)</sup>	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) <sup>(7)</sup>	After Share Buy-back by way of Off-Market Purchase (S\$'000) <sup>(8)</sup>
Shareholders' funds <sup>(1)</sup>	130,300	123,480	122,505	121,489	114,669	113,694
NTA <sup>(2)</sup>	127,502	120,682	119,707	121,489	114,669	113,694
Current assets	67,757	60,937	59,962	32,695	25,875	24,900
Current liabilities	31,198	31,198	31,198	11,909	11,909	11,909

Working capital	36,559	29,739	28,764	20,786	13,966	12,991
Total borrowings	15,372	15,372	15,372	9,093	9,093	9,093
Net profit after tax attributable to Shareholders	2,536	2,536	2,536	2,097	2,097	2,097
Number of Shares (in '000)	64,923,277	58,427,633	58,427,633	64,923,277	58,427,633	58,427,633
<b>Financial Ratios</b>						
NTA per Share <sup>(3)</sup> (cents)	0.20	0.21	0.20	0.19	0.20	0.19
Gearing ratio <sup>(4)</sup> (times)	0.12	0.12	0.13	0.07	0.08	0.08
Current ratio <sup>(5)</sup> (times)	2.17	1.95	1.92	2.75	2.17	2.09
EPS <sup>(6)</sup> (cent)	0.004	0.004	0.004	0.003	0.004	0.004

**Notes:**

- (1) Shareholders' funds include share capital, reserves, retained earnings but exclude non-controlling interest.
- (2) NTA refers to Shareholders' funds less intangible assets.
- (3) NTA per Share is computed based on the NTA divided by the number of issued Shares.
- (4) Gearing ratio equals to total borrowings divided by Shareholders' funds.
- (5) Current ratio equals to current assets divided by current liabilities.
- (6) EPS equals to net profit after tax attributable to Shareholders divided by the number of issued Shares (excluding Treasury Shares).
- (7) Assuming that the Company undertakes a Market Purchase of 6,495,643,939 Shares at the Maximum Price of approximately S\$0.00105 for one (1) Share which is 5% above the Average Closing Price of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$6,820,426.
- (8) Assuming that the Company undertakes an Off-Market Purchase of 6,495,643,939 Shares at the Maximum Price of approximately S\$0.00120 for one (1) Share which is 20% above the Average Closing Price of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$7,794,773.



#### 7.4.2 Purchases made entirely out of capital and cancelled

As at 31 December 2018	Group			Company		
	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) <sup>(7)</sup>	After Share Buy-back by way of Off-Market Purchase (S\$'000) <sup>(8)</sup>	Before Share Buy-back (S\$'000)	After Share Buy-back by way of Market Purchase (S\$'000) <sup>(7)</sup>	After Share Buy-back by way of Off-Market Purchase (S\$'000) <sup>(8)</sup>
Shareholders' funds <sup>(1)</sup>	130,300	123,480	122,505	121,489	114,669	113,694
NTA <sup>(2)</sup>	127,502	120,682	119,707	121,489	114,669	113,694
Current assets	67,757	60,937	59,962	32,695	25,875	24,900
Current liabilities	31,198	31,198	31,198	11,909	11,909	11,909
Working capital	36,559	29,739	28,764	20,786	13,966	12,991
Total borrowings	15,372	15,372	15,372	9,093	9,093	9,093
Net profit after tax attributable to Shareholders	2,536	2,536	2,536	2,097	2,097	2,097
Number of Shares (in '000)	64,923,277	58,427,633	58,427,633	64,923,277	58,427,633	58,427,633
<b>Financial Ratios</b>						
NTA per Share <sup>(3)</sup> (cents)	0.20	0.21	0.20	0.19	0.20	0.19
Gearing ratio <sup>(4)</sup> (times)	0.12	0.12	0.13	0.07	0.08	0.08
Current ratio <sup>(5)</sup> (times)	2.17	1.95	1.92	2.75	2.17	2.09
EPS <sup>(6)</sup> (cent)	0.004	0.004	0.004	0.003	0.004	0.004

#### Notes:

- (1) Shareholders' funds include share capital, reserves, retained earnings but exclude non-controlling interest.
- (2) NTA refers to Shareholders' funds less intangible assets.
- (3) NTA per Share is computed based on the NTA divided by the number of issued Shares.
- (4) Gearing ratio equals to total borrowings divided by Shareholders' funds.
- (5) Current ratio equals to current assets divided by current liabilities.
- (6) EPS equals to net profit after tax attributable to Shareholders divided by the number of issued Shares (excluding Treasury Shares).
- (7) Assuming that the Company undertakes a Market Purchase of 6,495,643,939 Shares at the Maximum Price of approximately S\$0.00105 for one (1) Share which is 5% above the Average

Closing Price of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$6,820,426.

- (8) Assuming that the Company undertakes an Off-Market Purchase of 6,495,643,939 Shares at the Maximum Price of approximately S\$0.00120 for one (1) Share which is 20% above the Average Closing Price of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, and accordingly, the aggregate purchase price to be paid for the Shares is approximately S\$7,794,773.

**Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of the purchase or acquisition of Shares that may be made pursuant to the Share Buy-back Mandate on the NTA per Share and EPS as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchase or acquisition of Shares. The above analysis is based on historical numbers as at 31 December 2018, and is not necessarily representative of future financial performance.**

It should also be noted that the purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate would only be made in circumstances where it is considered to be in the best interests of the Company. Although the Share Buy-back Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Directors would emphasise that they do not propose to purchase or acquire Shares pursuant to the Share Buy-back Mandate to such an extent that would, or in circumstances that might, materially and adversely affect the financial condition of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a purchase or acquisition of Shares before execution.

## **8. LISTING RULES**

Rule 886 of the Listing Manual requires the Company to notify SGX-ST of all purchases or acquisitions of its Shares as follows:

- (a) in the case of a Market Purchase, by 9.00 a.m. on the Market Day following the day of the Share Buy-back; and
- (b) in the case of an Off-Market Purchase, by 9.00 a.m. on the second Market Day after the close of acceptances of the offer.

Such notification (which must be in the form of Appendix 8.3.1 of the Listing Manual) must include the maximum number of Shares authorised for purchase, the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as Treasury Shares, the purchase price per Share or the highest and lowest prices paid per Share, as applicable, and the total consideration (including stamp duties, clearing charges, et cetera.) paid or payable for the Shares, the number of Shares purchased as at the date of notification from the date the Share Buy-back Mandate is obtained (on a cumulative basis), the number of issued Shares excluding Treasury Shares and the number of Treasury Shares held after the Share Buy-back.

The Listing Manual does not expressly prohibit a listed company from purchasing or acquiring its own Shares during any particular time or times. However, as the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-back Mandate in any of the following circumstances:

- (i) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or decision of the Board until the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual; and
- (ii) during the period commencing two weeks before the announcement of the financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company’s full year financial statements.

The Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of Shares through Market Purchases up to the full 10% limit pursuant to the Share Buy-back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

## **9. TAKE-OVER IMPLICATIONS**

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

### **9.1 Obligation to make a take-over offer**

If, as a result of any purchase or acquisition by the Company of its Shares, the percentage of voting rights held by a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

### **9.2 Persons acting in concert**

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), 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 and companies will be presumed to be acting in concert:

- (a) the following companies: (i) a company; (ii) the parent company of (i); (iii) the subsidiaries of (i); (iv) the fellow subsidiaries of (i); (v) the associated companies of any of (i), (ii), (iii) or (iv); (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above 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;

- (b) 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);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

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

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

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that:

- (a) unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code 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; and
- (b) a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring 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 a Shareholder need not abstain from voting in respect of the resolution authorising the proposed renewal of the Share Buy-back Mandate unless so required under the Companies Act.

**The statements in this Circular do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.**

#### **9.4 Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them**

Mr. Edward Lee Ewe Ming, the Executive Chairman of the Company, who is also a Director, is as at the Latest Practicable Date, the registered and beneficial owner of 23,879,967,580 Shares representing 36.76% of the issued share capital of 64,956,439,397 Shares (excluding Treasury Shares) of the Company.

Ms. Zhang Yanmin, an Executive Director of the Company, is as at the Latest Practicable Date, the beneficial owner of 12,986,811,200 Shares representing 19.99% of the issued share capital of 64,956,439,397 Shares (excluding Treasury Shares) of the Company.

Ms. Zhang Yanmin is the spouse of Mr. Edward Lee Ewe Ming. Accordingly, Ms. Zhang Yanmin and Mr. Edward Lee Ewe Ming are deemed to be acting in concert with each other.

**For illustrative purposes**, assuming that:

- (a) the Company exercises the power under the Share-Buy-back Mandate in full and purchases 6,495,643,939 Shares (based on the issued and paid-up share capital of the Company (excluding Treasury Shares) as at the Latest Practicable Date of 64,956,439,397 Shares); and
- (b) there is no change in the number of Shares held or deemed to be held by Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin as at the Latest Practicable Date,

the interest in voting rights of Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin in the Company would increase by 4.09% and 2.22% respectively to 40.85% and 22.21% respectively, as shown in the table below:

	<b><u>Direct and deemed interest</u></b>	
	<b>As at the Latest Practicable Date (%)</b>	<b>After a buy-back of 6,495,643,939 Shares under the renewal of the Share Buy-back Mandate (%)</b>
Edward Lee Ewe Ming	36.76	40.85
Zhang Yanmin	19.99	22.21

**Note:**

- (1) This is based on the assumption that Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin will not sell their respective interests in the Company and that, save for the change in their interest resulting directly from the Share Buy-backs by the Company, there is no other change in their interest in the voting rights in the Company for the duration of the Share Buy-back Mandate.

Accordingly, the aggregate voting rights of Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them would be obliged to make an offer under Rule 14 of the Take-over Code.

As at the Latest Practicable Date, save as disclosed above, there are no Shareholders who are parties acting in concert with Mr. Edward Lee Ewe Ming and/or Ms. Zhang Yanmin.

## **9.5 Exemption under Appendix 2 of the Take-over Code for Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them**

### **9.5.1. Conditions for exemption from having to make a general offer under Rule 14 of the Take-over Code**

As at the Latest Practicable Date, Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin, in aggregate, hold approximately 36.76% shareholding interest in the Company.

Pursuant to the Take-over Code, Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them (if any) will be exempted from the requirement to make a general offer for the Company under Rule 14 of the Take-over Code if, as a result of any Share Buy-back carried out pursuant to the Share Buy-back Mandate, the aggregate shareholding of Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them (if any) would increase by more than 1% in any period of six (6) months, subject to the following conditions:

- (a) the Circular to Shareholders on the resolution to authorise the Share Buy-back Mandate contains:
  - (i) advice to the effect that by voting in favour of the resolution to approve the Share Buy-back Mandate, Shareholders are waiving their right to a general offer at the required price (as determined in accordance with Appendix 2 of the Take-over Code) from Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them (if any); and
  - (ii) the names and voting rights of Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them (if any) as at the date of the resolution and after the Company exercises the power under the Share Buy-back Mandate in full and purchases 10% of the issued Shares;
- (b) the resolution to authorise the Share Buy-back Mandate is approved by a majority of the Shareholders present and voting at the AGM on a poll who could not become obliged to make a general offer for the Company as a result of the Share Buy-back pursuant to the Share Buy-back Mandate;
- (c) Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them (if any) abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Share Buy-back Mandate;

- (d) within seven (7) days after the passing of the resolution to authorise the Share Buy-back Mandate, Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin submit to the SIC a duly signed form as prescribed by the SIC;
- (e) Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them (if any) have not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Buy-back Mandate is imminent and the earlier of:
  - (i) the date on which the authority for the Share Buy-back Mandate expires; and
  - (ii) the date on which the Company announces that it has bought back such number of Shares as authorised by the Share Buy-back Mandate, or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Shares purchased or acquired under the Share Buy-back Mandate, would cause the aggregate voting rights held by Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them (if any) to increase by more than 1% in the preceding 6 months.

As such, if the aggregate voting rights held by Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them (if any) increase by more than 1% solely as a result of the Company's buy-back of Shares under the Share Buy-back Mandate, and none of them has acquired any Shares during the relevant 6 months period, then Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them (if any) would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

### **9.5.2 Form 2 submission to the SIC**

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption as set out in Section 9.5.1(d) above from the requirement to make an offer under Rule 14 of the Take-over Code as a result of the buy-back of shares by a listed company under its share buy-back mandate.

Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin have informed the Company that they will be submitting Form 2 to the SIC within seven (7) days after the passing of the resolution authorising the proposed renewal of the Share Buy-back Mandate.

### **9.5.3 Waiver**

Shareholders should note that by voting in favour of the Share Buy-back Mandate, they are waiving their rights to a general offer under Rule 14 of the Take-over Code from Mr. Edward Lee Ewe Ming, Ms. Zhang Yanmin and parties acting in concert with them (if any), in cash or accompanied by a cash alternative at the required price.

Save as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the

Company should or ought to be consolidated, such that they may become obligated to make an offer under the Takeover Code in the event that the Board exercises the power to buy-back Shares pursuant to the Share Buy-back Mandate.

Appendix 2 of the Take-over Code requires that the resolution to authorise the Share Buy-back Mandate be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer under the Take-over Code as a result of the Share Buy-back. Accordingly, the resolution relating to the Share Buy-back Mandate set out in the Notice of AGM is proposed to be taken on a poll and Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin shall abstain from voting on the resolution.

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

## 9.6 Shares purchased by the Company

The Company has made the following Market Purchases over the past twelve (12) months as at the Latest Practicable Date:

Date	Total number of Shares purchased	Purchase price per Share	Total consideration paid
8 March 2019	1,486,500	S\$0.001	S\$1,488.58
11 March 2019	874,100	S\$0.001	S\$875.32
12 March 2019	100	S\$0.001	S\$0.10
13 March 2019	120,100	S\$0.001	S\$120.27

The above Shares purchased were held as Treasury Shares by the Company as at the date of this Circular.

## 10. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of the proposed Share Buy-back by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisors.



## 11. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders in the Shares are as follows:

	Direct interest	Indirect / Deemed Interest	Total Interest	
Directors	Number of Shares	Number of Shares	Number of Shares	% <sup>(1)</sup>
Edward Lee Ewe Ming	100	23,879,967,480 <sup>(2)</sup>	23,879,967,580	36.76
Ong Ghim Choon	5,933,919,990	-	5,933,919,990	9.14
Zhang Yanmin	-	12,986,811,200 <sup>(3)</sup>	12,986,811,200	19.99
Mark Leong Kei Wei	65,800,000	40,900,000 <sup>(4)</sup>	106,700,000	0.16
Oei Su Chi, Ian	124,952,400	26,900,000 <sup>(5)</sup>	151,852,400	0.23
Lai Yew Fei	-	-	-	-
<b>Substantial Shareholders (other than Directors)</b>				
Chong Shin Leong	6,600,000,000	-	6,600,000,000	10.16

### Notes:

- (1) Based on the Existing Share Capital as at the Latest Practicable Date.
- (2) Mr. Edward Lee Ewe Ming is deemed interested in 23,879,967,480 Shares held via nominee and financial institutions, out of which 12,986,811,200 Shares are held jointly with his spouse, Ms Zhang Yanmin.
- (3) Ms. Zhang Yanmin is deemed interested in 12,986,811,200 Shares held held via nominee and financial institutions, which are jointly held with her spouse, Mr. Edward Lee Ewe Ming.
- (4) Mr. Mark Leong Kei Wei is deemed interested in 40,900,000 shares held by his spouse.
- (5) Mr. Oei Su Chi, Ian is deemed interested in 26,900,000 shares held by his spouse.

None of the Directors or Substantial Shareholders has any interest, whether direct or indirect, in the Share Buy-back Mandate, save for their respective shareholdings in the Company as disclosed above.

## 12. DIRECTORS' RECOMMENDATIONS

Save for Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin, who are required to abstain from recommending Shareholders vote in favour of the proposed renewal of the Share Buy-back Mandate, the Directors are of the opinion that the proposed renewal of the Share Buy-back Mandate is in the best interests of the Company. Accordingly, save for Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Buy-back Mandate as set out in the Notice of AGM.

Shareholders are advised to read this Circular in its entirety and for those who may require advice in the context of their specific investment, to consult their respective bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser.

### **13. ABSTENTIONS FROM VOTING**

Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin have informed the Company that there are no other parties acting in concert (as defined under the Take-over Code) with them for the purpose of the resolution relating to the proposed renewal of the Share Buy-Back Mandate.

Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin will abstain, and will procure that their respective associates abstain, from voting, whether by representative or proxy, on the resolution relating to the proposed renewal of the Share Buy-Back Mandate.

Mr. Edward Lee Ewe Ming and Ms. Zhang Yanmin will also decline to accept, and will procure that their respective associates decline to accept, nominations as proxy or otherwise vote at the AGM in respect of the proposed renewal of the Share Buy-Back Mandate unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes be cast for the said resolution.

### **14. ANNUAL GENERAL MEETING**

The AGM of the Company is being convened on 29 April 2019, 2:00 pm, at Hilton Singapore, 581 Orchard Road, Panorama 2, Level 24, Singapore 238883 for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolution set out in the Notice of AGM. The Notice of AGM and the proxy form have been circulated with the Company's Annual Report 2018.

### **15. 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 should complete, sign and return the Proxy Form attached to the Annual Report 2018 in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 72 hours before the time fixed for the AGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM in place of his proxy if he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

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

### **16. DIRECTORS' RESPONSIBILITY STATEMENT**

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

## 17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 53 Ubi Crescent, Singapore 408594, during normal business hours from the date of this Circular up to and including the date of the AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report 2018.

Yours faithfully

For and on behalf of the Board of Directors of  
**MDR LIMITED**

Edward Lee Ewe Ming  
Executive Chairman and Director