

CEDAR STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198003839Z)

- (1) THE PROPOSED CONSOLIDATION (THE “SHARE CONSOLIDATION”) OF EVERY TWENTY-FIVE (25) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“SHARES”) INTO ONE (1) ORDINARY SHARE (“CONSOLIDATED SHARE”);
 - (2) THE PROPOSED CAPITAL REDUCTION;
 - (3) THE PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2016 (THE “SCHEME”);
 - (4) THE PROPOSED TERMINATION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2009 (THE “PREVIOUS SCHEME”);
 - (5) THE PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. PERFORMANCE SHARE PLAN 2016 (THE “PLAN”);
 - (6) THE PROPOSED SHARE PURCHASE MANDATE; AND
 - (7) THE PROPOSED ADOPTION OF A NEW CONSTITUTION FOR THE COMPANY.
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1. INTRODUCTION

The board of directors (the “**Board**”) of Cedar Strategic Holdings Ltd. (the “**Company**”, and together with its subsidiaries the “**Group**”) wishes to announce that the Company intends to undertake the following corporate actions:

- (a) the Share Consolidation;
- (b) a capital reduction exercise (the “**Capital Reduction**”) to write off accumulated losses of the Company amounting to S\$112,000,000 as at 31 December 2015 (the “**Accumulated Losses**”);
- (c) the proposed adoption of the Scheme;
- (d) subject to and contingent upon the adoption of the Scheme, the proposed termination of the Previous Scheme;
- (e) the proposed adoption of the Plan;
- (f) the proposed general mandate to authorise the directors of the Company (“**Directors**”) to exercise all the powers of the Company to purchase Shares in accordance with the terms of the mandate and the rules and regulations of the Companies Act (Cap. 50) of Singapore (the “**Companies Act**”) and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Catalist Rules**”) (the “**Share Purchase Mandate**”); and
- (g) the proposed adoption of a new constitution for the Company (the “**New Constitution**”).

It is intended for the abovementioned resolutions to be tabled at an extraordinary general meeting of the Company to be convened (the “**EGM**”),

the notice of which together with the circular will be despatched to shareholders of the Company (“**Shareholders**”) in due course.

2. SHARE CONSOLIDATION

2.1. Details of the Share Consolidation

- 2.1.1. Pursuant to the Share Consolidation, the Company proposes to consolidate every twenty-five (25) existing ordinary Shares to one (1) Consolidated Share, fractional entitlements to be disregarded.
- 2.1.2. The books of the Company will be closed at a books closure date to determine the entitlements of the Shareholders to the Consolidated Shares pursuant to the Share Consolidation (the “**Books Closure Date**”).
- 2.1.3. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of one hundred (100) Consolidated Shares.
- 2.1.4. Shareholders should note that the number of Consolidated Shares which they will be entitled to, based on their holdings of Shares as at the Books Closure Date will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Share Consolidation shall be disregarded. Fractions of a Consolidated Share arising from the Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. **Shareholders who hold less than twenty-five (25) existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the proposed Share Consolidation are advised to purchase additional existing Shares so as to increase the number of existing Shares held to a multiple of twenty-five (25) existing Shares prior to the Books Closure Date.**
- 2.1.5. As at the date of this announcement, the Company has an issued share capital of approximately S\$112,439,820 divided into 15,550,174,212 Shares.
- 2.1.6. On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date and the Share Consolidation takes effect prior to the Capital Reduction, following the completion of the Share Consolidation, the Company will have an issued share capital of approximately S\$112,439,820 divided into 622,006,968 Consolidated Shares.
- 2.1.7. The Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the equity attributable to the Shareholders of the Company. Shareholders are not required to make any payment to the Company in respect of the Share Consolidation.

2.2. Rationale for the Share Consolidation

- 2.2.1. The Board believes that the Share Consolidation will generally be beneficial to the Company and its Shareholders as it would help to rationalise the share capital of the Company by reducing the number of shares outstanding, and the trading price per Consolidated Share should theoretically be proportionally higher than the trading price per Share prior to the Share Consolidation. This will reduce the fluctuation in magnitude of the Company's share price and market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.
- 2.2.2. The Share Consolidation may also improve the profile of the Company amongst institutional investors and the coverage of the Company amongst research houses and fund managers. This may, in turn, increase market interest and activity in the Shares, and generally make the Shares more attractive to investors.
- 2.2.3. **Shareholders should note, however, that there can be no assurance that the Share Consolidation will achieve the desired results as stated in this paragraph 2.2, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

2.3. Financial Effects

- 2.3.1. For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2015 ("FY2015"), the pro forma financial effects of the Share Consolidation on the Company are set out below. The pro forma financial effects are calculated based on the assumption that the Share Consolidation was completed on 31 December 2015 and that the Capital Reduction as set out in paragraph 3 below did not take place.
- 2.3.2. **The Directors note that the pro forma financial effects have been prepared solely for illustrative purposes and do not necessarily reflect the actual future financial position and performance of the Company following completion of the Share Consolidation.**
- 2.3.3. **Further, the Directors also note that the pro forma financial effects based on the latest audited consolidated financial statements of the Company for FY2015 would not necessarily provide a comprehensive illustration of the actual future financial position and performance of the Company following completion of the Share Consolidation as the Company has, since its FY2015 audited consolidated financial statements, increased its issued share capital to approximately S\$112,439,820 divided into 15,550,174,212 Shares as at the date of this announcement. Accordingly, Shareholders should note that the following pro forma financial effects of the Share Consolidation have been calculated to take into consideration the enlarged share capital of the Company as mentioned above.**

(a) Share Capital

The pro forma financial effects of the Share Consolidation on the share capital of the Company for FY2015 after adjusting for the shares

issued by the Company from 1 January 2016 to the date of this announcement (the “**2016 Shares**”) are as follows:

	Before the Share Consolidation	After the Share Consolidation
Number of issued Shares	15,550,174,212	622,006,968
Amount of share capital (S\$)	112,439,820	112,439,820

(b) Earnings per Share (“EPS”)

The pro forma financial effects of the Share Consolidation on the EPS of the Company for FY2015 after adjusting for the 2016 Shares are as follows:

	Before the Share Consolidation	After the Share Consolidation
Profit after taxation and minority interests (RMB'000)#	6,995	6,995
Number of paid-up Shares	15,550,174,212	622,006,968
Weighted average number of Shares during the financial year	15,550,174,212	622,006,968
EPS (fen)#	0.05	1.12

“**RMB**” and “**fen**” means Renminbi and fen respectively, being the lawful currency of the People’s Republic of China.

(c) Net asset value (“NAV”)

The pro forma financial effects of the Share Consolidation on the NAV of the Company for FY2015 after adjusting for the 2016 Shares are as follows:

	Before the Share Consolidation	After the Share Consolidation
Net asset (RMB'000)#	65,558	65,558
Number of issued Shares	15,550,174,212	622,006,968
NAV per Share (fen)#	0.42	10.54

“**RMB**” and “**fen**” means Renminbi and fen respectively, being the lawful currency of the People’s Republic of China.

(d) Gearing

The Share Consolidation will have no material impact on the gearing of the Group.

2.4. **Adjustments to the Outstanding Warrants (as defined below) and Outstanding Options (as defined below)**

2.4.1. As at the date of this announcement, the Company has 1,277,777,777 outstanding warrants (the “**Outstanding Warrants**”), each Outstanding Warrant carrying the right to subscribe for one (1) new Share, as well as 400,000,000 outstanding options (the “**Outstanding Options**”), each Outstanding Option carrying the right to subscribe for one (1) new Share.

2.4.2. Pursuant to the terms and conditions of the Outstanding Warrants, the Share Consolidation will constitute an event giving rise to adjustments to the exercise price payable for each new Share on the exercise of the Outstanding Warrants, and the number of the Outstanding Warrants.

2.4.3. The adjustments to the Outstanding Warrants as stated below have been certified by the auditors of the Company:

- (i) the number of Outstanding Warrants will be adjusted on the basis that twenty-five (25) Outstanding Warrants will be consolidated into one (1) consolidated warrant (“**Consolidated Warrant**”);
- (ii) the existing exercise price of each Outstanding Warrant will be adjusted from S\$0.0036 to S\$0.09 for each Consolidated Warrant;
- (iii) each Consolidated Warrant shall carry the right to subscribe for one (1) new Consolidated Share in the capital of the Company; and
- (iv) the adjustment to the number of Outstanding Warrants will be rounded downwards to the nearest whole Consolidated Warrant.

The adjustments to the Outstanding Warrants will not result in any material impact on the share capital, NAV and EPS of the Company.

2.4.4. Pursuant to the rules of the Previous Scheme, the exercise price payable for each new Share on the exercise of the Outstanding Options, and the number of the Outstanding Options, may at the option of the Remuneration Committee of the Company, or such other committee comprising Directors and such other persons (if any) duly authorised and appointed by the Board to administer the Previous Scheme from time to time (the “**Committee**”) be adjusted in such manner as the Committee determines to be appropriate. The Committee has determined that adjustments are to be made to the Outstanding Options as follows:

- (a) the number of Outstanding Options will be adjusted on the basis that twenty-five (25) Outstanding Options will be consolidated into one (1) consolidated option (“**Consolidated Option**”);

- (b) the existing exercise price of each Outstanding Option will be adjusted from S\$0.003 to S\$0.075 for each Consolidated Option;
- (c) each Consolidated Option shall carry the right to subscribe for one (1) new Consolidated Share in the capital of the Company; and
- (d) the adjustment to the number of Outstanding Options will be rounded downwards to the nearest whole Consolidated Option.

2.4.5. The adjustments to the Outstanding Options will not result in any material impact on the share capital, NAV and EPS of the Company.

2.4.6. The adjustments will be effective from the close of the Market Day (being a day on which the SGX-ST is open for trading of securities) immediately preceding the date on which the Share Consolidation becomes effective.

2.5. **Conditions of the Share Consolidation**

The Share Consolidation is subject to, *inter alia*, the following:

- (i) the approval of the SGX-ST for the Share Consolidation and the dealing in, listing of and quotation for the Consolidated Shares on the SGX-ST; and
- (ii) the approval of the shareholders by ordinary resolution at the EGM.

An application will be made by the Sponsor, for and on behalf of the Company, to the SGX-ST for the dealing in and listing and quotation of the Consolidated Shares arising from the Share Consolidation. An appropriate announcement on the outcome of the application will be made in due course.

In the event the listing and quotation notice for the dealing in and listing and quotation of the Consolidated Shares is issued by the SGX-ST to the Company, Shareholders should note that such a notice should not to be taken as an indication of the merits of the Consolidated Shares, the Share Consolidation, the Company, its subsidiaries, and/or their securities.

3. **CAPITAL REDUCTION**

3.1. **Details of the Capital Reduction**

3.1.1. The Company proposes to undertake the Capital Reduction pursuant to Section 78C of the Companies Act to partially write off accumulated losses of the Company amounting to RMB580,787,000 (equivalent to approximately S\$119,155,000) as at 31 December 2015. The accumulated losses proposed to be written off pursuant to the proposed Capital Reduction is S\$112,000,000 (the "**Accumulated Losses**").

3.1.2. The Capital Reduction will be effected in the following manner:

- (i) reducing the issued and paid-up share capital of the Company by S\$112,000,000 from approximately S\$112,439,820 (as at the date of this announcement) to approximately S\$439,820; and

- (ii) the amount equal to S\$112,000,000 being the credit arising from the cancellation of the issued and paid-up share capital of the Company will be applied to write-off the Accumulated Losses.

The amount of S\$112,000,000 to be applied to write-off the Accumulated Losses comprises the issued and paid-up share capital of the Company which has been lost or is unrepresented by available assets.

3.2. Rationale of the Capital Reduction

- 3.2.1. The Directors are of the view that the Capital Reduction would serve to rationalise the balance sheet of the Company to reflect more accurately the value of its underlying assets, and thus the financial position of the Company. In addition, the Capital Reduction will facilitate any future equity-related fundraising to recapitalise and strengthen the balance sheet of the Company.
- 3.2.2. The Company would also be in a better position to retain profits and enhance its ability to pay dividends in the future if the Accumulated Losses are written off, thus enhancing Shareholders' return on equity. If the Capital Reduction is not carried out, the Company may not be able to declare any dividends to its Shareholders until the Accumulated Losses are fully eliminated by future years' profits. Hence, the Directors believe that it is in the best interests of the Company and its Shareholders to undertake the Capital Reduction to eliminate the Accumulated Losses to facilitate future declaration of dividends, if appropriate.

3.3. Financial Effects

- 3.3.1. The Capital Reduction merely represents a change in the composition of shareholders' equity and does not entail any outflow of cash or change to the assets of the Company or affect the number of Shares.
- 3.3.2. The Capital Reduction will not have any material impact on the Outstanding Warrants or the Outstanding Options. There will be no change to the number of Outstanding Warrants or Outstanding Options, and no adjustments to the exercise price of the Outstanding Warrants or Outstanding Options, as a result of the Capital Reduction.
- 3.3.3. For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for FY2015, the pro forma financial effects of the Capital Reduction on the Company are set out below.
- 3.3.4. The pro forma financial effects are calculated based on the assumptions that:
 - (i) the Capital Reduction was completed on 31 December 2015;
 - (ii) the Share Consolidation as set out in paragraph 2 above has not taken place;
 - (iii) the Company has increased its issued share capital to approximately S\$112,439,820 divided into 15,550,174,212 Shares; and
 - (iv) the estimated transaction costs of approximately S\$0.2 million have been taken into account in the computation of the financial effects.

3.3.5. **The Directors note that the pro forma financial effects have been prepared solely for illustrative purposes and do not purport to be indicative or a projection of the results and financial position of the Company after the Capital Reduction has been effected.**

(i) Share Capital

The Capital Reduction will not have any impact on the number of Shares held by shareholders after the Capital Reduction. The pro forma financial effects of the Capital Reduction on the share capital of the Company for FY2015 after adjusting for the 2016 Shares are as follows:

	Before the Capital Reduction	After the Capital Reduction
Number of issued Shares	15,550,174,212	15,550,174,212
Number of issued Shares (excluding treasury shares)	15,550,174,212	15,550,174,212
Amount of share capital (S\$)	112,439,820	439,820

(ii) NAV, EPS and Gearing

The Capital Reduction will have no material impact on the NAV per Share, EPS, and gearing of the Company.

(iii) Return on Equity

The pro forma financial effects of the Capital Reduction on the return on equity of the Company for FY2015 after adjusting for the 2016 Shares are as follows:

	Before the Capital Reduction	After the Capital Reduction
Profit attributable to Shareholders (RMB'000)	7,497	7,297
Return on Equity (%)	5.37	5.23

3.4. **Conditions of the Capital Reduction**

The Capital Reduction is subject to, *inter alia*, the following conditions:

- (i) the Company obtaining shareholders' approval for the Capital Reduction by way of a special resolution at the EGM, to be approved by a majority of not less than three-fourths of the shareholders present and voting at the EGM, of which not less than twenty-one (21) days'

notice of the EGM shall have been given (the “**Capital Reduction Resolution**”);

- (ii) the Company complying with the relevant publicity requirements as prescribed in the Companies Act;
- (iii) no application being made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within the period of six (6) weeks as prescribed in the Companies Act, or if such application was made, the dismissal thereof by the judicial authorities; and
- (iv) lodgement of the relevant documents with the Accounting & Corporate Regulatory Authority (“**ACRA**”) after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Capital Reduction Resolution.

3.5. **Effective Date of Capital Reduction**

- 3.5.1. The Capital Reduction is subject to the satisfaction of, *inter alia*, the conditions set out above.
- 3.5.2. Following the Company’s lodgement with ACRA of a notice containing the text of the Capital Reduction resolution (if no creditor of the Company objects to, and applies to the High Court for the cancellation of, the Capital Reduction resolution), the Company will lodge further requisite documents with ACRA as provided under Section 78E(2) of the Companies Act after the end of six (6) weeks, and before the end of eight (8) weeks, beginning with the date of the Capital Reduction Resolution, upon which the Capital Reduction will take effect.
- 3.5.3. The Company will then publicly announce and notify shareholders of the effective date of the Capital Reduction through a SGXNET announcement.

4. **THE PROPOSED ADOPTION OF THE SCHEME, THE PROPOSED TERMINATION OF THE PREVIOUS SCHEME, AND THE PROPOSED ADOPTION OF THE PLAN**

4.1. The Board wishes to announce that the Company proposes to:

- (i) adopt the Scheme;
- (ii) terminate the Previous Scheme; and
- (iii) adopt the Plan.

4.2. **The Previous Scheme**

4.2.1. The Previous Scheme was adopted at an extraordinary general meeting of the Company held on 21 August 2009. The Previous Scheme was to continue in force at the discretion of the Committee subject to a maximum period of ten (10) years commencing on 21 August 2009. Subject to the Scheme being approved by Shareholders at the EGM, the Company proposes to terminate the Previous Scheme upon the conclusion of the EGM.

- 4.2.2. It is to be noted that the termination of the Previous Scheme is without prejudice to the rights of the holders of the options under the Previous Scheme in respect of whom offers of options thereunder have been made and accepted.
- 4.3. In relation to the Scheme and the Plan, an application will be made by the Sponsor, for and on behalf of the Company, to the SGX-ST for the dealing in and listing and quotation of new Shares to be issued in connection with the exercise of share options granted, and/or the vesting of awards from, the Scheme and the Plan respectively ("**New Shares**"). The aggregate number of Shares that may be issued under the Scheme and the Plan together with any other Share option or Share scheme of the Company then in force shall not exceed fifteen per cent (15%) of the total number of issued Shares from time to time. An appropriate announcement on the outcome of the application will be made in due course.
- 4.4. The Company will be seeking approval from Shareholders for the proposed termination of the Previous Scheme and the adoption of the Scheme and the Plan at the EGM.
- 4.5. **In the event the listing and quotation notice for the dealing in and listing and quotation of the New Shares is issued by the SGX-ST to the Company, Shareholders should note that such a notice should not to be taken as an indication of the merits of the New Shares, the Scheme, the Plan, the Company, its subsidiaries, and/or their securities.**

5. SHARE PURCHASE MANDATE

5.1. Rationale for the Share Purchase Mandate

- 5.1.1. The approval of the proposed Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to a certain limit at any time, subject to market conditions, during the period when the proposed Share Purchase Mandate is in force.
- 5.1.2. The rationale for the Company to undertake a purchase or acquisition of its Shares is as follows:
- (i) the purchase by the Company of its issued Shares is one of the ways in which the return on equity of the Company may be improved, thereby increasing Shareholder value. By obtaining a proposed Share Purchase Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the proposed Share Purchase Mandate is in force;
 - (ii) the proposed Share Purchase Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group's financial needs in an expedient and cost-effective manner;
 - (iii) Share buybacks also allow the Board to exercise control over the Company's share structure with a view to enhancing the EPS and/or the net tangible asset value per Share; and

- (iv) the Board further believes that Share purchases by the Company may help to mitigate short-term market volatility in the price of the Shares, off-set the effects of short-term speculation and bolster Shareholders' confidence.

5.1.3. If and when circumstances permit, the Board will decide whether to effect the Share purchase or acquisition, after taking into account the relevant factors such as the financial resources available, the prevailing market conditions and the cost and timing involved. 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.

5.1.4. It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of shareholders. It is also a requirement under the Catalist Rules that an issuer which wishes to purchase its own shares should obtain the prior approval of its shareholders in a general meeting. As such, the approval of Shareholders for the Share Purchase Mandate will be sought at the EGM.

5.2. **Maximum purchase price**

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

- (i) in the case of a Market Purchase (as defined hereinafter), 105% of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase (as defined hereinafter), 115% of the Average Closing Price (as defined hereinafter),

(each, the "**Maximum Price**").

For the above purposes:

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

"**date 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; and

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

- (a) on-market purchases (“**Market Purchases**”), transacted on the SGX-ST through the ready market through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“**Off-Market Purchases**”) (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 the Catalist Rules.

5.3. **Maximum Number of Shares**

- 5.3.1. The total number of Shares which may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the number of the Company’s issued Shares as at the date on which the resolution authorising the proposed Share Purchase Mandate is passed, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined below), 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.
- 5.3.2. For the above purposes, “**Relevant Period**” means the period commencing from the date on which the resolution authorising the proposed Share Purchase Mandate is passed, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.
- 5.3.3. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit. As at the date of this announcement, the Company does not hold any treasury shares.
- 5.3.4. Solely for illustrative purposes:
 - (a) based on 15,550,174,212 Shares in issue as at the date of this announcement, and assuming that no further Shares are issued on or prior to the EGM, not more than 1,555,017,421 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate; and
 - (b) based on 622,006,968 Consolidated Shares (assuming that the Share Consolidation has been completed), and assuming that no further Shares are issued on or prior to the completion of the Share Consolidation, not more than 62,200,696 Consolidated Shares (representing 10% of the Consolidated Shares) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

5.4. **Duration of Authority**

- 5.4.1. Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the EGM at which the proposed Share Purchase Mandate is approved, up to the earliest of:

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

5.4.2. The proposed Share Purchase Mandate may be renewed at subsequent annual general meetings or other general meetings of the Company.

6. ADOPTION OF NEW CONSTITUTION

6.1. The Companies (Amendment) Act 2014

The Companies (Amendment) Act 2014 (the “**Amendment Act**”), which was passed in Parliament on 8 October 2014 and took effect in two phases on 1 July 2015 and 3 January 2016, introduced wide-ranging changes to the Companies Act. The changes aim to reduce the 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 Central Provident Fund 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”.

6.2. New Constitution

The Company is proposing to adopt a new constitution (the “**New Constitution**”), which will replace the existing constitution (the memorandum and articles of association of the Company which were in force immediately before 3 January 2016, the (“**Existing Constitution**”)), and incorporate amendments to take into account the changes to the Companies Act introduced pursuant to the Amendment Act. At the same time, the existing objects clause will be replaced with a general provision giving the Company full capacity to carry on or undertake any business or activity, do any act or enter into any transaction. The New Constitution also contains updated provisions which are consistent with the prevailing listing rules of the SGX-ST in compliance with Rule 730 of the Catalist Rules, as well as to take into account the provisions of the Personal Data Protection Act relating to the collection, use and disclosure of personal data, and to streamline and rationalise certain other provisions.

7. EGM AND CIRCULAR TO SHAREHOLDERS

The Company will convene an EGM to seek the approval of the shareholders for the proposed Share Consolidation, the proposed Capital Reduction, the proposed termination of the Previous Scheme, the proposed adoption of the Scheme and the Plan, the proposed Share Purchase Mandate, and the proposed adoption of the New Constitution, and a circular containing, *inter*

alia, the details thereof, together with the opinions and recommendations of the Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be despatched to Shareholders in due course.

8. INTERESTS OF THE DIRECTORS OR CONTROLLING SHAREHOLDERS OF THE COMPANY

All the Directors are eligible to participate in, and are therefore interested in, the Scheme and the Plan.

Save as disclosed in this announcement, none of the Directors or controlling Shareholders has any interest, direct or indirect, in the Share Consolidation, the Capital Reduction, the proposed adoption of the Scheme and the Plan, the Share Purchase Mandate and the adoption of the New Constitution, other than through their respective shareholdings (if any) in the Company.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624 during normal business hours from the date of this announcement up to and including the time and date of the EGM:

- (a) the Existing Constitution;
- (b) the proposed New Constitution;
- (c) the annual report of the Company for FY2015;
- (d) the rules of the Previous Scheme;
- (e) the rules of the proposed Scheme; and
- (f) the rules of the proposed Plan.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the proposed Share Consolidation, the proposed Capital Reduction, the proposed termination of the Previous Scheme, the proposed adoption of the Scheme and the Plan, the proposed Share Purchase Mandate, and the proposed adoption of the New 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 announcement misleading.

Where information in this announcement 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 announcement in its proper form and context.

11. **FURTHER ANNOUNCEMENTS**

The Company will make further announcements on the proposed Share Consolidation, the proposed Capital Reduction, the proposed adoption of the Scheme, the proposed termination of the Previous Scheme, the proposed adoption of the Plan, the proposed Share Purchase Mandate, and the proposed adoption of the New Constitution as appropriate or when there are further developments on the same.

By Order of the Board

Christopher Chong Meng Tak
Non-Executive Chairman

30 September 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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