

APPENDIX DATED 12 APRIL 2018

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

This Appendix is issued by Delong Holdings Limited (the “**Company**”). Its purpose is to explain the rationale and provide information to the shareholders of the Company for the proposed renewal of the Share Buyback Mandate (as defined in this Appendix) to be tabled at the annual general meeting of the Company to be held on 27 April 2018 at 10.30 a.m. at 55 Market Street, #03-01, Singapore 048941 (the “**2018 AGM**”). The notice of the 2018 AGM and the proxy form have been circulated with the annual report of the Company for the financial year ended 31 December 2017 on 12 April 2018.

If you have sold or transferred all your shares in the capital of the Company, you should forward this Appendix immediately 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 Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.



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DELONG HOLDINGS

DELONG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 28 July 1997)

(Company Registration Number: 199705215G)

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING IN RELATION TO
THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

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DEFINITIONS

Except where the context otherwise requires or unless otherwise stated, the following definitions shall apply throughout this Appendix:

- “2018 AGM”** : The annual general meeting of the Company to be held on 27 April 2018
- “AGM”** : An annual general meeting of the Company
- “Appendix”** : This appendix to the notice of annual general meeting dated 12 April 2018
- “Approval Date”** : The date of the 2018 AGM at which the Proposed Renewal of the Share Buyback Mandate will be approved
- “Associate”** : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more;
- (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- “Average Closing Price”** : 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, preceding the day of the Market Purchase or, as the case may be, preceding the date of making an announcement by the Company of an offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period
- “Best Decade”** : Best Decade Holdings Limited
- “Board”** : The board of Directors of the Company as at the Latest Practicable Date
- “CDP”** : The Central Depository (Pte) Limited
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended, modified and/or supplemented from time to time
- “Company”** : Delong Holdings Limited

“Constitution”	:	The constitution of the Company, as amended, modified and/or supplemented from time to time
“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15.0% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings in the Company; or (b) in fact exercises control over the Company
“Council”	:	The Securities Industry Council of Singapore
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended or ending 31 December, as the case may be
“FY2017”	:	Financial year ended 31 December 2017
“Golden Top”	:	Golden Top Group Limited
“Group”	:	The Company and its subsidiaries
“Honest Joy”	:	Honest Joy International Ltd
“Latest Practicable Date”	:	2 April 2018, being the latest practicable date prior to the despatch of this Appendix
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified and/or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Purchase”	:	Market purchase(s) transacted on the SGX-ST through the ready market or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for such purpose
“Maximum Price”	:	Means: <ul style="list-style-type: none"> (i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and (ii) in the case of an Off-Market Purchase, 120.0% of the Average Closing Price of the Shares
“Notice of AGM”	:	Notice of the 2018 AGM dated 12 April 2018
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual

“Proposed Renewal of the Share Buyback Mandate”	:	The proposed renewal of the Share Buyback Mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Appendix
“Relevant Period”	:	The period commencing from the date on which the resolution relating to the renewal of the Share Buyback Mandate is passed at the 2018 AGM and expiring on the earliest of the date the next AGM is held or is required by law to be held, or the date on which the Share Buybacks are carried out to the full extent mandated, or the date the said mandate is revoked or varied by the Company in a general meeting
“Securities Accounts”	:	The securities accounts maintained with CDP, but not including the securities accounts maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified and/or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buybacks”	:	The purchases or acquisitions of Shares by the Company pursuant to the terms of the Share Buyback Mandate
“Share Buyback Mandate”	:	The general and unconditional mandate given by Shareholders to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares in accordance with the terms set out in this Appendix, as well as the rules and regulations set forth in the Companies Act and the Listing Manual
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“subsidiary”	:	Has the meaning ascribed to it in Section 5 of the Companies Act
“subsidiary holdings”	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
“Substantial Shareholder”	:	A person who has an interest or interests in one (1) or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than five per cent. (5.0%) of the total votes attached to all the voting Shares (excluding treasury shares) in the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified and/or supplemented from time to time
<u>Currencies, units and others</u>		
“S\$” or “SGD” and “cents”	:	Singapore dollars and cents respectively
“RMB”	:	The lawful currency of the People’s Republic of China

“%” or “per cent.” : Percentage or per centum

The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Other capitalised terms are defined where they appear and have the respective meanings there indicated.

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 genders. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term used in this Appendix which is defined in the Companies Act, the SFA, the Listing Manual or the Take-over Code or any modification thereof and not otherwise defined in this Appendix shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or the Take-over Code or any modification thereof, as the case may be, unless otherwise provided.

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

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

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

For the purposes of this Appendix, the exchange rate of S\$1.00 to RMB4.80 as at the Latest Practicable Date has been used for the purposes of calculation.

DELONG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199705215G)

Board of Directors:

Ding Liguu (Executive Chairman)
Wu Yujie (Executive Director)
Yuan Weimin (Non-Executive Director)
Lai Hock Meng (Independent Director)
Wu Geng (Independent Director)
Wang Tianyi (Independent Director)

Registered Office :

55 Market Street
Level 10
Singapore 048941

12 April 2018

To: The Shareholders of Delong Holdings Limited

Dear Sir / Madam,

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek their approval for, the Proposed Renewal of the Share Buyback Mandate, at the 2018 AGM to be held on 27 April 2018 at 10.30 a.m. at 55 Market Street, #03-01, Singapore 048941. The Notice of AGM and the Proxy Form have been circulated with the annual report of the Company for FY2017 on 12 April 2018.

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

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

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

The Share Buyback Mandate was originally approved by the Shareholders at the extraordinary general meeting of the Company held on 27 April 2017. The existing Share Buyback Mandate will expire on 27 April 2018, being the date of the 2018 AGM. Accordingly, the Directors propose that the Share Buyback Mandate be renewed at the 2018 AGM.

If the proposed resolution for the renewal of the Share Buyback Mandate is approved by Shareholders at the 2018 AGM, the authority conferred by the Share Buyback Mandate will take effect from the date of the 2018 AGM at which the Proposed Renewal of the Share Buyback Mandate will be approved and continue to be in force until the date on which the next AGM is held or is required by law to be held, whichever is earlier (whereupon it will lapse, unless renewed at such meeting), unless prior thereto, Share Buybacks have been carried out to the full extent mandated, or the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in a general meeting.

2.2 Rationale for the Proposed Renewal of the Share Buyback Mandate

The Share Buyback Mandate will give the Company the flexibility to undertake Share Buybacks at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return of equity of the Group. A Share Buyback at an appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Share purchases or acquisitions provide the Company with an easy mechanism to facilitate the return of surplus cash over and above the ordinary capital requirements, in an expedient and cost-efficient manner. Share purchases or acquisitions also allow the Directors to exercise control over the Company's share structure and may, depending on market conditions, lead to an enhancement of the EPS and/or NTA per Share of the Company.

The Share Buyback Mandate will provide the Company with an efficient mechanism to enhance return to Shareholders when circumstances permit. The Share Buyback Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued, to help mitigate short-term market volatility and to offset the effects of short-term speculation.

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

2.3 Terms of the Share Buyback Mandate

The authority to make and limitations placed on Share Buybacks by the Company under the Share Buyback Mandate, if renewed at the 2018 AGM, are summarised below:

2.3.1 Maximum number of Shares

Only Shares that are issued and fully paid-up may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

The total number of Shares which can be purchased or acquired by the Company pursuant to the Share Buyback Mandate during the Relevant Period is limited to that number of Shares representing not more than 10.0% of the the total issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at the Approval Date, 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, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered.

As at the Latest Practicable Date, no Shares were held as treasury shares and the Company has no subsidiary holdings.

Purely for illustrative purposes only, on the basis of 110,182,709 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the 2018 AGM, no more than 11,018,270 Shares (representing approximately 10.0% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

2.3.2 Duration of authority

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

- (i) the conclusion of the next AGM or the date by which such AGM is required to be held;
- (ii) the date on which Share Buybacks pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in a general meeting.

The authority conferred on the Directors by the Share Buyback Mandate to purchase Shares may be renewed at each AGM or other general meeting of the Company.

2.3.3 Manner of Share Buybacks

Share Buybacks may be made by way of:

- (i) market purchase(s) transacted on the SGX-ST through the ready market or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or
- (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual.

The Directors may impose such terms and conditions, which are not inconsistent with the Share Buyback Mandate, the Companies Act, the Listing Manual and the Constitution, as they consider fit in the interests of the Company in connection with, or in relation to, any equal access scheme(s). Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

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

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

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Buyback;
- (iv) the consequences, if any, of Share Buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share Buyback, if made, could affect the listing of the Shares on the Official List of SGX-ST;

- (vi) details of any Share Buyback made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Buybacks, where relevant, and the total consideration paid for such Share Buybacks; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum purchase price

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

However, the purchase price to be paid for a Share pursuant to a Share Buyback, as determined by the Directors, must not exceed:

- (i) in the case of a Market Purchase, 105.0% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120.0% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the Share Buyback.

2.4 **Status of purchased Shares**

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

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

At the time of each Share Buyback, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, as the Directors deem fit in the interest of the Company at that time, taking into consideration *inter alia* the prevailing circumstances and requirements of the Company then.

2.5 **Treasury Shares**

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

2.5.1 Maximum holdings

The aggregate number of Shares held as treasury shares cannot at any time exceed 10.0% of the total number of issued Shares.

In the event that the Company holds more than 10.0% of the total number of its issued Shares as treasury shares, the Company shall dispose of or cancel the excess treasury shares in the manner set out under section 2.5.3 below within six (6) months beginning with the day on which such contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2 Voting and other rights

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

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Furthermore, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

2.5.3 Disposal and cancellation

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

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

2.5.4 Reporting obligation under the Listing Manual

Under Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) 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
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of funds for Share Buybacks

The Companies Act permits the Company to purchase its own Shares out of the Company's capital or profits so long as the Company is solvent. The Companies Act provides that the Company is solvent if at the date of the relevant 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 so 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, acquisition, variation or release of Shares (as the case may be), become less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources and/or external borrowings to finance the Share Buybacks pursuant to the Share Buyback Mandate.

The Directors will only carry out Share Buybacks as and when they consider it to be in the best interest of the Company, and in circumstances which they believe would not result in any material adverse effect on the financial condition, liquidity and working capital of the Company and/or the Group, taking into consideration *inter alia* the availability of financial resources, the Group's ability to service its debts and other obligations, and the prevailing market conditions.

2.7 Financial effects of the Share Buyback Mandate

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, and the amounts (if any) borrowed by the Company to fund the purchases.

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 (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) 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.

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

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

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

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares pursuant to the Share Buyback Mandate, based on the audited financial statements of the Company and the Group for FY2017, are based on the following principal assumptions:

- (a) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 January 2017 for the purpose of computing the financial effects on the EPS of the Group and the Company;
- (b) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 31 December 2017 for the purpose of computing the financial effects on the Shareholders' funds, NTA per Share, current ratio and gearing of the Group and the Company; and
- (c) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

2.7.1 Market Purchases

For illustrative purposes only, for Market Purchases, assuming that:

- (i) the Maximum Price is S\$4.27 which is 105.0% of the Average Closing Price of the Shares over the five (5) trading days preceding the Latest Practicable Date on which transactions in the Shares were recorded; and
- (ii) the Company has 110,182,709 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the 2018 AGM, such that no more than 11,018,270 Shares (representing approximately 10.0% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate,

the maximum amount of funds required for the purchase of up to 11,018,270 Shares under and during the duration of the Share Buyback Mandate, is approximately S\$47,048,013 (equivalent to approximately RMB225,830,462).

On this assumption, the impact of Market Purchases by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and the Group's audited financial statements for FY2017 is as follows:

Assuming the use of internal resources to purchase the Shares

	Group			Company		
	Before Share Buybacks (RMB'000)	After Share Buybacks (RMB'000)	Purchased Shares held as Treasury Shares	Before Share Buybacks (RMB'000)	After Share Buybacks (RMB'000)	Purchased Shares held as Treasury Shares
As at 31 December 2017						
Share capital	406,645	180,815	406,645	2,112,480	1,886,650	2,112,480
Shareholders' funds	4,578,798	4,352,968	4,352,968	2,193,868	1,968,038	1,968,038
NTA ⁽¹⁾	4,578,798	4,352,968	4,352,968	2,193,868	1,968,038	1,968,038
Current assets	7,040,628	6,814,798	6,814,798	190,955	(34,875)	(34,875)
Current liabilities	5,026,853	5,026,853	5,026,853	7,590	7,590	7,590
Working capital	2,013,775	1,787,945	1,787,945	183,365	(42,465)	(42,465)
Total borrowings	2,412,346	2,412,346	2,412,346	32	32	32
Cash and cash equivalents	2,135,871	1,910,041	1,910,041	2,127	(223,703)	(223,703)
Net profit/(loss)	2,069,906	2,069,906	2,069,906	(13,733)	(13,733)	(13,733)
Number of Shares ⁽²⁾ (excluding treasury shares)	110,182,709	99,164,439	99,164,439	110,182,709	99,164,439	99,164,439
Number of treasury shares	–	–	11,018,270	–	–	11,018,270
Financial Ratios						
NTA per Share ⁽¹⁾ (RMB)	41.56	43.90	43.90	19.91	19.85	19.85
Earnings per Share ⁽³⁾ (RMB)	18.79	20.87	20.87	(0.12)	(0.14)	(0.14)
Gearing ratio ⁽⁴⁾ (times)	0.53	0.55	0.55	–	–	–
Current ratio ⁽⁵⁾ (times)	1.4	1.36	1.36	25.16	–	–

Notes:

- (1) NTA equals Shareholders' funds excluding intangible assets. NTA per Share equals NTA divided by the number of Shares in issue.
- (2) Number of Shares assumes no change in the number of Shares on or prior to the Approval Date.
- (3) EPS has been computed based on FY2017 net profit attributable to Shareholders divided by the number of Shares in issue.
- (4) Gearing equals total borrowings (including notes payables) divided by Shareholders' funds.
- (5) Current ratio equals current assets divided by current liabilities.

As at 31 December 2017, the Group and the Company had cash and cash equivalents of approximately RMB2,135,871,000 (equivalent to approximately S\$444,973,125) and RMB2,127,000 (equivalent to approximately S\$443,125), respectively.

In order to effect a purchase of up to 11,018,270 Shares at the Maximum Price computed as at the Latest Practicable Date, cash reserves from the Group of RMB225,830,462 (equivalent to approximately S\$47,048,013) will be required.

Assuming the use of external borrowings to purchase the Shares

	Group			Company		
	Before Share Buybacks (RMB'000)	After Share Buybacks (RMB'000)	Purchased Shares Cancelled	Before Share Buybacks (RMB'000)	After Share Buybacks (RMB'000)	Purchased Shares held as Treasury Shares
As at 31 December 2017						
Share capital	406,645	180,815	406,645	2,112,480	1,886,650	2,112,480
Shareholders' funds	4,578,798	4,352,968	4,352,968	2,193,868	1,968,038	1,968,038
NTA ⁽¹⁾	4,578,798	4,352,968	4,352,968	2,193,868	1,968,038	1,968,038
Current assets	7,040,628	7,040,628	7,040,628	190,955	190,955	190,955
Current liabilities	5,026,853	5,252,683	5,252,683	7,590	233,420	233,420
Working capital	2,013,775	1,787,945	1,787,945	183,365	(42,465)	(42,465)
Total borrowings	2,412,346	2,638,176	2,638,176	32	225,862	225,862
Cash and cash equivalents	2,135,871	2,135,871	2,135,871	2,127	2,127	2,127
Net profit/(loss)	2,069,906	2,069,906	2,069,906	(13,733)	(13,733)	(13,733)
Number of Shares ⁽²⁾ (excluding treasury shares)	110,182,709	99,164,439	99,164,439	110,182,709	99,164,439	99,164,439
Number of treasury shares	–	–	11,018,270	–	–	11,018,270
Financial Ratios						
NTA per Share ⁽¹⁾ (RMB)	41.56	43.90	43.90	19.91	19.85	19.85
Earnings per Share ⁽³⁾ (RMB)	18.79	20.87	20.87	(0.12)	(0.14)	(0.14)
Gearing ratio ⁽⁴⁾ (times)	0.53	0.61	0.61	–	0.11	0.11
Current ratio ⁽⁵⁾ (times)	1.40	1.34	1.34	25.16	0.82	0.82

Notes:

- (1) NTA equals Shareholders' funds excluding intangible assets. NTA per Share equals NTA divided by the number of Shares in issue.
- (2) Number of Shares assumes no change in the number of Shares on or prior to the Approval Date.
- (3) EPS has been computed based on FY2017 net profit attributable to Shareholders divided by the number of Shares in issue.

- (4) Gearing equals total borrowings (including notes payables) divided by Shareholders' funds.
- (5) Current ratio equals current assets divided by current liabilities.

2.7.2 Off-Market Purchases

For illustrative purposes only, for Off-Market Purchases, assuming that:

- (i) the Maximum Price is S\$4.88 which is 120.0% of the Average Closing Price of the Shares over the five (5) trading days preceding the Latest Practicable Date on which transactions in the Shares were recorded; and
- (ii) the Company has 110,182,709 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the 2018 AGM, such that no more than 11,018,270 Shares (representing approximately 10.0% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate,

the maximum amount of funds required for the purchase of up to 11,018,270 Shares under and during the duration of the Share Buyback Mandate, is approximately S\$53,769,158 (equivalent to approximately RMB258,091,956).

On this assumption, the impact of the Off-Market Purchases by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and the Group's audited financial statements for FY2017 is as follows:

Assuming the use of internal resources to purchase the Shares

	Group			Company		
	Before Share Buybacks (RMB'000)	After Share Buybacks (RMB'000)	Purchased Shares Cancelled	Before Share Buybacks (RMB'000)	After Share Buybacks (RMB'000)	Purchased Shares held as Treasury Shares
As at 31 December 2017						
Share capital	406,645	148,553	406,645	2,112,480	1,854,388	2,112,480
Shareholders' funds	4,578,798	4,320,706	4,320,706	2,193,868	1,935,776	1,935,776
NTA ⁽¹⁾	4,578,798	4,320,706	4,320,706	2,193,868	1,935,776	1,935,776
Current assets	7,040,628	6,782,536	6,782,536	190,955	(67,137)	(67,137)
Current liabilities	5,026,853	5,026,853	5,026,853	7,590	7,590	7,590
Working capital	2,013,775	1,755,683	1,755,683	183,365	(74,727)	(74,727)
Total borrowings	2,412,346	2,412,346	2,412,346	32	32	32
Cash and cash equivalents	2,135,871	1,877,779	1,877,779	2,127	(255,965)	(255,965)
Net profit/(loss)	2,069,906	2,069,906	2,069,906	(13,733)	(13,733)	(13,733)
Number of Shares ⁽²⁾ (excluding treasury shares)	110,182,709	99,164,439	99,164,439	110,182,709	99,164,439	99,164,439
Number of treasury shares	–	–	11,018,270	–	–	11,018,270

	Group			Company		
	Before Share Buybacks (RMB'000)	After Share Buybacks (RMB'000)	Purchased Shares Cancelled	Before Share Buybacks (RMB'000)	After Share Buybacks (RMB'000)	Purchased Shares held as Treasury Shares
Financial Ratios						
NTA per Share ⁽¹⁾ (RMB)	41.56	43.57	43.57	19.91	19.52	19.52
Earnings per Share ⁽³⁾ (RMB)	18.79	20.87	20.87	(0.12)	(0.14)	(0.14)
Gearing ratio ⁽⁴⁾ (times)	0.53	0.56	0.56	–	–	–
Current ratio ⁽⁵⁾ (times)	1.40	1.35	1.35	25.16	–	–

Notes:

- (1) NTA equals Shareholders' funds excluding intangible assets. NTA per Share equals NTA divided by the number of Shares in issue.
- (2) Number of Shares assumes no change in the number of Shares on or prior to the Approval Date.
- (3) EPS has been computed based on FY2017 net profit attributable to Shareholders divided by the number of Shares in issue.
- (4) Gearing equals total borrowings (including notes payables) divided by Shareholders' funds.
- (5) Current ratio equals current assets divided by current liabilities.

As at 31 December 2017, the Group and the Company had cash and cash equivalents of approximately RMB2,135,871,000 (equivalent to approximately S\$444,973,125) and RMB2,127,000 (equivalent to approximately S\$443,125), respectively.

In order to effect a purchase of up to 11,018,270 Shares at the Maximum Price computed as at the Latest Practicable Date, cash reserves from the Group of RMB258,091,956 (equivalent to approximately S\$53,769,158) will be required.

Assuming the use of external borrowings to purchase the Shares

	Group			Company		
	Before Share Buy-Backs (RMB'000)	After Share Buy-Backs (RMB'000)	Purchased Shares Cancelled	Before Share Buy-Backs (RMB'000)	After Share Buy-Backs (RMB'000)	Purchased Shares held as Treasury Shares
As at 31 December 2017						
Share capital	406,645	148,553	406,645	2,112,480	1,854,388	2,112,480
Shareholders' funds	4,578,798	4,320,706	4,320,706	2,193,868	1,935,776	1,935,776
NTA ⁽¹⁾	4,578,798	4,320,706	4,352,968	2,193,868	1,968,038	1,935,776
Current assets	7,040,628	7,040,628	7,040,628	190,955	190,955	190,955
Current liabilities	5,026,853	5,284,945	5,284,945	7,590	265,682	265,682
Working capital	2,013,775	1,755,683	1,755,683	183,365	(74,727)	(74,727)
Total borrowings	2,412,346	2,670,438	2,670,438	32	258,124	258,124
Cash and cash equivalents	2,135,871	2,135,871	2,135,871	2,127	2,127	2,127
Net profit/(loss)	2,069,906	2,069,906	2,069,906	(13,733)	(13,733)	(13,733)
Number of Shares ⁽²⁾ (excluding treasury shares)	110,182,709	99,164,439	99,164,439	110,182,709	99,164,439	99,164,439
Number of treasury shares	–	–	11,018,270	–	–	11,018,270
Financial Ratios						
NTA per Share ⁽¹⁾ (RMB)	41.56	43.57	43.57	19.91	19.52	19.52
Earnings per Share ⁽³⁾ (RMB)	18.79	20.87	20.87	(0.12)	(0.14)	(0.14)
Gearing ratio ⁽⁴⁾ (times)	0.53	0.62	0.62	–	0.13	0.13
Current ratio ⁽⁵⁾ (times)	1.40	1.33	1.33	25.16	0.72	0.72

Notes:

- (1) NTA equals Shareholders' funds excluding intangible assets. NTA per Share equals NTA divided by the number of Shares in issue.
- (2) Number of Shares assumes no change in the number of Shares on or prior to the Approval Date.
- (3) EPS has been computed based on FY2017 net profit attributable to Shareholders divided by the number of Shares in issue.
- (4) Gearing equals total borrowings (including notes payables) divided by Shareholders' funds.
- (5) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for FY2017 and is not necessarily representative of future financial performance.

Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10.0% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10.0% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

As stated, the Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirement) and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share Buyback before execution.

2.8 Listing Manual

2.8.1 Free float

The Listing Manual requires a listed company to ensure that at least 10.0% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public shareholders.

As at the Latest Practicable Date, 29,448,410 Shares representing approximately 26.73% of the total number of issued Shares (excluding treasury shares) are held by the public.

For illustrative purposes only, assuming that the Company undertakes Share Buybacks up to the full 10.0% limit pursuant to the Share Buyback Mandate, the number of Shares held by the public would be reduced to 18,430,140 Shares representing approximately 18.59% of the total number of issued Shares (excluding treasury shares).

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in issue held by the public which would permit the Company to undertake Share Buybacks up to the full 10.0% limit pursuant to the Share Buyback 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.

2.8.2 Announcement of Share Buybacks

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a market acquisition, on the Market Day following the day on which it purchased its shares; and
- (b) in the case of an off-market acquisition under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement should be made in compliance with Appendix 8.3.1 of the Listing Manual.

2.8.3 Restrictions on Share Buybacks

While the Listing Manual does not expressly prohibit any purchase or acquisition of its own shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any Share Buybacks pursuant to the Share Buyback Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual.

In particular, in line with Rule 1207(19)(c) of the Listing Manual, the Company will not purchase or acquire any Shares pursuant to the Share Buyback Mandate during the period commencing two (2) weeks before the announcement of the Company's 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, as the case may be, and ending on the date of announcement of the relevant results.

2.9 Taxation

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

2.10 Take-over Code implications arising from Share Buybacks

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.10.1 Obligation to make a take-over offer

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

2.10.2 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), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

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

- (a) 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);
- (b) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the aforementioned companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company;
- (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 clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons 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 Share Buyback by the Company are set out in Appendix 2 of the Take-over Code.

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

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30.0% or more, or, if such Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1.0%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Proposed Renewal of the Share Buyback Mandate.

With regard to Directors and persons acting in concert with them, unless exempted pursuant to Rule 14 and Appendix 2 of the Take-over Code, if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30.0% or more, or if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent (1.0%) in any period of six (6) months, such Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code.

The Directors and their concert parties will be exempted from the requirement to make a take-over offer subject to the following conditions as set out in the Take-over Code:

- (a) this Appendix to contain advice to the effect that by voting for the Proposed Renewal of the Share Buyback Mandate, Shareholders are waiving their right to a general offer at the required price from Directors and parties acting in concert with them who, as a result of the Company buying back its Shares, would increase their voting rights to 30.0% or more, or, if they together hold between 30.0% and 50.0% of the Company's voting rights, would increase their voting rights by more than one per cent (1.0%) in any period of six (6) months; and the names of such Directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed Share Buyback, to be disclosed in this same Appendix;
- (b) the resolution to authorise the Proposed Renewal of the Share Buyback Mandate to 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 as a result of the Proposed Renewal of the Share Buyback Mandate;

- (c) Directors and/or persons acting in concert with them to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Proposed Renewal of the Share Buyback Mandate;
- (d) within seven (7) days after the passing of the resolution to authorise the Proposed Renewal of the Share Buyback Mandate, each of the Directors to submit to the Council a duly signed form as prescribed by the Council;
- (e) Directors and/or persons acting in concert with them not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buyback proposal is imminent and the earlier of:-
- the date on which the authority of the Share Buyback Mandate expires; and
 - the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,
- if such acquisitions, taken together with the Share Buyback, would cause their aggregate voting rights to increase to 30.0% or more; and
- (f) Directors and/or persons acting in concert with them, together holding between 30.0% and 50.0% of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buyback proposal is imminent and the earlier of:-
- the date on which the authority of the Share Buyback Mandate expires; and
 - the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,
- if such acquisitions, taken together with the Share Buyback, would cause their aggregate voting rights to increase by more than one per cent (1.0%) in the preceding six (6) months.

It follows that where the aggregate voting rights held by a Director and persons acting in concert with him increase by more than one per cent (1.0%) solely as a result of the Share Buyback and none of them has acquired any Shares during the relevant period set out above, then such Director and/or persons acting in concert with him would be eligible for Council'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.

2.10.4 Application of the Take-over Code

The shareholdings of the Substantial Shareholders as at the Latest Practicable Date and after the purchase by the Company (other than from the Substantial Shareholders) of the maximum of 10.0% of the issued Shares (excluding treasury shares and subsidiary holdings) of the Company as permitted under the Share Buyback Mandate, respectively, are as follows:

	Shareholdings as at the Latest Practicable Date			Shareholdings after maximum Share Buybacks permitted under the Share Buyback Mandate ⁽¹⁾		
	Direct Interest (number of shares)	Deemed Interest (number of shares)	Total interest (%)	Direct Interest (number of shares)	Deemed Interest (number of shares)	Total interest (%)
Ding Ligu ⁽²⁾	–	64,163,500	58.23	–	64,163,500	64.70
Best Decade Holdings Limited ⁽²⁾	64,163,500	–	58.23	64,163,500	–	64.70
Golden Top Group Limited ⁽²⁾	–	64,163,500	58.23	–	64,163,500	64.70
Honest Joy International Ltd ⁽²⁾	–	64,163,500	58.23	–	64,163,500	64.70
Zhao Jing ⁽²⁾	–	64,163,500	58.23	–	64,163,500	64.70
Evraz S.A Group ⁽³⁾	16,570,799 ⁽⁴⁾	–	15.04	16,570,799	–	16.71
EVRAZ plc ⁽³⁾	–	16,570,799	15.04	–	16,570,799	16.71
Lanebrook Limited ⁽³⁾	–	16,570,799	15.04	–	16,570,799	16.71

Notes:

- (1) The above is based on the assumption that the Shares bought back by the Company will be cancelled immediately.
- (2) Golden Top owns 100% of the share capital in Best Decade and is therefore deemed to be interested in the Shares held by Best Decade. Honest Joy owns 100% of the share capital in Golden Top and is therefore deemed to be interested in the Shares held by Best Decade. Mr Ding Ligu and Madam Zhao Jing hold 70% and 30% respectively of the share capital in Honest Joy, and each of them is therefore deemed interested in the Shares held by Best Decade.
- (3) EVRAZ plc owns 100% of the share capital in Evraz S.A. Group and is therefore deemed to be interested in the Shares held by Evraz S.A. Group. Lanebrook is the major shareholder of EVRAZ plc and is therefore deemed interested in the Shares held by Evraz S.A. Group.
- (4) Shares are held through nominee account.

Based on the above shareholdings of Substantial Shareholders of the Company as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, in the event that the Company undertakes Share Buybacks of up to the maximum of 10.0% of the issued Shares (excluding treasury shares and subsidiary holdings) of the Company as permitted under the Share Buyback Mandate:

- (a) the aggregate shareholdings and voting rights of Evraz S.A Group, EVRAZ plc and Lanebrook Limited, all of whom are presumed to be parties acting in concert pursuant to the Take-over Code, will remain below 30% of the issued share capital of the Company; and
- (b) Best Decade, Golden Top, Honest Joy, Madam Zhao Jing, and the Company's Executive Chairman, Mr. Ding Ligu, all of whom are presumed to be parties acting in concert pursuant to the Take-over Code, will continue to hold more than 50.0% of the voting rights in the Company.

Accordingly, none of the Substantial Shareholders of the Company would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the Company buying back its Shares under the Share Buyback Mandate.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, save as disclosed herein, the Directors are not aware of any other Director and/or Shareholder who may become obligated to make a mandatory offer in the event that Share Buybacks are undertaken by the Company pursuant to the Share Buyback Mandate. Further details of the interests of the Directors and Substantial Shareholders of the Company in the Shares as at the Latest Practicable Date are set out in section 3 of this Appendix.

Shareholders are advised to consult their professional advisers and/or the relevant authorities at the earliest opportunity as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate.

2.11 Shares purchased by the Company

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

2.12 Reporting requirements

The Directors shall lodge with the Registrar of Companies a notice of share purchase or acquisition within 30 days of a Share Buyback. Such notification shall include the date of the purchase or acquisition, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition of Shares, whether the Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar of Companies the notice of cancellation or disposal of treasury shares in the prescribed form.

2.13 Limits on shareholdings

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

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interest of the Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company, respectively, are set out below:

Name of Director:	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Ding Liguó ⁽²⁾	–	–	64,163,500	58.23	64,163,500	58.23
Name of Substantial Shareholders (other than Director):						
Best Decade Holdings Limited ⁽²⁾	64,163,500	58.23	–	–	64,163,500	58.23
Golden Top Group Limited ⁽²⁾	–	–	64,163,500	58.23	64,163,500	58.23
Honest Joy International Ltd ⁽²⁾	–	–	64,163,500	58.23	64,163,500	58.23
Zhao Jing ⁽²⁾	–	–	64,163,500	58.23	64,163,500	58.23
Evráz S.A Group ⁽³⁾	16,570,799 ⁽⁴⁾	15.04	–	–	16,570,799	15.04
EVRAZ plc ⁽³⁾	–	–	16,570,799	15.04	16,570,799	15.04
Lanebrook Limited ⁽³⁾	–	–	16,570,799	15.04	16,570,799	15.04

Notes:

- (1) The percentage of Shares held is calculated based on 110,182,709 issued Shares as at the Latest Practicable Date.
- (2) Golden Top owns 100% of the share capital in Best Decade and is therefore deemed to be interested in the Shares held by Best Decade. Honest Joy owns 100% of the share capital in Golden Top and is therefore deemed to be interested in the Shares held by Best Decade. Mr Ding Liguó and Madam Zhao Jing hold 70% and 30% respectively of the share capital in Honest Joy, and each of them is therefore deemed interested in the Shares held by Best Decade.
- (3) EVRAZ plc owns 100% of the share capital in Evraz S.A. Group and is therefore deemed to be interested in the Shares held by Evraz S.A. Group. Lanebrook is the major shareholder of EVRAZ plc and is therefore deemed interested in the Shares held by Evraz S.A. Group.
- (4) Shares are held through nominee account.

Save as disclosed in this Appendix, none of the Directors or Substantial Shareholders has an interest, direct or indirect, in the Share Buyback Mandate.

4. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the rationale and terms of the Proposed Renewal of the Share Buyback Mandate, the Directors are of the opinion that the Proposed Renewal of the Share Buyback Mandate is in the interests of the Company and accordingly, recommend that Shareholders vote in favor of the ordinary resolution relating to the Proposed Renewal of the Share Buyback Mandate to be proposed at the 2018 AGM.

5. ANNUAL GENERAL MEETING

The 2018 AGM will be convened on 27 April 2018 at 10.30 a.m. at 55 Market Street, #03-01, Singapore 048941 for the purpose of considering and, if thought fit, passing, with or without modification, the ordinary resolution relating to the Proposed Renewal of the Share Buyback Mandate. The Notice of AGM and the Proxy Form have been circulated with the annual report of the Company for FY2017 on 12 April 2018.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of proxies

Shareholders who are unable to attend the 2018 AGM and who wish to appoint a proxy or proxies to attend and vote at the 2018 AGM on their behalf will find, attached to the Notice of AGM, a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the Company's registered office at 55 Market Street, Level 10, Singapore 048941 not less than 48 hours before the time appointed for the holding of the 2018 AGM. The completion and return of a proxy form by a Shareholder does not preclude him from attending and voting in person at the 2018 AGM if he subsequently wishes to do so in place of his proxy.

6.2 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the 2018 AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for the 2018 AGM, as certified by CDP to the Company.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of the Share Buyback Mandate, the Company, and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 55 Market Street, Level 10, Singapore 048941, during normal business hours from the date of this Appendix up to and including the date of the 2018 AGM:

- (a) the Constitution; and
- (b) the annual report of the Company for FY2017.

Yours faithfully
For and on behalf of the Board of Directors of
DELONG HOLDINGS LIMITED

Ding Liguu
Executive Chairman