CIRCULAR DATED 7 AUGUST 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is circulated to Shareholders (as defined in this Circular) of XMH Holdings Ltd. (the "**Company**") together with the Company's annual report for the financial year ended 30 April 2017 (the "**Annual Report**").

The Notice of the Extraordinary General Meeting and a proxy form are enclosed with this Circular. If you have sold all your Shares (as defined in this Circular), you should immediately forward this Circular, together with the accompanying Notice of the Extraordinary General Meeting and proxy form to the purchaser or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser.

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

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

XMH HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Company Registration Number 201010562M

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(1) THE RENEWAL OF THE SHARE BUYBACK MANDATE; AND

(2) THE PROPOSED GRANT OF OPTIONS TO A CONTROLLING SHAREHOLDER AND HIS ASSOCIATE.

IMPORTANT DATES AND TIMES:

Last date and time for deposit of Proxy Form	:	23 August 2017 at 11.00 a.m.
Date and time of Extraordinary General Meeting	:	25 August 2017 at 11.00 a.m., or immediately after the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place
Place of Extraordinary General Meeting	:	55 Tuas Crescent, #07-01, Singapore 638743

CONTENTS

DEFINITIONS .....

LETTER TO SHAREHOLDERS

1.	**INTRODUCTION**	6
2.	**THE RENEWAL OF THE SHARE BUYBACK MANDATE**	6
3.	**DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST**	23
4.	**SUMMARY OF THE XMH SHARE OPTION SCHEME**	24
5.	**THE PROPOSED GRANT OF OPTIONS TO MR. TAN TIN YEOW, A CONTROLLING SHAREHOLDER**	27
6.	**THE PROPOSED GRANT OF OPTIONS TO MS. TAN GUAT LIAN (AN ASSOCIATE OF A CONTROLLING SHAREHOLDER)**	29
7.	**THE COMMITTEE'S VIEWS ON THE PROPOSED GRANT OF OPTIONS AND FOR A DISCOUNT OF UP TO 20% TO MR. TAN TIN YEOW AND MS. TAN GUAT LIAN**	32
8.	**POTENTIAL COSTS OF GRANTING THE OPTION(S)**	32
9.	**EXTRAORDINARY GENERAL MEETING**	33
10.	**DIRECTORS' RECOMMENDATIONS**	33
11.	**ACTION TO BE TAKEN BY SHAREHOLDERS**	34
12.	**INSPECTION OF DOCUMENTS**	34
13.	**DIRECTORS' RESPONSIBILITY STATEMENT**	35

NOTICE OF EXTRAORDINARY GENERAL MEETING 36

PROXY FORM

For the purpose of this Circular, the following definitions have, where appropriate, been used:

"2016 EGM"	:	The extraordinary general meeting of the Company held on 29 August 2016.
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore.
"AGM"	:	The annual general meeting of the Company.
"Approval Date"	:	Has the meaning ascribed to it in Section 2.3.1 *(Maximum number of Shares)* of this Circular.
"Associate"	:	(a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
"Average Closing Price"	:	Has the meaning ascribed to it in Section 2.3.4 *(Maximum Purchase Price)* of this Circular.
"Board"	:	The Board of Directors of the Company.
"CDP"	:	The Central Depository (Pte) Limited.
"CEO"	:	Chief Executive Officer.
"Circular"	:	This Circular to Shareholders dated 7 August 2017.
"Committee"	:	The Remuneration Committee of the Company from time to time.
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time.
"Company"	:	XMH Holdings Ltd.
"Constitution"	:	The constitution of the Company, previously known as its memorandum and articles of association, as amended, modified or supplemented from time to time.

"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company.
"Directors"	:	The directors of the Company for the time being.
"EGM"	:	The extraordinary general meeting of the Company to be convened on 25 August 2017, notice of which is given on page 36 of this Circular.
"Employee"	:	An Executive Director or a full-time employee of any member of the Group who is selected by the Committee to participate in the Scheme.
"EPS"	:	Earnings per Share.
"Executive Director"	:	A director who is a full-time employee of the Company and who performs an executive function.
"Exercise Price"	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with the Scheme Rules.
"FRS"	:	Financial Reporting Standard.
"FY"	:	Financial year of the Company ending or ended 30 April as the case may be.
"Group"	:	The Company and its subsidiaries.
"Independent Shareholders"	:	Shareholders other than Shareholders who are Participants and the Associates of such Participants who are the Controlling Shareholders.
"Latest Practicable Date"	:	The latest practicable date prior to the printing of this Circular, being 26 July 2017.
"Listing Manual"	:	The listing rules of the SGX-ST, as amended, supplemented or modified from time to time.
"Market Day"	:	A day on which the SGX-ST is open for trading of securities.
"Market Purchase"	:	Has the meaning ascribed to it in Section 2.3.3 *(Manner of purchase of Shares)* of this Circular.
"Market Price"	:	A price equal to the average of the closing prices for a Share for the past five (5) Market Days immediately preceding the date of grant of the Option.
"Maximum Price"	:	Has the meaning ascribed to it in Section 2.3.4 *(Maximum Purchase Price)* of this Circular.

"MD"	:	Managing Director.
"Non-Executive Director"	:	A director (other than an Executive Director) of the Company from time to time.
"NTA"	:	Net tangible assets.
"Off-Market Purchase"	:	Has the meaning ascribed to it in Section 2.3.3 *(Manner of purchase of Shares)* of this Circular.
"Option"	:	The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting.
"Participant(s)"	:	Has the meaning ascribed to it in Section 4.2 *(Eligibility)* of this Circular.
"Relevant Period"	:	The period commencing from the date on which the forthcoming EGM is held and the resolution relating to the Share Buyback Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier.
"Scheme Rules"	:	Rules of the XMH Share Option Scheme.
"Scheme Shares"	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of Option(s).
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, supplemented or modified from time to time.
"SGX-ST"	:	Singapore Exchange Securities Trading Limited.
"Share Buyback"	:	The buyback of Shares by the Company pursuant to the terms of the Share Buyback Mandate.
"Share Buyback Mandate"	:	The mandate to enable the Company to purchase or otherwise acquire its Shares, the terms of which are set out in Section 2.3 *(Terms of the Share Buyback Mandate)* of this Circular.
"Shareholders"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register.
"Share(s)"	:	Ordinary shares in the capital of the Company.
"SIC"	:	Securities Industry Council.
"Substantial Shareholder"	:	A Shareholder who has an interest (directly or indirectly) in not less than 5% (five per cent.) of the total voting shares in the Company.
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as the same may be amended or modified from time to time.
"XMH Share Option Scheme" or "Scheme"	:	The XMH Share Option Scheme as may be amended or modified from time to time.

"S$", "$" and "cents"	:	Singapore dollars and cents, respectively.
"%" or "per cent"	:	Per centum or percentage.

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The terms "**treasury shares**" and "**subsidiary**" shall have the meaning ascribed to it in Sections 4 and 5 of the Companies Act respectively.

The term "**subsidiary holdings**" shall have the same meaning ascribed to it in the Listing Manual, as may be amended or modified from time to time.

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

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, SFA or the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, SFA or the Listing Manual or such statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

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

Any reference to "**you**", "**your**" and "**yours**" in this Circular is, as the context so determines, to Shareholders.

The headings in this Circular are inserted for convenience only and shall not affect the construction of this Circular.

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XMH HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Company Registration Number 201010562M

Directors:

Tan Tin Yeow	Chairman and Managing Director
Tan Guat Lian	Executive Director
Hong Pian Tee	Lead Independent Director
Chan Heng Toong	Independent Director
Ng Sey Ming	Independent Director

Registered Office:

55 Tuas Crescent, #07-01
Singapore 638743

7 August 2017

To: The Shareholders of XMH Holdings Ltd.

Dear Shareholder,

1. INTRODUCTION

1.1 EGM

The Board is convening an EGM to be held on 25 August 2017 to seek the approval of Shareholders for:

(a) the renewal of the Share Buyback Mandate; and

(b) the proposed grant of Options to Mr. Tan Tin Yeow, a Controlling Shareholder, and his Associate, Ms. Tan Guat Lian.

1.2 Purpose of Circular

The purpose of this Circular is to provide Shareholders with the relevant information pertaining to the matters set out in Section 1.1 *(EGM)* of this Circular, and to seek Shareholders' approval for the resolutions in respect thereof to be tabled at the EGM, as set out in the Notice of EGM on page 36 of this Circular.

2. THE RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

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

The renewal of the Share Buyback Mandate was approved by Shareholders in the 2016 EGM will, unless renewed, expire on the date of the forthcoming AGM, which is scheduled to be held on 25 August 2017.

Accordingly, the Company is seeking Shareholders' approval for a renewal of the Share Buyback Mandate at the EGM to be held immediately after the AGM on 25 August 2017. If the proposed renewal of the Share Buyback Mandate is approved, the Share Buyback Mandate will take effect from the date of the forthcoming EGM and continue in force until the date of the next AGM or such date as the next AGM is required by law to be held, unless prior thereto, the Share Buyback is carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in a general meeting. The Share Buyback Mandate will be put to Shareholders for renewal at each subsequent AGM or EGM of the Company as the case may be.

The Company's share capital presently comprises only one (1) class of shares, namely, the Shares. As at the Latest Practicable Date, the Company has (i) a total issued and paid-up share capital of 114,512,571 Shares, of which 3,230,750 Shares are held as treasury shares, and (ii) a market capitalisation of S$29,200,706.

2.2 Rationale for the renewal of the Share Buyback Mandate

The Share Buyback Mandate will give the Company the flexibility to undertake purchases of its issued Shares at any time, subject to market conditions, during the period in which the Share Buyback Mandate is in force.

The Share Buyback Mandate will accord the Company greater flexibility in managing its capital to achieve a more efficient capital structure, and would also allow the Company to enhance its EPS and return on equity on an ongoing basis. Shares purchased or acquired by the Company pursuant to the Share Buyback Mandate can be held as treasury shares and distributed for the purposes of the Scheme.

Furthermore, short-term speculation may at times cause the market price of the Company's Shares to be depressed below the true value of the Company and the Group. The Share Buyback Mandate will provide the Directors with the means to restore investors' confidence and to protect existing shareholders' investments in the Company in a depressed share-price situation through judicious purchases of Shares to enhance the EPS. Shares purchased or acquired by the Company will also enhance the net asset value per Share if the Share purchases and acquisitions are made at a price below the net asset value per Share.

The Directors will act judiciously and will only purchase or acquire Shares pursuant to the Share Buyback Mandate as and when the circumstances permit and only if the Directors are of the view that such purchases are in the best interests of the Company and the Shareholders.

The Directors do not propose to carry out Share Buybacks to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group, taking into account the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

2.3 Terms of the Share Buyback Mandate

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

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the EGM at which the renewal of the Share Buyback Mandate is approved (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 excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time).

For illustrative purposes only, on the basis of 111,281,821 issued and paid-up Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming (a) no further Shares are issued on or prior to the EGM; (b) none of the 3,230,750 treasury shares of the Company held as at the Latest Practicable Date are transferred to fulfill the release of any awards or exercise of any options granted or to be granted under the Scheme; and (c) no further Shares are purchased or acquired by the Company on or prior to the EGM, exercise in full of the Share Buyback Mandate would result in the purchase or acquisition of 11,128,182 Shares.

2.3.2 Duration of authority

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

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the Share Buyback is carried out to the full extent mandated; or

(c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders in a general meeting.

2.3.3 Manner of purchase of Shares

Purchases of Shares may be made by way of:

(a) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's trading system 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 (1) or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an 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 Listing Manual.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

(a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of all the offers are the same, except that there shall be disregarded:

(i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(iii) 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:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share Buyback;

(d) the consequences, if any, of Share Buyback by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the Share Buyback, if made, would have any effect on the listing of the Shares on the SGX-ST;

(f) 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 the purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

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

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter),

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

For the above purpose, "**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, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period.

2.4 Status of purchased Shares under the Share Buyback Mandate

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

2.5 Treasury shares

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

2.5.1 Maximum holdings

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

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 of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into a different number of treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 Disposal and cancellation

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

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employee's share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Pursuant to Rules 704(28) of the Listing Manual, the Company will 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) the 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 Sources of funds for Share Buyback

The Companies Act permits the Company to purchase its own Shares out of its capital as well as from its distributable profits, provided that:

(a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the 12 months immediately following the purchase; and

(b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

Further, for the purposes of determining the value of a contingent liability, the Directors or managers of the Company may take into account the following:

(a) the likelihood of the contingency occurring; and

(b) any claim the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company intends to use mainly internal resources and may from time to time utilise external borrowings and/or a combination of both to finance purchases of Shares pursuant to the Share Buyback Mandate.

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, *amongst others,* the aggregate number of Shares purchased or acquired, how the Shares are purchased or acquired, the price paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases and whether the Shares purchased or acquired are held as treasury shares or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 30 April 2017 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 May 2016 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 1 May 2016 for the purpose of computing the financial effects on the Shareholders' equity, NTA per Share 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 Purchase or acquisition out of capital or profits

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 related brokerage, goods and services tax, stamp duties and clearance fees) 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 but the issued share capital of the Company will be reduced by the value of the Shares purchased. Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) 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.

2.7.2 Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued and paid-up capital of the Company is S$39,780,419 comprising 111,281,821 Shares.

2.7.3 Financial effects

For illustration purposes only, and on the basis of the assumptions set out below, the financial effects of the:

(i) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and held as treasury shares; and

(ii) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and cancelled;

on the audited financial statements of the Group and the Company for the financial year ended 30 April 2017 are set out in the sections below.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of the Shares pursuant to the Share Buyback Mandate by way of purchases made out of capital are set out in this Circular.

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

Market Purchase

For illustrative purposes only, in a Market Purchase, assuming that:

(i) the Maximum Price is S$0.268, which is 5% above the average of the closing market prices of a Share over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date; and

(ii) the Company has 111,281,821 Shares as at the date of the EGM (being the number of Shares at the Latest Practicable Date, assuming no change in the number of Shares on or prior to the date of the EGM and excluding treasury shares and subsidiary holdings), such that not more than 11,128,182 Shares 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 11,128,182 Shares under and during the duration of the Share Buyback Mandate, is approximately S$2,982,353.

On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the Share Buyback Mandate on the Group's and the Company's audited financial statements for the financial year ended 30 April 2017 is as follows:

	Group		Company	
As at 30 April 2017	**Before the Share Buyback**	**After the Share Buyback**	**Before the Share Buyback**	**After the Share Buyback**
Shareholders' Equity (S$'000)	66,380	63,398	39,952	36,970
NTA (S$'000)	54,547	51,565	39,952	36,970
Treasury Shares (S$'000)	(2,791)	(5,773)	(2,791)	(5,773)
Current Assets (S$'000)	90,540	87,558	13,416	10,434
Current Liabilities (S$'000)	65,631	65,631	25,196	25,196
Working Capital (S$'000)	24,909	21,927	(11,780)	(14,762)
Loans and Borrowings (S$'000)	74,049	74,049	40,953	40,953
Cash and Short-Term Deposits [(1)] (S$'000)	25,618	22,636	799	(2,183)
Net (Loss)/Profit (S$'000)	(1,071)	(1,071)	2,667	2,667
Number of Shares [(2)]	111,281,821	100,153,639	111,281,821	100,153,639
Treasury Shares	3,230,750	14,358,932	3,230,750	14,358,932
Total Shares	114,512,571	114,512,571	114,512,571	114,512,571
Financial Ratios				
NTA per Share (cents)	49.02	51.49	35.90	36.91
Basic EPS (cents) [(3)]	(0.96)	(1.07)	2.40	2.66
Current Ratio (times) [(4)]	1.38	1.33	0.53	0.41
Gearing Ratio (times) [(5)]	1.12	1.17	1.03	1.11

Notes:

(1) Assuming that the Share Buyback is fully funded by internal resources.

(2) Number of Shares (excludes treasury shares and subsidiary holdings) and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the EGM.

(3) Basic EPS is computed based on FY2017 net (loss)/profit attributable to Shareholders divided by the number of Shares.

(4) Current Ratio equals current assets divided by current liabilities.

(5) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

Off-Market Purchase

For illustrative purposes only, in an Off-Market Purchase, assuming that:

(i) the Maximum Price is S$0.306, which is 20% above the average of the closing market prices of a Share over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date; and

(ii) the Company has 111,281,821 Shares as at the date of the EGM (being the number of Shares at the Latest Practicable Date, assuming no change in the number of Shares prior to the date of the EGM and excluding treasury shares and subsidiary holdings, such that not more than 11,128,182 Shares 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 11,128,182 Shares under and during the duration of the Share Buyback Mandate, is approximately S$3,405,224.

On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the Share Buyback Mandate on the Group's and the Company's audited financial statements for the financial year ended 30 April 2017 is as follows:

	Group		Company	
As at 30 April 2017	**Before the Share Buyback**	**After the Share Buyback**	**Before the Share Buyback**	**After the Share Buyback**
Shareholders' Equity (S$'000)	66,380	62,975	39,952	36,547
NTA (S$'000)	54,547	51,142	39,952	36,547
Treasury Shares (S$'000)	(2,791)	(6,196)	(2,791)	(6,196)
Current Assets (S$'000)	90,540	87,135	13,416	10,011
Current Liabilities (S$'000)	65,631	65,631	25,196	25,196
Working Capital (S$'000)	24,909	21,504	(11,780)	(15,185)
Loans and Borrowings (S$'000)	74,049	74,049	40,953	40,953
Cash and Short-Term Deposits [(1)] (S$'000)	25,618	22,213	799	(2,606)
Net (Loss)/Profit (S$'000)	(1,071)	(1,071)	2,667	2,667
Number of Shares [(2)]	111,281,821	100,153,639	111,281,821	100,153,639
Treasury Shares	3,230,750	14,358,932	3,230,750	14,358,932
Total Shares	114,512,571	114,512,571	114,512,571	114,512,571
Financial Ratios				
NTA per Share (cents)	49.02	51.06	35.90	36.49
Basic EPS (cents) [(3)]	(0.96)	(1.07)	2.40	2.66
Current Ratio (times) [(4)]	1.38	1.33	0.53	0.40
Gearing Ratio (times) [(5)]	1.12	1.18	1.03	1.12

Notes:

(1) Assuming that the Share Buyback is fully funded by internal resources.

(2) Number of Shares (excludes treasury shares and subsidiary holdings) and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the EGM.

(3) Basic EPS is computed based on FY2017 net (loss)/profit attributable to Shareholders divided by the number of Shares.

(4) Current Ratio equals current assets divided by current liabilities.

(5) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

Scenario B: Purchases made entirely out of capital and cancelled

Market Purchase

For illustrative purposes only, in a Market Purchase, assuming that:

(i) the Maximum Price is S$0.268, which is 5% above the average of the closing market prices of a Share over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date on which transactions in the Shares were recorded; and

(ii) the Company has 111,281,821 Shares as at the date of the EGM (being the number of Shares at the Latest Practicable Date, assuming no change in the number of Shares on or prior to the date of the EGM and excluding treasury shares and subsidiary holdings), such that not more than 11,128,182 Shares 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 11,128,182 Shares under and during the duration of the Share Buyback Mandate, is approximately S$2,982,353.

On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the Share Buyback Mandate on the Group's and the Company's audited financial statements for the financial year ended 30 April 2017 is as follows:

	Group		Company	
As at 30 April 2017	**Before the Share Buyback**	**After the Share Buyback**	**Before the Share Buyback**	**After the Share Buyback**
Shareholders' Equity (S$'000)	66,380	63,398	39,952	36,970
NTA (S$'000)	54,547	51,565	39,952	36,970
Current Assets (S$'000)	90,540	87,558	13,416	10,434
Current Liabilities (S$'000)	65,631	65,631	25,196	25,196
Working Capital (S$'000)	24,909	21,927	(11,780)	(14,762)
Loans and Borrowings (S$'000)	74,049	74,049	40,953	40,953
Cash and Short-Term Deposits [(1)] (S$'000)	25,618	22,636	799	(2,183)
Net (Loss)/Profit (S$'000)	(1,071)	(1,071)	2,667	2,667
Number of Shares [(2)]	111,281,821	100,153,639	111,281,821	100,153,639
Treasury Shares	3,230,750	3,230,750	3,230,750	3,230,750
Total Shares	114,512,571	103,384,389	114,512,571	103,384,389
Financial Ratios				
NTA per Share (cents)	49.02	51.49	35.90	36.91
Basic EPS (cents) [(3)]	(0.96)	(1.07)	2.40	2.66
Current Ratio (times) [(4)]	1.38	1.33	0.53	0.41
Gearing Ratio (times) [(5)]	1.12	1.17	1.03	1.11

Notes:

(1) Assuming that the Share Buyback is fully funded by internal resources.

(2) Number of Shares (excludes treasury shares and subsidiary holdings) and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the EGM.

(3) Basic EPS is computed based on FY2017 net (loss)/profit attributable to Shareholders divided by the number of Shares.

(4) Current Ratio equals current assets divided by current liabilities.

(5) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

Off-Market Purchase

For illustrative purposes only, in an Off-Market Purchase, assuming that:

(i) the Maximum Price is S$0.306 which is 20% above the average of the closing market prices of a Share over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date on which transactions in the Shares were recorded; and

(ii) the Company has 111,281,821 Shares as at the date of the EGM (being the number of Shares at the Latest Practicable Date, assuming no change in the number of Shares on or prior to the date of the EGM and excluding treasury shares and subsidiary holdings), such that not more than 11,128,182 Shares 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 11,128,182 Shares under and during the duration of the Share Buyback Mandate, is approximately S$3,405,224.

On these assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the Share Buyback Mandate on the Group's and the Company's audited financial statements for the financial year ended 30 April 2017 is as follows:

	Group		Company	
As at 30 April 2017	**Before the Share Buyback**	**After the Share Buyback**	**Before the Share Buyback**	**After the Share Buyback**
Shareholders' Equity (S$'000)	66,380	62,975	39,952	36,547
NTA (S$'000)	54,547	51,142	39,952	36,547
Current Assets (S$'000)	90,540	87,135	13,416	10,011
Current Liabilities (S$'000)	65,631	65,631	25,196	25,196
Working Capital (S$'000)	24,909	21,504	(11,780)	(15,185)
Loans and Borrowings (S$'000)	74,049	74,049	40,953	40,953
Cash and Short-Term Deposits [(1)] (S$'000)	25,618	22,213	799	(2,606)
Net (Loss)/Profit (S$'000)	(1,071)	(1,071)	2,667	2,667
Number of Shares [(2)]	111,281,821	100,153,639	111,281,821	100,153,639
Treasury Shares	3,230,750	3,230,750	3,230,750	3,230,750
Total Shares	114,512,571	103,384,389	114,512,571	114,512,571
Financial Ratios				
NTA per Share (cents)	49.02	51.06	35.90	36.49
Basic EPS (cents) [(3)]	(0.96)	(1.07)	2.40	2.66
Current Ratio (times) [(4)]	1.38	1.33	0.53	0.40
Gearing Ratio (times) [(5)]	1.12	1.18	1.03	1.12

Notes:

(1) Assuming that the Share Buybacks is fully funded by internal resources.

(2) Number of Shares (excludes treasury shares and subsidiary holdings) and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the EGM.

(3) Basic EPS is computed based on FY2017 net (loss)/profit attributable to Shareholders divided by the number of Shares.

(4) Current Ratio equals current assets divided by current liabilities.

(5) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

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 the financial year ended 30 April 2017 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% 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% 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. The Company may also issue new shares pursuant to the Scheme.

2.8 Reporting Requirements

2.8.1 SGX-ST

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.:

(i) in the case of a market purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(ii) in the case of an off-market purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement currently requires the inclusion of details of, *amongst others, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable. Such announcement will be made in the form prescribed by the Listing Manual.* The Company shall make arrangements with its stockbrokers to ensure that they provide the Company, in a timely fashion, the necessary information which will enable the Company to make the notifications to the SGX-ST.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares comprised in the usage against the total number of issued Shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage.

2.8.2 ACRA

Within 30 days of the passing of a Shareholders' resolution to approve the purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

Within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, *amongst others*, the details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Company shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

2.9 Take-over obligations

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:

2.9.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, 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 mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

2.9.2 Persons acting in concert

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

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

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

A company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of (i) the adviser and persons controlling, controlled by or under the same control as the adviser, and (ii) all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions of that individual, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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

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

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

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

2.9.4 No obligation to make a general offer by the Parties

(a) Our Chairman and MD, Mr. Tan Tin Yeow and our Executive Director, Ms. Tan Guat Lian, are siblings (hereinafter collectively referred to as the "**Tan Siblings**").

(b) The Tan Siblings together with Mr. Tan Seng Hee are the children of Mr. Tan Tum Beng, the founder of the Group. As at the Latest Practicable Date, Mr. Tan Tum Beng and Mr. Tan Seng Hee are not employed by any Group company.

(c) As at the Latest Practicable Date, Mr. Tan Tum Beng, Mr. Tan Seng Hee and the Tan Siblings (collectively, the "**Parties**") as a concert group hold an aggregate of 62,955,988 Shares, constituting 56.57% of the voting rights in the Company.

(d) Assuming that:

(i) the Company undertakes Share Buyback under the Share Buyback Mandate up to the maximum of 10% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) as permitted by the Share Buyback Mandate;

(ii) there is no change in the Parties' shareholdings in the Company between the Latest Practicable Date and the date of the EGM;

(iii) no new Shares are issued following the Shareholders' approval of the renewal of the Share Buyback Mandate at the EGM; and

(iv) the Parties do not sell or otherwise dispose of their shareholdings in the Company,

the voting rights of the Parties as at the date of the EGM and after Share Buyback of 10% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) pursuant to the Share Buyback Mandate, are as follows:

		Voting rights in the Company (%)	
Parties	**Number of Shares**	**Before Share Buyback**	**After Share Buyback**
Tan Tin Yeow	44,857,500	40.31	44.79
Tan Guat Lian	6,569,744	5.90	6.56
Sub-total	51,427,244	46.21	51.35
Tan Seng Hee	2,814,250	2.53	2.81
Tan Tum Beng	8,714,494	7.83	8.70
Total	62,955,988	56.57	62.86

As the Parties as a concert group hold an aggregate of 62,955,988 Shares, constituting over 50% of the voting rights in the Company, purchases or acquisition of Shares by the Company pursuant to the Share Buyback Mandate will result in an increase in the aggregate voting rights of the Parties, but will not result in any of the Parties incurring an obligation to make a mandatory take-over offer under Rule 14 of the Take-over Code.

In the event the Company undertakes Share Buyback within the Relevant Period of the maximum of 10% of the issued share capital of the Company as permitted by the Share Buyback Mandate, it is not expected that the shareholdings and/or voting rights of any of the other Shareholders will be increased to 30% or more, thereby triggering a requirement for any Shareholder to make a general offer to the other Shareholders under Rule 14 of the Take-over Code.

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

2.10 Listing Rules

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision until the price-sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases and/or Off-Market Purchases during the following periods and at all times in compliance with Rule 1207(19) of the Listing Manual:

(a) one (1) month immediately preceding the announcement of the Company's annual results; and

(b) two (2) weeks immediately preceding the announcement of the Company's results for each of the first three (3) quarters of its financial year.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its issued shares excluding treasury shares must be held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, CEO, substantial shareholders or controlling shareholders of the company and its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 26,507,065 Shares, representing 23.8% of the total number of issued Shares, are in the hands of the public.

As at the Latest Practicable Date and assuming the Company undertakes purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buyback Mandate, the number of Shares in the hands of the public would be reduced to 15,378,883 Shares, representing 15.4% of the reduced total number of issued Shares of the Company. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST.

The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.11 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the CEO of the Company or Substantial Shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

3.1 Directors' and Substantial Shareholders' Interests

As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Register of Directors' shareholdings, and the interest of Substantial Shareholder(s), as extracted from the Register of Substantial Shareholders, are as follows:

	Number of Shares			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Directors				
Tan Tin Yeow [(1)]	44,857,500	40.31	–	–
Tan Guat Lian [(1)]	6,569,744	5.90	22,500	0.02
Hong Pian Tee	651,750	0.59	–	–
Chan Heng Toong	125,000	0.11	–	–
Ng Sey Ming	125,000	0.11	–	–
Substantial Shareholder(s) (Other than Directors)				
Tan Tum Beng	8,714,494	7.83	–	–
Credence Capital Fund II (Cayman) Limited	20,917,018	18.80	–	–
TOTAL	81,960,506	73.65	22,500	0.02

Note:

(1) The Tan Siblings together with Tan Seng Hee had on 29 June 2010 entered into a deed of undertaking ("**Deed of Undertaking**") whereby each of them agreed to first offer any Shares which he/she would like to sell (the "**Selling Party**") to the other parties in equal proportions (as nearly as possible). In the event the other parties decline or is deemed to decline the offer, the Selling Party shall be entitled to sell the Shares to any third party at a price which is not lower than the price offered to the other parties, subject to the terms and conditions set out in the Deed of Undertaking. The obligations of the parties to the Deed of Undertaking will continue to apply as long as they remain as shareholders of the Company, unless otherwise agreed to in writing by the parties thereto. As at the Latest Practicable Date, Tan Seng Hee has an interest in 2,814,250 Shares in the Company representing approximately 2.53% of the total issued share capital (excluding any treasury shares held by the Company and subsidiary holdings).

Save as disclosed above, none of the Directors and Substantial Shareholders or their respective Associates has any interest, direct or indirect, in the renewal of the Share Buyback Mandate.

3.2 Shares purchased by the Company in the 12 months preceding the Latest Practicable Date

The Company has not purchased or acquired any Shares during the 12-month period preceding the Latest Practicable Date.

3.3 Limits on shareholdings

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

3.4 Shareholders' approval

For the reasons set out above, the Company is proposing to seek the approval of Shareholders for the renewal of the Share Buyback Mandate, which will be proposed as an Ordinary Resolution ("**Resolution 1**") at the EGM.

4. Summary of the XMH SHARE OPTION SCHEME

The Scheme was approved by Shareholders and adopted in 2010. The following is a summary of the principal rules of the Scheme. The detailed rules of the Scheme are set out in the prospectus of the Company.

4.1 Administration of the Scheme

The Scheme is administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it thinks fit, including but not limited to imposing restrictions on the number of Options that may be exercised within the relevant Exercise Period (as defined below).

Any decision of the Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors of the Company) shall be final and binding.

4.2 Eligibility

The following persons (provided that such persons are not undischarged bankrupts) who have attained the age of twenty-one years shall be eligible to participate in the Scheme at the absolute discretion of the Committee:

(a) full-time employees of the Group; and

(b) Non-Executive Directors,

(collectively, the "**Participants**").

For the avoidance of doubt, Controlling Shareholders of the Company and their Associates who are employees shall be eligible to participate in the Scheme at the absolute discretion of the Committee. Participation in the Scheme by such persons must be approved by the Independent Shareholders of the Company. A separate resolution must be passed for each of such Participants and to approve the actual number and terms of options to be granted to that Participant.

4.3 Size of the Scheme

Pursuant to the Listing Manual, the size of all the schemes of a company shall comprise up to an aggregate of 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time. As at the date of this Circular, the Company only has the Scheme in place and the number of Shares available under the Scheme does not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings).

The aggregate number of Shares available to Controlling Shareholders and their Associates shall not exceed 25% of the aggregate of the total number of Shares in respect of Options which may be granted under the Scheme. Separately, the aggregate number of Shares available to each Controlling Shareholder or his Associates under the Scheme shall not exceed 10% of the aggregate of the total number of Shares in respect of Options which may be granted under the Scheme.

4.4 Exercise Price and Exercise Period

The price of each Option is S$1.00 and the exercise price ("**Exercise Price**") for each Share in respect of which an Option is exercisable shall be determined and fixed by the Committee and shall be equal to the average of the closing prices of the Share for the past five (5) Market Days immediately preceding the relevant date of grant of the Option (the "**Market Price**"). The Committee may grant Options on a yearly basis and any such grants shall be made at least 60 days after the end of the financial year of the Company.

The period for the exercise ("**Exercise Period**") of an Option granted under the Scheme shall be:

(a) in the case of an Option granted at Market Price, a period commencing after the first anniversary of the relevant date of the grant and expiring on the fifth anniversary of such grant date, or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST; and

(b) in the case of an Option granted at a discount of up to 20% of the Market Price (the "**Incentive Option**"), a period commencing after the second anniversary of the relevant date of the grant and expiring on the fifth anniversary of such grant date, or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST for such Incentive Options.

4.5 Lapsing of Options

An Option shall, to the extent unexercised, immediately lapse without any claim against the Company:

(a) upon a Participant, being an employee of the Group, ceasing to be in the full-time employment of the Group, for any reason whatsoever (save for reason of ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee), redundancy, retirement before the legal retirement age with the consent of the Committee, or any other reason approved in writing by the Committee);

(b) upon a Participant, being a Non-Executive Director, ceasing to be a Director of the Company and/or the relevant subsidiary of the Company, as the case may be, for any reason whatsoever;

(c) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option;

(d) in the event of any misconduct on the part of the Participant as determined in the Committee's discretion; or

(e) in the event that the Committee shall, at its discretion, deem it appropriate that such Option granted to a Participant shall so lapse on the grounds that any of the objectives of the Scheme have not been met.

4.6 Acceptance of Options

An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.

The closing date for the acceptance for the grant of any Option shall be within 30 days from the date of grant of that Option, and not later than 5 p.m. on the 30th day of the date of grant of that Option (the "**Acceptance Period**"). The grant of an Option must be accepted by completing, signing and returning an acceptance form and accompanied by payment of S$1.00 as consideration, subject to such modification as the Committee may from time to time determine.

If a grant of an Option is not accepted in the manner provided above, such offer shall, upon the expiry of the Acceptance Period, automatically lapse and become null and void and of no effect.

4.7 Voting, dividend and other rights

Shares allotted and issued or treasury shares which are transferred, upon the exercise of an Option shall be subject to all provisions of the Constitution (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to the Shares, including those rights which arise from a liquidation of the Company) and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights, allotments or other distributions, the record date for which falls prior to the date of exercise of the Option.

4.8 Adjustments under the Scheme

If a variation in the issued ordinary share capital of the Company (whether by way of rights issue, capital reduction, sub-division, consolidation of shares, distribution or otherwise) shall take place, then:

(a) the Exercise Price in respect of the Shares comprised in any Option to the extent unexercised; and/or

(b) the class and/or number of Shares over which Options may be granted under the Scheme

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and in such manner as the Committee may determine to be appropriate. Adjustments must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable, except in relation to a capitalisation issue.

However no adjustment shall be made if as a result, a Participant receives a benefit that a Shareholder does not receive.

The following events shall not be regarded as events requiring adjustments:

(i) the issue of securities as consideration for an acquisition;

(ii) a private placement of securities; or

(iii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force.

5. THE PROPOSED GRANT OF OPTIONS TO MR. TAN TIN YEOW, A CONTROLLING SHAREHOLDER

The Shareholders had previously approved at the 2016 EGM, *amongst others,* the participation and grant of Options under the Scheme in respect of 248,500 Shares to Mr. Tan Tin Yeow, a Controlling Shareholder of the Company.

It is proposed that Shareholders' approval be sought at the EGM for additional Options to be granted to Mr. Tan Tin Yeow under the Scheme in respect of 250,000 Shares on the rationale and justification set out in Section 5.1 *(Rationale and justification for granting the Options to Mr. Tan Tin Yeow and for a discount of up to 20%)* below.

5.1 Rationale and justification for granting the Options to Mr. Tan Tin Yeow and for a discount of up to 20%

Mr. Tan Tin Yeow, the Company's Chairman and MD, has provided valuable insights in the management and Board decisions, drawing from his wealth of experience and business acumen. As Chairman and MD, Mr. Tan Tin Yeow is responsible for the overall future planning and corporate direction of the Group and has been instrumental in the overall growth and business development of the Group.

Mr. Tan Tin Yeow contributed significantly to the early stages of the Group's development and was responsible for, *amongst others*, establishing the distribution arm of the Group and securing the exclusive distributorships. He has more than 25 years of experience in the marine and industrial diesel engines industry.

The Directors are of the view that the experience and contribution of Mr. Tan Tin Yeow, are invaluable to the growth of the Group, and his continuing contribution is required for the continued success of the Group. Participation in the Scheme will serve as a means to motivate Mr. Tan Tin Yeow to continue to achieve and maintain a high level of performance, which is vital to the success of the Group, as well as enhance his long-term commitment to the Group. As the Scheme serves to recognise past contributions as well as to encourage future contributions, the Directors consider it important for Mr. Tan Tin Yeow to be allowed to participate in the Scheme by the grant of an Option to subscribe for 250,000 Shares and at a discount of up to 20% of the Market Price of the Shares.

Further, because Options granted with a discount under the Scheme are subject to a longer minimum vesting period (2 years) than those granted at the Market Price (1 year), holders of such Option(s) are encouraged to have a long-term view of the Group, thereby reinforcing their commitment to the Group.

Please also refer to Section 7 *(The Committee's views on the proposed grant of Options and for a discount of up to 20% to Mr. Tan Tin Yeow and Ms. Tan Guat Lian)* for further disclosure in this regard.

5.2 Terms of grant of Options to Mr. Tan Tin Yeow

The main terms of the proposed grant of the Option to Mr. Tan Tin Yeow are as follows:

(a) Date of Grant: Any time within two (2) weeks after the date of the EGM;

(b) Number of Shares: 250,000 Shares (comprising approximately 0.22%[(1)] of the issued Shares and approximately 1.50%[(2)] of the aggregate number of Shares available under the Scheme as at the Latest Practicable Date);

(c) Exercise Price per Share: The 250,000 Shares shall be offered at a discount of up to 20% of the Market Price of the Shares pursuant to the terms of the Scheme and Rule 845(5) of the Listing Manual; and

(d) Exercise Period: The Option will be exercisable at any time during the period commencing after the second anniversary of the date of grant of the Option but expiring on the fifth anniversary of the date of grant of the Option.

5.3 Limits on grant of Option(s) to Controlling Shareholder(s)

As at the Latest Practicable Date, the number of issued Shares of the Company is 111,281,821 Shares. Mr. Tan Tin Yeow holds 44,857,500 Shares, representing approximately 40.31%[(1)] of the Company's total number of issued Shares.

As at the Latest Practicable Date, an aggregate number of Options in respect of 1,233,500 Shares have already been previously approved and granted to Mr. Tan Tin Yeow under the Scheme. Assuming that the proposed grant of Option(s) under the Scheme to Mr. Tan Tin Yeow in respect of 250,000 Shares is approved, an aggregate number of Options amounting to 1,483,500 Shares, representing approximately 8.89%[(2)] of the aggregate number of Shares available under the Scheme as at the Latest Practicable Date would have been granted to Mr. Tan Tin Yeow, which is within the 10% limit prescribed under the Rule 845(3) of the Listing Manual.

As at the Latest Practicable Date, an aggregate number of Options in respect of 1,981,750 Shares have already been previously approved and granted to the Controlling Shareholder, Mr. Tan Tin Yeow, and his Associate, Ms. Tan Guat Lian under the Scheme. On 26 September 2014, Ms. Tan Guat Lian exercised 98,250 Options granted to her under the Scheme. Assuming that the proposed grant of Option(s) under the Scheme to the Controlling Shareholder, Mr. Tan Tin Yeow and his Associate, Ms. Tan Guat Lian in respect of 412,500 Shares are approved, an aggregate number of Options amounting to 2,394,250 Shares (including 98,250 Shares that have been issued to Ms. Tan Guat Lian pursuant to the aforesaid exercise of Options granted to her), representing approximately 14.34% [(2)] of the aggregate number of Shares available under the Scheme as at the Latest Practicable Date would have been granted to the Controlling Shareholder, Mr. Tan Tin Yeow and his Associate, Ms. Tan Guat Lian, which is within the 25% limit prescribed under the Rule 845(2) of the Listing Manual.

The grant of the Option(s) to Mr. Tan Tin Yeow is therefore within the limits of the Scheme and in compliance of Rules 845(2) and 845(3) of the Listing Manual.

Should the aggregate number of Options amounting to 1,483,500 Shares under the Scheme be exercised in full by Mr. Tan Tin Yeow subsequent thereto, based on the number of the total issued Shares as at Latest Practicable Date, Mr. Tan Tin Yeow's shareholding interest in the Company will increase from 40.31%[(1)] to 41.64%[(3)]. Based on the number of the total issued Shares as at the Latest Practicable Date and assuming there is no change in the share capital of the Company (excluding any treasury shares held by the Company and subsidiary holdings), the Tan Siblings' shareholding interest in the Company will be increased from 46.21%[(1)] to 48.28%[(4)].

As at the Latest Practicable Date, Mr. Tan Tin Yeow, Ms. Tan Guat Lian, Mr. Tan Seng Hee and Mr. Tan Tum Beng (collectively the "**Tan Family**") as a concert group holds 62,955,988 Shares representing 56.57% of the total issued share capital of the Company(1). Upon issuance of 2,296,000 Shares pursuant to the exercise of Options in full by the Tan Siblings, the Tan Family will in aggregate hold 65,251,988 Shares representing 58.64% of the total issued share capital of the Company as at the Latest Practicable Date(1). As such, the proposed grant of Options will not result in any member of Tan Family incurring an obligation to make a mandatory take-over offer under Rule 14 of the Take-over Code.

Notes:

(1) The total issued share capital of the Company as at the Latest Practicable Date is 111,281,821 Shares (excluding 3,230,750 treasury shares and subsidiary holdings).

(2) This percentage is calculated for illustration only and is based on the total number of Shares of 16,692,273 available under the Scheme and on the assumption that the Options are granted on the Latest Practicable Date.

(3) The total issued share capital of the Company as at Latest Practicable Date is 111,281,821 Shares (excluding 3,230,750 treasury shares and subsidiary holdings). As at the Latest Practicable Date, Mr. Tan Tin Yeow has an interest in 44,857,500 Shares representing 40.31%(1) of the total issued share capital (excluding any treasury shares held by the Company and subsidiary holdings). Assuming that there is no change in the total issued share capital of the Company (excluding any treasury shares held by the Company and subsidiary holdings) save for the 1,483,500 Shares to be issued pursuant to the exercise in full by Mr. Tan Tin Yeow of the Options, Mr. Tan Tin Yeow will have an interest in 46,341,000 Shares representing 41.64%(1) of the total issued share capital (excluding any treasury shares held by the Company and subsidiary holdings). For avoidance of doubt, Mr. Tan Tin Yeow's interest set out under this footnote does not include any interest of his associates.

(4) The total issued share capital of the Company as at the Latest Practicable Date is 111,281,821 Shares (excluding 3,230,750 treasury shares held by the Company and subsidiary holdings). As at the Latest Practicable Date, the Tan Siblings have an interest in 51,427,244 representing 46.21%(1) of the total issued share capital (excluding any treasury shares held by the Company and subsidiary holdings). Assuming that there is no change in the total issued share capital of the Company (excluding any treasury shares held by the Company and subsidiary holdings), the Tan Siblings will have an interest in 53,723,244 Shares (including the 2,296,000 Shares to be issued pursuant to the exercise of the Options in full by Mr. Tan Tin Yeow and Ms. Tan Guat Lian) representing 48.28%(1) of the total issued share capital (excluding any treasury shares held by the Company and subsidiary holdings).

5.4 Shareholders' approval

Under the Listing Manual, the specific grant of Option(s) to the Controlling Shareholders and their Associates will have to be approved by the other Shareholders of the Company at a general meeting.

The proposed grant of Option(s) under the Scheme in respect of 250,000 Shares to Mr. Tan Tin Yeow, a Controlling Shareholder of the Company, is therefore proposed as an Ordinary Resolution ("**Resolution 2**") at the EGM.

6. THE PROPOSED GRANT OF OPTIONS TO MS. TAN GUAT LIAN (AN ASSOCIATE OF A CONTROLLING SHAREHOLDER)

The Shareholders had previously approved at the 2016 EGM, *amongst others,* the participation and grant of Options under the Scheme in respect of 162,500 Shares to Ms. Tan Guat Lian, an Associate of a Controlling Shareholder of the Company.

It is proposed that Shareholders' approval be sought at the EGM for additional Options to be granted to Ms. Tan Guat Lian under the Scheme in respect of 162,500 Shares on the rationale and justification set out in Section 6.1 *(Rationale and justification for granting the Options to Ms. Tan Guat Lian and for a discount of up to 20%)* below.

6.1 Rationale and justification for granting the Options to Ms. Tan Guat Lian and for a discount up to 20%

Ms. Tan Guat Lian, the Company's Executive Director (Human Resource & Administration), is the sister of the Company's Chairman and MD, Mr. Tan Tin Yeow. As an Executive Director (Human Resource & Administration), she is responsible for managing and overseeing the operations of the administrative and human resource departments.

Ms. Tan Guat Lian is instrumental in setting up the various departments of the Group, including the administrative, logistics and human resource departments, having had more than 20 years of relevant working experience. The Company believes that Ms. Tan Guat Lian will continue to make vital contributions towards the future development and further success of the Group.

The grant of the Option to Ms. Tan Guat Lian would serve as an apt means of recognising and acknowledging her services and contributions to the Group, as well as incentivise her to continue her dedication and commitment to the Group's business, thereby enhancing shareholders' value. As the Scheme serves to recognise past contributions as well as to encourage future contributions, the Directors consider it is important that Ms. Tan Guat Lian be allowed to participate in the Scheme by the grant of an Option to subscribe for 162,500 Shares and at a discount of up to 20% of the Market Price of the Shares.

Further, because Options granted with a discount under the Scheme are subject to a longer minimum vesting period (2 years) than those granted at the Market Price (1 year), holders of such Option(s) are encouraged to have a long-term view of the Group, thereby reinforcing their commitment to the Group.

Please also refer to Section 7 *(The Committee's views on the proposed grant of Options and for a discount of up to 20% to Mr. Tan Tin Yeow and Ms. Tan Guat Lian)* for further disclosure in this regard.

6.2 Terms of grant of Options to Ms. Tan Guat Lian

The main terms of the proposed grant of the Option to Ms. Tan Guat Lian are as follows:

(a) Date of Grant: Any time within two (2) weeks after the date of the EGM;

(b) Number of Shares: 162,500 Shares (comprising approximately 0.15%[(1)] of the total issued shares capital and approximately 0.97%[(2)] of the aggregate number of Shares available under the Scheme as at the Latest Practicable Date);

(c) Exercise Price per Share: The 162,500 Shares shall be offered at a discount of up to 20% of the Market Price of the Shares pursuant to the terms of the Scheme and Rule 845(5) of the Listing Manual; and

(d) Exercise Period: The Option will be exercisable at any time during the period commencing after the second anniversary of the date of grant of the Option but expiring on the fifth anniversary of the date of grant of the Option.

6.3 Limits on grant of Option(s) to an Associate of a Controlling Shareholder

As at the Latest Practicable Date, the number of issued Shares of the Company is 111,281,821 Shares. Ms. Tan Guat Lian holds 6,569,744 Shares representing approximately 5.90%[(1)] of the Company's total number of issued Shares.

As at the Latest Practicable Date, an aggregate number of Options under the Scheme of 748,250 Shares have already been previously approved and granted to Ms. Tan Guat Lian. Assuming that the proposed grant of Option(s) under the Scheme amounts to 162,500 Shares to Ms. Tan Guat Lian is approved, an aggregate number of Options amounts to 910,750 Shares, representing approximately 5.46%[(2)] of the aggregate number of Shares under the Scheme as at the Latest Practicable Date would have been granted to Ms. Tan Guat Lian, which is within the 10% limit prescribed under the Rule 845(3) of the Listing Manual.

As at the Latest Practicable Date, an aggregate number of Options under the Scheme of 1,981,750 Shares have already been previously approved and granted to the Controlling Shareholder, Mr. Tan Tin Yeow, and his Associate, Ms. Tan Guat Lian. On 26 September 2014, Ms. Tan Guat Lian exercised 98,250 Options granted to her under the Scheme. Assuming that the proposed grant of Option(s) under the Scheme in respect of 412,500 Shares to the Controlling Shareholder, Mr. Tan Tin Yeow and his Associate, Ms. Tan Guat Lian are approved, an aggregate number of Options amounting to 2,394,250 Shares (including 98,250 Shares) that have been issued to Ms. Tan Guat Lian pursuant to the aforesaid exercise of Options granted to her) representing approximately 14.34%[(2)] of the aggregate number of Shares under the Scheme as at the Latest Practicable Date would have been granted to the Controlling Shareholder, Mr Tan Tin Yeow and his Associate, Ms. Tan Guat Lian, which is within the 25% limit prescribed under the Rule 845(2) of the Listing Manual.

The grant of the Option(s) to Ms. Tan Guat Lian is therefore within the limits of the Scheme and in compliance of Rules 845(2) and 845(3) of the Listing Manual.

Should the aggregate number of Options amounting to 812,500 Shares (excluding 98,250 Shares that have been issued to Ms. Tan Guat Lian pursuant to the aforesaid exercise of Options granted to her) under the Scheme exercised in full by Ms. Tan Guat Lian subsequent thereto, based on the number of issued Shares as at Latest Practicable Date, Ms. Tan Guat Lian's shareholding interest in the Company will be increased from 5.90% to 6.63%[(3)]. Based on the number of issued Shares as at the Latest Practicable Date and assuming there is no change in the total issued share capital of the Company (excluding any treasury shares held by the Company and subsidiary holdings), the Tan Siblings' shareholding interest in the Company will be increased from 46.21%[(1)] to 48.28%[(4)].

As stated in paragraph 5.3 *(Limits on grant of Option(s) to Controlling Shareholder(s))*, the Tan Family as a concert group holds 62,955,988 Shares representing 56.57% of the total issued share capital of the Company as at the Latest Practicable Date [(1)]. Upon issuance of 2,296,000 Shares pursuant to the exercise of Options in full by the Tan Siblings, the Tan Family will in aggregate hold 65,251,988 Shares representing 58.64% of the total issued share capital of the Company as at the Latest Practicable Date[(1)]. As such, the proposed grant of Options will not result in any member of Tan Family incurring an obligation to make a mandatory take-over offer under Rule 14 of the Take-over Code.

Notes:

(1) The total issued share capital of the Company as at the Latest Practicable Date is 111,281,821 Shares (excluding 3,230,750 treasury shares and subsidiary holdings).

(2) This percentage is calculated for illustration only and is based on the total number of Shares of 16,692,273 available under the Scheme and on the assumption that the Options are granted on the Latest Practicable Date.

(3) The total issued share capital of the Company as at Latest Practicable Date is 111,281,821 Shares (excluding 3,230,750 treasury shares and subsidiary holdings). As at the Latest Practicable Date, Ms. Tan Guat Lian has an interest in 6,569,744 Shares representing 5.90% of the total issued share capital (excluding any treasury shares held by the Company and subsidiary holdings). Assuming that there is no change in the total issued share capital of the Company (excluding any treasury shares and subsidiary holdings) save for the 812,500 Shares to be issued pursuant to the exercise in full by Ms. Tan Guat Lian of the Options, Ms. Tan Guat Lian will have an interest in 7,382,244 Shares representing 6.63% of the total issued share capital (excluding any treasury shares and subsidiary holdings).

(4) The total issued share capital of the Company as at Latest Practicable Date is 111,281,821 Shares (excluding 3,230,750 treasury shares and subsidiary holdings). As at the Latest Practicable Date, the Tan Siblings have an interest in 51,427,244 Shares representing 46.21%[(1)] of the total issued share capital (excluding any treasury shares held by the Company and subsidiary holdings). Assuming that there is no change in the total issued share capital of the Company (excluding any treasury shares and subsidiary holdings), the Tan Siblings will have an interest in 53,723,244 Shares (including the 2,296,000 Shares to be issued pursuant to the exercise of the Options in full by Mr. Tan Tin Yeow and Ms. Tan Guat Lian) representing 48.28%[(1)] of the total issued share capital (excluding any treasury shares and subsidiary holdings).

6.4 Shareholders' approval

Under the Listing Manual, the specific grant of Option(s) to Controlling Shareholders and their Associates will have to be approved by the other Shareholders of the Company at a general meeting.

The proposed grant of Option(s) under the Scheme in respect of 162,500 Shares to Ms. Tan Guat Lian, an Associate of a Controlling Shareholder of the Company, is therefore proposed as an Ordinary Resolution ("**Resolution 3**") at the EGM.

7. THE COMMITTEE'S VIEWS ON THE PROPOSED GRANT OF OPTIONS AND FOR A DISCOUNT OF UP OF TO 20% TO MR. TAN TIN YEOW AND MS. TAN GUAT LIAN

The Committee has considered, *amongst others*, the financial performance of the Group, the grantees' performance, responsibilities and contributions, the years of service, capital requirements, appropriate forms of incentives and other factors which the Committee may deem relevant in determining the number of Shares and the discount under the Options that grantees are entitled to.

The Group's financial performance and the relevant employee's personal performance are the major considerations taken into account by the Committee before granting an Option with up to 20% discount under the Scheme.

8. POTENTIAL COSTS OF GRANTING THE OPTION(S)

Under FRS 102, Share-based Payment is effective for financial statements covering periods beginning on or after 1 January 2005 for listed companies. Based on FRS 102, the fair value of employee services received in exchange for the grant of the options would be recognised as an expense in the income statement. For equity-settled share-based payment transactions, the total expense to be recognised in the income statement over the vesting period is determined by reference to the fair value of each Option granted on the date of the grant. As at each financial year end, the Company will estimate the number of Shares that are expected to be exercisable on the vesting date and recognise the effect of the estimation in the income statement with a corresponding adjustment to the share option reserve over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when the Options are exercised.

During the vesting period, the consolidated EPS would be reduced by both the expense recognised and the potential Shares to be issued under the Scheme. When the Options are exercised, the consolidated NTA will be increased by the amount of cash received in subscription for the new Shares. On a per Share basis, the effect is accretive if the Exercise Price is above the net tangible assets per Share but dilutive otherwise.

Illustrative financial effects

For illustration purposes only, based on the audited financial statements of the Company and the Group for the financial year ended 30 April 2017 and on the basis of the assumptions set out below:

(a) Options to subscribe for 412,500 Shares are granted;

(b) the share option value is S$61,000 as at the Latest Practicable Date; and

(c) the entire cost of the Options will be expensed to the profit and loss statement over the vesting period of one (1) year.

The financial effects which the offer and grant of such Options by the Company have on the audited financial statements of the Group for the financial year ended 30 April 2017 are as follows:

	Group	
	As at 30 April 2017 (audited)	
	Before grant of Options	After grant of Options
Shareholders' funds (S$'000)	66,380	66,380
Current assets (S$'000)	90,540	90,540
Current liabilities (S$'000)	65,631	65,631
Cash and short-term deposits (S$'000)	25,618	25,618
NTA (S$'000)	54,547	54,547
Loss after tax (S$'000)	(1,071)	(1,132)
Number of Shares ('000)	111,282	111,282
Treasury shares ('000)	3,231	3,231
Total issued Shares as at the Latest Practicable Date ('000)	114,513	114,513
Basic EPS (cents)	(0.96)	(1.02)
NTA per Share (cents)	49.02	49.02
Return on equity (%)	(1.61)	(1.71)

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 36 of this Circular, will be held at 55 Tuas Crescent, #07-01, Singapore 638743 on 25 August 2017 at 11.00 a.m. (or immediately after the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolutions set out in the Notice of EGM.

10. DIRECTORS' RECOMMENDATIONS

10.1 Proposed renewal of the Share Buyback Mandate

Save that the Tan Siblings have abstained from making any recommendation in respect 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 best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of Resolution 1.

10.2 Proposed resolutions relating to the Scheme

The Directors are all eligible to participate in, and are therefore interested in the Scheme. They have, accordingly, abstained from making any recommendations in favour of Resolutions 2 to 3.

Each Director shall also decline to accept appointment as proxy for Shareholders to vote in respect of each of Resolutions 2 to 3, unless the Shareholder concerned has given specific instructions in the relevant proxy forms on the manner in which his votes are to be cast in respect of the Ordinary Resolutions set out in the Notice of EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

11.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of Company at 55 Tuas Crescent, #07-01, Singapore 638743, not later than 48 hours before the time fixed for the EGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy if he finds that he is able to do so.

11.2 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Section 81SJ of the SFA at least 72 hours before the EGM.

11.3 Abstention from Voting

Shareholders who are eligible to participate in the Scheme shall abstain from voting at the EGM in respect of the Ordinary Resolutions relating to the Scheme set out in the Notice of EGM. They shall also decline to accept appointment as proxy for Shareholders to vote on the Ordinary Resolutions set out in the Notice of EGM unless the Shareholder concerned has given specific instructions in the relevant proxy forms on the manner in which his votes are to be cast in respect of the Ordinary Resolutions set out in the Notice of EGM.

The Controlling Shareholder and his Associate who are proposed to receive Option(s) under the Scheme will abstain from voting at the EGM in respect of the Ordinary Resolutions relating to the Scheme. Accordingly, the Company shall procure that the Controlling Shareholder, Mr. Tan Tin Yeow and his Associate, Ms. Tan Guat Lian, abstain from voting in respect of the Ordinary Resolutions relating to the Scheme at the EGM. The Tan Siblings have also undertaken to ensure that their Associates will abstain, from voting in respect of the Ordinary Resolutions relating to the Scheme at the EGM.

The Directors are all eligible to participate in, and are therefore interested in the Scheme. As such, the Directors shall abstain from voting at the EGM in respect of the Ordinary Resolutions relating to the Scheme set out in the Notice of EGM.

12. INSPECTION OF DOCUMENTS

A copy of the following documents may be inspected at the registered office of the Company at 55 Tuas Crescent, #07-01, Singapore 638743, during normal business hours from the date of this Circular up to and including the date of the EGM:

(a) the Annual Report of the Company for the financial year ended 30 April 2017;

(b) the Constitution; and

(c) the Scheme Rules.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about (i) the renewal of the Share Buyback Mandate; (ii) the proposed grant of Options to a Controlling Shareholder and his Associate; and (iii) the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading in any material respect.

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

Yours faithfully
For and on behalf of the Board of Directors of
XMH HOLDINGS LTD.

Mr. Tan Tin Yeow
Chairman and Managing Director

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XMH HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
Company Registration Number 201010562M

All capitalised terms in the Ordinary Resolution below and defined in the Circular shall, unless otherwise defined in this Notice, bear the respective meanings ascribed thereto in the Circular.

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** ("**EGM**") of XMH Holdings Ltd. (the "**Company**") will be convened at 55 Tuas Crescent, #07-01, Singapore 638743 on Friday, 25 August 2017 at 11.00 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting ("**AGM**") of the Company to be held at 10.00 a.m. on the same day and at the same venue), for the purpose of considering and, if thought fit, passing with or without any modifications the following Resolutions:

ORDINARY RESOLUTIONS

RESOLUTION 1: THE RENEWAL OF THE SHARE BUYBACK MANDATE

That:

(a) for the purposes of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable,

and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the Share Buyback is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution 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 (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the forthcoming EGM is held and the resolution relating to the Share Buyback Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

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

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

RESOLUTION 2: TO APPROVE THE PROPOSED GRANT OF OPTION(S) UNDER THE XMH SHARE OPTION SCHEME OF 250,000 SHARES TO MR. TAN TIN YEOW, A CONTROLLING SHAREHOLDER OF THE COMPANY

The proposed grant to Mr. Tan Tin Yeow, a Controlling Shareholder of the Company, of option(s) ("**Option(s)**") pursuant to and in accordance with the rules of the Scheme on the following terms, be and is hereby approved, and the Directors be and are hereby authorised to allot and issue ordinary shares in the capital of the Company ("**Shares**") upon the exercise of such Option(s):

(a) Date of Grant: Any time within two (2) weeks after the date of the EGM;

(b) Number of Shares: 250,000 Shares (comprising approximately 0.22% of the issued Shares as at the Latest Practicable Date);

(c) Exercise Price per Share: The 250,000 Shares shall be offered at a discount of up to 20% of the Market Price of the Shares; and

(d) Exercise Period: The Option will be exercisable at any time during the period commencing after the second anniversary of the date of grant of the option but expiring on the fifth anniversary of the date of grant of the option.

be and is hereby approved.

In this notice, "**Market Price**" means a price equal to the average of the closing prices for a Share for the past five consecutive days on which the SGX-ST is open for securities trading immediately preceding the date of grant of the Option.

RESOLUTION 3: TO APPROVE THE PROPOSED GRANT OF OPTION(S) UNDER THE XMH SHARE OPTION SCHEME OF 162,500 SHARES TO MS. TAN GUAT LIAN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY

The proposed grant to Ms. Tan Guat Lian, an Associate of a Controlling Shareholder of the Company, of Option(s) pursuant to and in accordance with the rules of the Scheme on the following terms, be and is hereby approved, and the Directors be and are hereby authorised to allot and issue ordinary shares in the capital of the Company ("**Shares**") upon the exercise of such Option(s):

(a) Date of Grant: Any time within two (2) weeks after the date of the EGM;

(b) Number of Shares: 162,500 Shares (comprising approximately 0.15% of the issued Shares as at the Latest Practicable Date);

(c) Exercise Price per Share: The 162,500 Shares shall be offered at a discount of up to 20% of the Market Price of the Shares; and

(d) Exercise Period: The Option will be exercisable at any time during the period commencing after the second anniversary of the date of grant of the option but expiring on the fifth anniversary of the date of grant of the option.

be and is hereby approved.

BY ORDER OF THE BOARD
XMH HOLDINGS LTD.

Tan Tin Yeow
Chairman and Managing Director
7 August 2017

Notes:

1. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Extraordinary General Meeting (the "**Meeting**") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. A Relevant Intermediary* may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

3. Where a member of the Company appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

4. If the member is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 55 Tuas Crescent #07-01 Singapore 638743 not less than 48 hours before the time appointed for holding the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds these shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

XMH HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
Company Registration Number 201010562M

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name) of _____ (NRIC /Passport/Co. Registration No.)

_____ (address)

being a member/members of **XMH HOLDINGS LTD.** (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No**	**Proportion of Shareholdings**	
		Number of Shares	**(%)**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No**	**Proportion of Shareholdings**	
		Number of Shares	**(%)**
Address			

as my/our proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the Extraordinary General Meeting ("**Meeting**") of the Company to be held at 55 Tuas Crescent, #07-01, Singapore 638743 on Friday, 25 August 2017 at 11.00 a.m. (or immediately after the Annual General Meeting to be held on the same day at 10.00 a.m.) and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions to be proposed at the Meeting as hereunder indicated. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her* discretion.

No.	**Ordinary Resolution**	**No. of votes 'For'****	**No. of votes 'Against'****
1.	To approve the renewal of the Share Buyback Mandate		
2.	To approve the proposed grant of Option(s) under the Scheme of 250,000 Shares to Mr. Tan Tin Yeow, a Controlling Shareholder of the Company		
3.	To approve the proposed grant of Option(s) under the Scheme of 162,500 Shares to Ms. Tan Guat Lian, an Associate of a Controlling Shareholder of the Company		

**Delete where inapplicable*

***If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _____ day of _____ 2017

Total Number of Shares Held in:	
(a) CDP Register	
(b) Register of Members	

_____

Signature(s) of Members and/or Corporation's Common Seal

PROXY FORM

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

NOTES

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company who is not a Relevant Intermediary* entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member who is not a Relevant Intermediary* appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 55 Tuas Crescent #07-01 Singapore 638743 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 7 August 2017.