



**WILMAR INTERNATIONAL LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No. 199904785Z)

**LETTER TO SHAREHOLDERS DATED 9 APRIL 2018**

**IN RELATION TO**

- 1. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND**
- 2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.**

## LETTER TO SHAREHOLDERS

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# LETTER TO SHAREHOLDERS

## WILMAR INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199904785Z)

Directors:	Registered office:
Mr Kuok Khoon Hong (Chairman and Chief Executive Officer)	56 Neil Road
Mr Pua Seck Guan (Chief Operating Officer and Executive Director)	Singapore 088830
Mr Martua Sitorus (Non-Executive Director)	
Mr Kuok Khoon Ean (Non-Executive Director)	
Mr Kuok Khoon Hua (Non-Executive Director)	
Mr Juan Ricardo Luciano (Non-Executive Director)	
Mr Yeo Teng Yang (Lead Independent Director)	
Mr Tay Kah Chye (Independent Director)	
Mr Kwah Thiam Hock (Independent Director)	
Professor Kishore Mahbubani (Independent Director)	
Mr Lim Siong Guan (Independent Director)	
Mr Weijian Shan (Independent Director)	
Mr Raymond Guy Young (Alternate to Mr Juan Ricardo Luciano)	

9 April 2018

To : The Shareholders of Wilmar International Limited (the “**Company**”)

Dear Sir/Madam

### 1. INTRODUCTION

#### 1.1 Notice of Annual General Meeting

We refer to:

- (a) the Notice of Annual General Meeting of the Company dated 9 April 2018 (the “**Notice of AGM**”) convening the forthcoming Annual General Meeting of the Company to be held on 25 April 2018 (the “**forthcoming AGM**”);
- (b) Ordinary Resolution No. 12 relating to the proposed renewal of shareholders’ mandate for interested person transactions, as proposed in the Notice of AGM; and
- (c) Ordinary Resolution No. 13 relating to the proposed renewal of share purchase mandate, as proposed in the Notice of AGM.

## 1.2 Letter to Shareholders

The purpose of this Letter to Shareholders (“**this Letter**”) is to provide shareholders of the Company (the “**Shareholders**”) with information relating to Ordinary Resolution No. 12 and Ordinary Resolution No. 13 proposed in the Notice of AGM.

## 1.3 Singapore Exchange Securities Trading Limited (“**SGX-ST**”)

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

## 1.4 Advice to Shareholders

Shareholders who are in any doubt as to the action they should take, should consult their stockbrokers or other professional advisers immediately.

If a Shareholder has sold or transferred all his shares in the capital of the Company, the Shareholder should immediately forward this Letter together with the Notice of AGM and the Proxy Form to the purchaser or transferee, bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

## 2. DEFINITIONS

In this Letter, the following definitions shall apply unless the context otherwise requires:

- “**Act**” : The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
- “**AGM**” : The annual general meeting of the Company
- “**approved exchange**” : A stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 (as defined in paragraph 3.1 of this Letter)
- “**associate**” : In relation to an interested person who is a director, chief executive officer, substantial shareholder or controlling shareholder (being an individual), means:
- (i) his immediate family member (that is, the spouse, child, adopted child, step-child, sibling and parent) of such director, chief executive officer, substantial shareholder or controlling shareholder;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- and, in relation to a substantial shareholder or a controlling shareholder (being a company), an “**associate**” 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
- “**Audit Committee**” : The audit committee of the Company comprising Mr Tay Kah Chye (Chairman), Mr Kwah Thiam Hock and Mr Yeo Teng Yang
- “**Board**” : The board of directors of the Company
- “**Constitution**” : The memorandum and articles of association of the Company, as may be amended or modified from time to time

<b>“controlling shareholder”</b>	:	A person who holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) in the Company (unless the SGX-ST determines that such person is not a controlling shareholder); or who in fact exercises control over the Company
<b>“CPO”</b>	:	Crude palm oil
<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date
<b>“entity at risk”</b>	:	Means: <ul style="list-style-type: none"> <li>(i) the listed company;</li> <li>(ii) a subsidiary of the listed company that is not listed on SGX-ST or an approved exchange; or</li> <li>(iii) an associated company of the listed company that is not listed on SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s), has control over the associated company</li> </ul>
<b>“FFB”</b>	:	Fresh palm fruit bunches
<b>“FY2017”</b>	:	Financial year ended 31 December 2017
<b>“interested person”</b>	:	A director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder
<b>“interested person transaction” or “IPT”</b>	:	A transaction between an entity at risk and an interested person
<b>“Latest Practicable Date”</b>	:	23 March 2018, being the latest practicable date prior to the printing of this Letter
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
<b>“Market Day”</b>	:	A day on which SGX-ST is open for securities trading
<b>“NAV”</b>	:	Net asset value
<b>“Off-Market Share Purchase”</b>	:	A Share Purchase by the Company (if effected otherwise than on the SGX-ST) pursuant to an equal access scheme (as defined under Section 76C of the Act) for the purchase of Shares from the Shareholders
<b>“On-Market Share Purchase”</b>	:	A Share Purchase by the Company effected on the SGX-ST through ready market, through one or more duly licensed stockbrokers appointed by the Company for the purpose
<b>“Ordinary Resolution”</b>	:	The ordinary resolution as set out in the Notice of AGM
<b>“Proxy Form”</b>	:	The proxy form as set out in the Annual Report
<b>“Registrar”</b>	:	The Registrar of Companies appointed under the Act and includes any Deputy or Assistant Registrar of Companies
<b>“Securities Account”</b>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
<b>“Shareholders”</b>	:	The registered holders of Shares except where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and whose Securities Accounts are credited with such Shares

<b>“Share Option”</b>	:	Share options granted pursuant to the Wilmar Executives Share Option Scheme 2009 (which was approved and adopted on 29 April 2009, which may be amended or modified from time to time)
<b>“Share Purchase”</b>	:	Purchase of Shares by the Company pursuant to the Share Purchase Mandate
<b>“Share Purchase Committee”</b>	:	The share purchase committee, comprising Mr Kuok Khoon Hong (Chairman) and Mr Pua Seck Guan, is authorised to administer the Share Purchase Mandate
<b>“Share Purchase Mandate”</b>	:	The proposed general mandate to authorise the directors of the Company to purchase, on behalf of the Company, Shares in accordance with the terms as set out in this Letter
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“Substantial Shareholder”</b>	:	A person who has an interest in not less than 5% of the issued voting Shares of the Company
<b>“subsidiary holdings”</b>	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Act
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
<b>“Treasury Shares”</b>	:	Shares which (a) were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Act applies and (b) have been held by the Company continuously since the purchase was made
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
<b>“US\$” and “US cents”</b>	:	United States dollars and cents respectively, the lawful currency of the United States of America
<b>“%” or “per cent.”</b>	:	Percentage or per centum

#### Entities

<b>“ADM”</b>	:	Archer Daniels Midland Company
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Company”</b>	:	Wilmar International Limited
<b>“Group”</b>	:	The Company, together with its subsidiaries and/or associated companies
<b>“SIC”</b>	:	Securities Industry Council of Singapore

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act.

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

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Act, the Listing Manual, the Take-over Code or any statutory modification thereof and used in this Letter shall, where applicable, have the meaning assigned to it under the Act, the Listing Manual, the Take-over Code or any such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in this Letter shall be a reference to Singapore time and dates, unless otherwise stated.

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

### **3. PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR IPT**

#### **3.1 Chapter 9 of the Listing Manual**

Chapter 9 of the Listing Manual (“**Chapter 9**”) applies to transactions entered or to be entered into by a party that is an entity at risk and a counterparty that is an interested person. The objective of Chapter 9 (as stated in Rule 901 of the Listing Manual) is to guard against the risk that interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

#### **3.2 Materiality thresholds, announcement requirements, and shareholders’ approval**

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company or its shareholders at risk to its interested person and are hence excluded from the ambit of Chapter 9, an immediate announcement, or, immediate announcement and shareholders’ approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed group’s latest audited net tangible assets (“**NTA**”)) are reached or exceeded.

In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:

3.2.1 5% of the listed group’s latest audited NTA; or

3.2.2 5% of the listed group’s latest audited NTA, when aggregated with the values of other transactions entered into with the same interested person during the same financial year.

#### **3.3 Shareholders’ general mandate**

Chapter 9 allows a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company’s interested persons, including the purchase and sale of supplies and materials, but not for the purchase or sale of assets, undertakings or businesses.

### 3.4 Existing IPT Mandate

On 26 April 2017, the Company obtained approval from its Shareholders for the renewal of the mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the specific classes of person who are considered to be interested persons for the purposes of Chapter 9 (“**IPT Mandate**”). Particulars of the IPT Mandate were set out in the Company’s Addendum to Shareholders dated 3 April 2017.

At the said AGM held on 26 April 2017, the Shareholders approved the renewal of the IPT Mandate for the Company, its subsidiaries and associated companies to enter into certain types of transactions with interested persons, to take effect until the forthcoming AGM.

The Company is seeking to renew the existing IPT Mandate at the forthcoming AGM. Particulars of the existing IPT Mandate are set out in the following paragraphs 3.5 to 3.8.

### 3.5 Scope of the IPT Mandate

The IPT Mandate will cover a wide range of transactions arising in the normal course of business operations of the Company, its subsidiaries that are not listed on SGX-ST or an approved exchange, and its associated companies that are not listed on SGX-ST or an approved exchange, provided that the Company and its subsidiaries, or the Company, its subsidiaries and its interested person(s), have control over the associated company, that are entered into with certain classes of interested persons.

The IPT Mandate will not cover any transaction with an Interested Person (as defined in paragraph 3.7) which has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 would not apply to such transactions.

Transactions with interested persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual and/or any applicable law. Transactions conducted under the IPT Mandate are not separately subject to Rules 905 and 906 of Chapter 9 pertaining to threshold and aggregation requirements.

### 3.6 Duration of the IPT Mandate

The IPT Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto at the forthcoming AGM and will continue in force until the next AGM. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the interested person transactions.

### 3.7 Classes of Interested Persons

The IPT Mandate will apply to transactions (as described below) with the following persons (“**Interested Person**”):

- (1) ADM and its associates; and
- (2) any member (that may be appointed from time to time) of the Board of Directors and Chief Executive Officer of the Company and their respective associates.

Transactions with interested persons that do not fall within the ambit of the IPT Mandate shall be subject to the provisions of Chapter 9.

### 3.8 Categories of Interested Person Transactions

The following transactions with the Interested Persons (the “**Mandated Transactions**”) are in connection with the provision to, or the obtaining from, these persons of products and services in the Group’s normal course of business or which are necessary for its day-to-day operations:



- (1) sale of palm oil and lauric products, soy bean, soy bean oil and other edible oils;
- (2) purchase of materials such as FFB, CPO, soy bean, coal and other materials;
- (3) the payment of advances for purchases of products and materials;
- (4) the provision of office premises, storage facilities, transport and logistics services and brokerage services;
- (5) the rental / lease of land;
- (6) provision of loans and guarantees;
- (7) the entry into of licence agreements or arrangements for the use of trade names and logos;
- (8) payment of technical consultation and other professional fees; and
- (9) the transactions and agreements described in Sections 14.1(d) (in respect of the annual payment of the technical consultation fee), 14.2 and 14.3 of the Circular dated 10 June 2006 issued by the Company.

### **3.9 Review Procedures**

The Company has in place an internal control system to ensure that transactions with Interested Persons are made on normal commercial terms consistent with its usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to non-Interested Persons, and are not prejudicial to the interests of the Company and the minority Shareholders. In particular:

- (1) When supplying items or services to an Interested Person, the sale price or fee, and the terms, of at least two latest successful sale or supply of a similar nature to non-Interested Persons will be used for comparison. The sale price or fee for the supply of goods or services shall not be lower than the lowest sale price or fee of these other transactions (of a similar nature) with non-Interested Persons;
- (2) When purchasing items from or engaging the services of an Interested Person, at least two latest successful purchases or quotations for the purchase or provision of same or similar items or services from non-Interested Persons will be obtained (where available) for comparison. The purchase price or fee shall not be higher than the most competitive price or fee of these other transactions (of a similar nature) with non-Interested Persons. In determining the most competitive price or fee, non-price factors, including but not limited to quality, delivery time, and track record will be taken into account;
- (3) When obtaining or providing loans, the Audit Committee's approval in respect thereof shall be required and the Audit Committee shall ensure that the interest rate quoted and other salient terms are no less favourable than that given by *bona fide* third party lenders or the prevailing market rate or terms. In the event that a director of the Company is interested in any such Mandated Transaction, that director will abstain from approving that particular transaction;
- (4) When giving guarantees, credit support or entering into licensing agreements, the Audit Committee will review and approve the terms thereof to ensure that it is not prejudicial to the interests of the Company and the minority Shareholders. In the event that a director of the Company is interested in any such Mandated Transaction, that director will abstain from approving that particular transaction;

- (5) When renting properties from or to an Interested Person, the Audit Committee shall take appropriate steps to ensure that such rent commensurates with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties (in terms of area and location) and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The rent payable or to be received shall be based on the most competitive market rental rate of similar properties (in terms of area and location), based on the results of the relevant enquiries. When it is not possible to obtain or establish the prevailing market rates through the methods described above, the matter will be referred to the Audit Committee and the Audit Committee will determine whether the rental fees to be paid or received are fair and reasonable and consistent with the Group's usual business practices; and
- (6) For shared services, a fee shall be charged to the Interested Person based on the time cost charges of the employees involved and an agreed mark up, in accordance with the terms of the agreement. Where the time spent exceeds that set out in the agreement, additional charges would be applicable, based on the actual excess time spent.

For (1) and (2) above, in the event that it is not possible for appropriate information (for comparative purposes) to be obtained, the respective heads of the finance department in Indonesia, Malaysia or Singapore (where applicable) of the Group (with no interest, direct or indirect, in the Mandated Transaction), will determine whether the price, fees and/or the other terms offered by the Interested Persons are fair and reasonable. In so determining, that head of the finance department will consider whether the price, fees and/or other terms is in accordance with usual business practices and pricing policies and consistent with the usual margins and/or terms to be obtained for the same or substantially similar types of transactions to determine whether the relevant transaction is undertaken at an arm's length and on normal commercial terms.

In respect of other transactions regarded as interested person transactions (within the meaning of the Listing Manual), a person regarded as independent of the transaction by the Audit Committee will be appointed to review and approve such transaction.

The Company shall monitor the transactions with Interested Persons entered into by the Group and categorise these transactions as follows:

- (i) a Category 1 Mandated Transaction is one where the value thereof is in excess of 5% of the NTA of the Group; and
- (ii) a Category 2 Mandated Transaction is one where the value thereof is below or equal to 5% of the NTA of the Group.

All Category 1 Mandated Transactions must be approved by the Audit Committee prior to its entry. Category 2 Mandated Transactions need not be approved by the Audit Committee prior to its entry but shall be reviewed and reported upon by the internal auditor of the Group on a quarterly basis and such report shall be reviewed by the Audit Committee upon receipt. In its review of each quarterly report, the Audit Committee will also review the payment terms, payment period(s) and settlement of the transactions in respect thereof to ensure that they are not prejudicial to the interests of the Company and the minority Shareholders. The internal auditor shall also, in its report to the Audit Committee, report whether such Mandated Transactions were carried out in accordance with the abovesaid internal control procedures. The internal auditor of the Company, and Audit Committee (independent of the internal auditor), where either of it deems fit or necessary, may carry out additional reviews.

The Company will maintain a register of Interested Persons. This register will be updated monthly and will be sent to a designated person in the Plantation and Refinery division of the Group as well as a designated person in each member of the Group. The purpose of this register is to enable that designated person to identify the Interested Persons so as to facilitate the recording of all Mandated Transactions excluding those below S\$100,000, in accordance with Chapter 9. The Company will also maintain a register of transactions carried out with Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into).

On a monthly basis, the designated person in each member of the Group will submit details of all Mandated Transactions, including the value in respect thereof, (excluding those below S\$100,000, in accordance with Chapter 9) entered into during the previous calendar month to the designated person in the Plantation and Refinery division of the Group, who will then transmit that information to the designated person in the Company. A “nil” return is required if there is no such transactions for the previous calendar month. The Group’s internal audit plan will also incorporate a review of the transactions entered into in the relevant financial year pursuant to the IPT Mandate.

If during the periodic reviews, the Audit Committee is of the view that the internal control procedures as stated above are not sufficient to ensure that the Mandated Transactions will be conducted on an arm’s length basis and on normal commercial terms and may be prejudicial to the interests of the Company and the minority Shareholders, the Company will obtain a fresh mandate from Shareholders based on new guidelines and review procedures.

In the event that a member of the Audit Committee is interested in any of the Mandated Transactions, that member will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the remaining members of the Audit Committee.

The Audit Committee will also review the transactions with interested persons periodically and ensure that the prevailing rules of the SGX-ST (in particular, Chapter 9) are complied with.

### **3.10 Rationale for and benefits of the IPT Mandate**

In view of the time-sensitive nature of commercial transactions, it would be advantageous to the Company to obtain the IPT Mandate to enter into the Mandated Transactions, provided that all such transactions are carried out on normal commercial terms. The IPT Mandate (if approved) will eliminate, among others, the need for the Company to convene separate general meetings on each occasion to seek its Shareholders’ approval as and when potential transactions with Interested Persons arise. This will reduce substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising its corporate objectives and adversely affecting its business opportunities.

The Mandated Transactions are entered into or, are to be entered into, by the Group in the ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time.

Sales to the Interested Persons represent an additional source of revenue for the Group. With regard to purchases, the Group will benefit from having access to quotations from the Interested Persons, in addition to obtaining quotations from third parties, and with the various quotations available for assessment, this will ensure that the Group obtains competitive prices for goods and services of similar quality and specifications. The Group will benefit from the familiarity that the Interested Persons possess in relation to the specifications and requirements that it requires for such goods and services, built on its mutual course of dealing over the years. This gives the Group assurance that the quality of goods and services provided by the Interested Persons would meet its requirements and standards. The terms that the Group extends to the Interested Persons (both for sales, as well as purchases) will not be more favourable than that which it extends to non-Interested Persons.

## **4. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

### **4.1 The Share Purchase Mandate**

4.1.1 The Act allows companies to purchase their own shares, stocks and preference shares in the manner stated in the Act if their constitutions allow them to do so. Article 56 of the Constitution expressly permits the Company to purchase or otherwise acquire, *inter alia*, its issued Shares.

4.1.2 At the AGM held on 26 April 2017, the Shareholders had approved a mandate (the “**2017 Share Purchase Mandate**”) to enable the Company to purchase or otherwise acquire its issued Shares as permitted under and in accordance with the provisions of the Act. The rationale for, the authority and limits on, and the financial effects of, the 2017 Share Purchase Mandate were set out in the Company’s Addendum dated 3 April 2017 to Shareholders.

4.1.3 The 2017 Share Purchase Mandate was expressed, *inter alia*, to continue in force until (i) the date on which the next AGM is held or required by law to be held; or (ii) the date on which the Share Purchases are carried out to the full extent mandated; or (iii) the date on which the authority conferred by the 2017 Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting, whichever is the earliest.

4.1.4 The 2017 Share Purchase Mandate would be expiring on 25 April 2018, being the date of the forthcoming AGM. The Directors proposed that approval for the renewal of the Share Purchase Mandate be sought at the forthcoming AGM.

## **4.2 Rationale for the Share Purchase Mandate**

4.2.1 The proposed renewal of the Share Purchase Mandate will continue to give the Company the flexibility to undertake Share Purchases at any time, subject to market conditions, during its validity period. The Directors believe that the Share Purchase Mandate will provide the Company with a mechanism to facilitate the return of any surplus cash in excess of the Group's working capital requirements in an expedient and cost-efficient manner. The Directors further believe that Share Purchases may also buffer short-term share price volatility and offset the effects of share price speculation. Where Shares are purchased by the Company and are held as Treasury Shares, it will also enable the Company to transfer the Treasury Shares for the purposes of the Company's employees' share option scheme(s).

4.2.2 If and when circumstances permit, the Share Purchase Committee will decide whether to effect the Share Purchases via On-Market Share Purchases or Off-Market Share Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

4.2.3 The Share Purchases would be made only as and when the Share Purchase Committee considers it to be in the best interests of the Company and in appropriate circumstances which the Share Purchase Committee believes will not result in any material adverse effect on the liquidity and the orderly trading of the Shares, as well as the working capital requirements and the gearing level of the Group.

## **4.3 Authority and Limits on the Share Purchase Mandate**

The authority and limits placed on the Share Purchases under the proposed renewal of the Share Purchase Mandate are set out below:

### **4.3.1 Maximum number of Shares**

(a) Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. In accordance with Rule 882 of the Listing Manual, the total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at the date of the forthcoming AGM at which approval for the renewal of the Share Purchase Mandate is being sought (the "**Approval Date**"). Shares which are held as Treasury Shares and subsidiary holdings will be disregarded for the purpose of computing the 10% limit.

As at the Latest Practicable Date, the Company holds 77,067,450 Treasury Shares and there are no subsidiary holdings.

(b) For illustrative purposes only, on the basis of 6,326,333,656 issued Shares as at the Latest Practicable Date, and assuming that no further Shares are issued prior to the forthcoming AGM, not more than 632,633,365 Shares (representing 10% of the total number of issued Shares as at that date) may be purchased by the Company pursuant to the proposed renewal of the Share Purchase Mandate during the duration referred to in paragraph 4.3.2(a) below.

### **4.3.2 Duration of Authority**

(a) Share Purchases may be made, at any time and from time to time, on and from the Approval Date up to:

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

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

- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

- (b) The authority conferred on the Board by the Share Purchase Mandate to purchase Shares may be renewed.

#### 4.3.3 Manner of Share Purchases

- (a) Share Purchases may be made by way of:

- (i) an On-Market Share Purchase; and/or

- (ii) an Off-Market Share Purchase.

- (b) The Share Purchase Committee may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, an Off-Market Share Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:

- (i) offers under the scheme are to be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

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

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

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

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

- (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

- (i) the terms and conditions of the offer;

- (ii) the period and procedures for acceptance;

- (iii) the reasons for the proposed Share Purchase;

- (iv) the consequences, if any, of Share Purchases that will arise under the Take-over Code or other applicable take-over rules;

- (v) whether the Share Purchase, if made, could affect the listing of the Shares on the SGX-ST;

- (vi) details of any Share Purchases made by the Company during the previous 12 months (whether On-Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and

- (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

#### 4.3.4 Maximum Purchase Price

- (a) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Share Purchase Committee.
- (b) However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:
  - (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
  - (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares, (the “**Maximum Price**”).
- (c) For the above purposes, “**Average Closing Price**” means the average of the closing market prices of a Share over the last 5 Market Days, on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Share Purchase and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days.

#### 4.4 **Status of purchased Shares under the Share Purchase Mandate**

4.4.1 Under Section 76B of the Act, any Share which is purchased shall, unless held as a Treasury Share, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on cancellation. All Shares purchased by the Company, unless held as Treasury Shares, will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

4.4.2 Some of the provisions on Treasury Shares under the Act are summarised below:

(a) Maximum Holdings

The number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of issued Shares; and the Company shall be entered in the Register of Members or the Depository Register, as the case may be, as the member holding those Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings; and for the purposes of the Act, the Company shall be treated as having no right to vote in respect of Treasury Shares 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 the Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Share into Treasury Shares of a greater or smaller number, as the case may be, is allowed so long as the total value of the Treasury Shares after the sub-division or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time:

- (i) sell the Treasury Shares (or any of them) for cash;

- (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, whether for the Company's employees, directors or other persons;
- (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares (or any of them); or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

4.4.3 The Shares purchased under the Share Purchase Mandate will be held as Treasury Shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

4.4.4 In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares, stating the following:

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

#### **4.5 Reporting Requirements**

4.5.1 Within 30 days of the passing of a Shareholders' resolution to approve or renew the Share Purchase Mandate, the Company shall lodge a copy of such resolution with the Registrar.

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

4.5.3 Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the Act, the Company shall lodge with the Registrar a notice of the cancellation or disposal of Treasury Shares with such particulars as may be required in the prescribed form.

#### **4.6 Source of Funds**

4.6.1 The Company may only apply funds for the Share Purchases in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash and in the case of an On-Market Share Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

4.6.2 The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its Share Purchases.

4.6.3 The Act stipulates that any purchases of Shares may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the Share Purchases is made out of profits, such consideration will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. However, where the consideration paid by the Company for the Share Purchases is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced. The Act further stipulates that a payment for such purchase of shares shall include any expenses (including brokerage or commission) incurred directly in the purchase.

#### 4.7 Financial Effects

4.7.1 The financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, whether the Share Purchases are made by way of On-Market Share Purchases or Off-Market Share Purchases, the price paid for such Shares and whether the Shares are held in treasury or cancelled.

4.7.2 **For illustrative purposes only**, the financial effects on the Company and the Group arising from the Share Purchases, based on the audited financial statements of the Company and the Group for FY2017, are prepared assuming the following:

- (a) the Share Purchases comprised 632,633,365 Shares (representing the maximum 10% allowed under the Share Purchase Mandate of the 6,326,333,656 issued Shares excluding Treasury Shares and subsidiary holdings, as at the Latest Practicable Date);
- (b) in the case of On-Market Share Purchases, the Maximum Price was S\$3.36 (being 5% above the Average Closing Price prior to the Latest Practicable Date) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such On-Market Share Purchases of 632,633,365 Shares would amount to approximately US\$1,591,053,972;
- (c) in the case of Off-Market Share Purchases, the Maximum Price was S\$3.84 (being 20% above the Average Closing Price prior to the Latest Practicable Date) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such Off-Market Share Purchases of 632,633,365 Shares would amount to approximately US\$1,818,347,399;
- (d) the Share Purchases were made out of the Company's capital and profits as the Company has decided that any Share Purchases made under the Share Purchase Mandate for which approval is sought, will be made out of capital and profits;
- (e) the Share Purchases took place on 1 January 2017 and the Shares purchased were (i) cancelled; or (ii) held as Treasury Shares; and
- (f) the Share Purchases were financed by a combination of internal source of funds and external short-term bank borrowings.



**A(i) On-Market Share Purchases**

Assuming the purchased Shares are cancelled:

	Group		Company	
	Before Share Purchases US\$'000	After Share Purchases US\$'000	Before Share Purchases US\$'000	After Share Purchases US\$'000
<b>As at 31 December 2017</b>				
Share capital	8,458,995	6,867,941	8,895,134	7,304,080
Treasury Shares	(156,209)	(156,209)	(156,209)	(156,209)
Other reserves	(2,464,573)	(2,464,573)	211,991	211,991
Retained earnings	10,125,379	10,105,729	1,544,230	1,505,006
	15,963,592	14,352,888	10,495,146	8,864,868
Non-controlling interests	1,021,507	1,021,507	-	-
Total Equity	16,985,099	15,374,395	10,495,146	8,864,868
Current assets	22,579,397	21,783,870	3,970,204	3,967,167
Current liabilities	19,687,129	20,502,306	2,896,464	4,523,705
Non-current assets	18,353,176	18,353,176	9,744,406	9,744,406
Non-current liabilities	4,260,345	4,260,345	323,000	323,000
Net Asset Value (NAV)	16,985,099	15,374,395	10,495,146	8,864,868
Total borrowings	19,826,540	20,622,067	323,000	1,911,017
Less: Cash and cash equivalents	2,957,434	2,161,907	3,037	-
Less: Other deposits with financial institutions	4,272,969	4,272,969	-	-
Net debt <sup>(1)</sup>	12,596,137	14,187,191	319,963	1,911,017
Profit after tax and non-controlling interests	1,219,305	1,199,655	128,310	89,086
Number of Shares outstanding as at 31 December 2017 ('000)	6,325,687	5,693,054	6,325,687	5,693,054
Weighted average number of Shares as at 31 December 2017				
- Basic ('000)	6,322,495	5,689,862	6,322,495	5,689,862
- Diluted ('000)	6,326,901	5,694,268	6,326,901	5,694,268
<b>Financial Ratios</b>				
NAV per Share <sup>(2)</sup> (cents)	252.36	252.11	165.91	155.71
Gross debt gearing <sup>(3)</sup> (times)	1.24	1.44	0.03	0.22
Net debt gearing <sup>(4)</sup> (times)	0.79	0.99	0.03	0.22
Current ratio <sup>(5)</sup> (times)	1.15	1.06	1.37	0.88
EPS <sup>(6)</sup> (cents)				
- Basic	19.29	21.08	2.03	1.57
- Diluted	19.27	21.07	2.03	1.56

**Notes:**

- (1) "Net debt" represents total borrowings less cash and bank balances and other deposits with financial institutions.
- (2) "NAV per Share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2017.
- (3) "Gross debt gearing" represents total borrowings divided by shareholders' funds.
- (4) "Net debt gearing" represents net debt divided by shareholders' funds.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) "EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares as at 31 December 2017.

**A(ii) On-Market Share Purchases**

Assuming the purchased Shares are held as Treasury Shares:

	Group		Company	
	Before Share Purchases US\$'000	After Share Purchases US\$'000	Before Share Purchases US\$'000	After Share Purchases US\$'000
<b>As at 31 December 2017</b>				
Share capital	8,458,995	8,458,995	8,895,134	8,895,134
Treasury Shares	(156,209)	(1,747,263)	(156,209)	(1,747,263)
Other reserves	(2,464,573)	(2,464,573)	211,991	211,991
Retained earnings	10,125,379	10,105,729	1,544,230	1,505,006
	15,963,592	14,352,888	10,495,146	8,864,868
Non-controlling interests	1,021,507	1,021,507	-	-
Total Equity	16,985,099	15,374,395	10,495,146	8,864,868
Current assets	22,579,397	21,783,870	3,970,204	3,967,167
Current liabilities	19,687,129	20,502,306	2,896,464	4,523,705
Non-current assets	18,353,176	18,353,176	9,744,406	9,744,406
Non-current liabilities	4,260,345	4,260,345	323,000	323,000
Net Asset Value (NAV)	16,985,099	15,374,395	10,495,146	8,864,868
Total borrowings	19,826,540	20,622,067	323,000	1,911,017
Less: Cash and cash equivalents	2,957,434	2,161,907	3,037	-
Less: Other deposits with financial institutions	4,272,969	4,272,969	-	-
Net debt <sup>(1)</sup>	12,596,137	14,187,191	319,963	1,911,017
Profit after tax and non-controlling interests	1,219,305	1,199,655	128,310	89,086
Number of Shares outstanding as at 31 December 2017 ('000)	6,325,687	5,693,054	6,325,687	5,693,054
Weighted average number of Shares as at 31 December 2017				
- Basic ('000)	6,322,495	5,689,862	6,322,495	5,689,862
- Diluted ('000)	6,326,901	5,694,268	6,326,901	5,694,268
<b>Financial Ratios</b>				
NAV per Share <sup>(2)</sup> (cents)	252.36	252.11	165.91	155.71
Gross debt gearing <sup>(3)</sup> (times)	1.24	1.44	0.03	0.22
Net debt gearing <sup>(4)</sup> (times)	0.79	0.99	0.03	0.22
Current ratio <sup>(5)</sup> (times)	1.15	1.06	1.37	0.88
EPS <sup>(6)</sup> (cents)				
- Basic	19.29	21.08	2.03	1.57
- Diluted	19.27	21.07	2.03	1.56

**Notes:**

- (1) "Net debt" represents total borrowings less cash and bank balances and other deposits with financial institutions.
- (2) "NAV per Share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2017.
- (3) "Gross debt gearing" represents total borrowings divided by shareholders' funds.
- (4) "Net debt gearing" represents net debt divided by shareholders' funds.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) "EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares as at 31 December 2017.

**B(i) Off-Market Share Purchases**

Assuming the purchased Shares are cancelled:

	Group		Company	
	Before Share Purchases US\$'000	After Share Purchases US\$'000	Before Share Purchases US\$'000	After Share Purchases US\$'000
<b>As at 31 December 2017</b>				
Share capital	8,458,995	6,640,648	8,895,134	7,076,787
Treasury Shares	(156,209)	(156,209)	(156,209)	(156,209)
Other reserves	(2,464,573)	(2,464,573)	211,991	211,991
Retained earnings	10,125,379	10,102,922	1,544,230	1,499,392
	15,963,592	14,122,788	10,495,146	8,631,961
Non-controlling interests	1,021,507	1,021,507	-	-
Total Equity	16,985,099	15,144,295	10,495,146	8,631,961
Current assets	22,579,397	21,670,224	3,970,204	3,967,167
Current liabilities	19,687,129	20,618,760	2,896,464	4,756,612
Non-current assets	18,353,176	18,353,176	9,744,406	9,744,406
Non-current liabilities	4,260,345	4,260,345	323,000	323,000
Net Asset Value (NAV)	16,985,099	15,144,295	10,495,146	8,631,961
Total borrowings	19,826,540	20,735,714	323,000	2,138,310
Less: Cash and cash equivalents	2,957,434	2,048,260	3,037	-
Less: Other deposits with financial institutions	4,272,969	4,272,969	-	-
Net debt <sup>(1)</sup>	12,596,137	14,414,485	319,963	2,138,310
Profit after tax and non-controlling interests	1,219,305	1,196,848	128,310	83,472
Number of Shares outstanding as at 31 December 2017 ('000)	6,325,687	5,693,054	6,325,687	5,693,054
Weighted average number of Shares as at 31 December 2017				
- Basic ('000)	6,322,495	5,689,862	6,322,495	5,689,862
- Diluted ('000)	6,326,901	5,694,268	6,326,901	5,694,268
<b>Financial Ratios</b>				
NAV per Share <sup>(2)</sup> (cents)	252.36	248.07	165.91	151.62
Gross debt gearing <sup>(3)</sup> (times)	1.24	1.47	0.03	0.25
Net debt gearing <sup>(4)</sup> (times)	0.79	1.02	0.03	0.25
Current ratio <sup>(5)</sup> (times)	1.15	1.05	1.37	0.83
EPS <sup>(6)</sup> (cents)				
- Basic	19.29	21.03	2.03	1.47
- Diluted	19.27	21.02	2.03	1.47

**Notes:**

- (1) "Net debt" represents total borrowings less cash and bank balances and other deposits with financial institutions.
- (2) "NAV per Share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2017.
- (3) "Gross debt gearing" represents total borrowings divided by shareholders' funds.
- (4) "Net debt gearing" represents net debt divided by shareholders' funds.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) "EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares as at 31 December 2017.

**B(ii) Off-Market Share Purchases**

Assuming the purchased Shares are held as Treasury Shares:

	Group		Company	
	Before Share Purchases US\$'000	After Share Purchases US\$'000	Before Share Purchases US\$'000	After Share Purchases US\$'000
<b>As at 31 December 2017</b>				
Share capital	8,458,995	8,458,995	8,895,134	8,895,134
Treasury Shares	(156,209)	(1,974,556)	(156,209)	(1,974,556)
Other reserves	(2,464,573)	(2,464,573)	211,991	211,991
Retained earnings	10,125,379	10,102,922	1,544,230	1,499,392
	15,963,592	14,122,788	10,495,146	8,631,961
Non-controlling interests	1,021,507	1,021,507	-	-
Total Equity	16,985,099	15,144,295	10,495,146	8,631,961
Current assets	22,579,397	21,670,224	3,970,204	3,967,167
Current liabilities	19,687,129	20,618,760	2,896,464	4,756,612
Non-current assets	18,353,176	18,353,176	9,744,406	9,744,406
Non-current liabilities	4,260,345	4,260,345	323,000	323,000
Net Asset Value (NAV)	16,985,099	15,144,295	10,495,146	8,631,961
Total borrowings	19,826,540	20,735,714	323,000	2,138,310
Less: Cash and cash equivalents	2,957,434	2,048,260	3,037	-
Less: Other deposits with financial institutions	4,272,969	4,272,969	-	-
Net debt <sup>(1)</sup>	12,596,137	14,414,485	319,963	2,138,310
Profit after tax and non-controlling interests	1,219,305	1,196,848	128,310	83,472
Number of Shares outstanding as at 31 December 2017 ('000)	6,325,687	5,693,054	6,325,687	5,693,054
Weighted average number of Shares as at 31 December 2017				
- Basic ('000)	6,322,495	5,689,862	6,322,495	5,689,862
- Diluted ('000)	6,326,901	5,694,268	6,326,901	5,694,268
<b>Financial Ratios</b>				
NAV per Share <sup>(2)</sup> (cents)	252.36	248.07	165.91	151.62
Gross debt gearing <sup>(3)</sup> (times)	1.24	1.47	0.03	0.25
Net debt gearing <sup>(4)</sup> (times)	0.79	1.02	0.03	0.25
Current ratio <sup>(5)</sup> (times)	1.15	1.05	1.37	0.83
EPS <sup>(6)</sup> (cents)				
- Basic	19.29	21.03	2.03	1.47
- Diluted	19.27	21.02	2.03	1.47

**Notes:**

- (1) "Net debt" represents total borrowings less cash and bank balances and other deposits with financial institutions.
- (2) "NAV per Share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2017.
- (3) "Gross debt gearing" represents total borrowings divided by shareholders' funds.
- (4) "Net debt gearing" represents net debt divided by shareholders' funds.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) "EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares as at 31 December 2017.

**The financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to buy back up to 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at the date that the Share Purchase Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) in full.**

#### **4.8 Tax implications arising from Share Purchases**

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

#### **4.9 Listing Manual relating to Share Purchases**

4.9.1 The Listing Manual specifies that a listed company shall notify the SGX-ST of any On-Market Share Purchases not later than 9.00 a.m. on the Market Day following the day on which the On-Market Share Purchase was made, and of any Off-Market Share Purchases not later than 9.00 a.m. on the second Market Day after the close of acceptance of the offer for the Off-Market Share Purchase. The notification of such Share Purchases to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

4.9.2 While the Listing Manual does not expressly prohibit purchase of shares by a listed company during any particular time or times, the Company will not undertake Share Purchases after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, the Company will not buy any Shares during the period commencing 2 weeks before the announcement of the Company's results for each of the first, second and third quarters of its financial year, or one month before the announcement of the Company's annual results, as the case may be, and ending on the date of announcement of the relevant results.

4.9.3 The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued Shares excluding Treasury Shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company or its subsidiaries, as well as the associates of such persons. Based on the Registers of Directors' Shareholdings maintained by the Company and its subsidiaries and the Register of Substantial Shareholders maintained by the Company and the information received by the Company as at the Latest Practicable Date, there are 1,679,393,140 Shares held by public Shareholders, representing approximately 26.55% of the total number of issued Shares. Assuming the Company exercises the Share Purchase Mandate in full and purchases 10% of the total number of issued Shares excluding Treasury Shares and subsidiary holdings through On-Market Share Purchases from the public, the number of Shares in the hands of the public would be reduced to approximately 1,046,759,775 Shares, representing approximately 18.38% of the total number of issued Shares excluding Treasury Shares. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. While the Share Purchase Mandate would authorise Share Purchases up to a maximum of 10% limit, Shareholders should note that Share Purchases may not be carried out up to the full 10% limit as authorised, or at all.

4.9.4 In undertaking any Share Purchases, the Share Purchase Committee will use their best efforts to ensure that, notwithstanding such Share Purchases, a sufficient float held by the public will be maintained so that the Share Purchases will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

#### **4.10 Take-over Code implications arising from Share Purchases**

4.10.1 The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any Share Purchases, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("Rule 14"). Consequently, depending on the number of Shares purchased by the Company and the Company's total number of issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make an offer under Rule 14.

- 4.10.2 Under the Take-over Code, persons acting in concert or concert parties comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely, (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with one another, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid for the purchase of voting rights. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.
- 4.10.3 The circumstances under which Shareholders (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 Rule 14 and Appendix 2 of the Take-over Code (“**Appendix 2**”).
- 4.10.4 In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such directors and their concert parties would increase to 30% or more, or, in the event that such directors and their concert parties hold between 30% and 50% of the voting rights in the Company, the voting rights of such directors and their concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such directors and their concert parties, Treasury Shares shall be excluded.
- 4.10.5 Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the voting rights in the Company, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.
- 4.10.6 Shareholders and their concert parties will be subject to the provisions of Rule 14 if they acquire any Shares after the Company’s Share Purchases. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of 6 months.
- 4.10.7 If the Company decides to cease the purchase of Shares before it has purchased in full such number of Shares authorised by its Shareholders at the latest AGM, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14.
- 4.10.8 Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors and the substantial shareholders before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming (i) the Company purchases the maximum 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings), and (ii) there is no change in the number of Shares held by the Directors and the substantial shareholders or which they are deemed interested in, will be as follows:

	Before Share Purchase (Number of Shares)			Before Share Purchases	After Share Purchases	Number of Shares comprised in outstanding Share Options
	Direct Interest	Deemed Interest	Total Interest	% <sup>(13)</sup>	% <sup>(14)</sup>	
<b>Directors</b>						
Kuok Khoon Hong <sup>(1)</sup>	995,000	775,465,468	776,460,468	12.27	13.64	4,005,000
Pua Seck Guan <sup>(2)</sup>	-	200,000	200,000	n.m. <sup>(15)</sup>	n.m. <sup>(15)</sup>	1,000,000
Martua Sitorus <sup>(3)</sup>	4,988,000	110,321,242	115,309,242	1.82	2.03	2,500,000
Kuok Khoon Ean <sup>(4)</sup>	-	33,567,479	33,567,479	0.53	0.59	1,300,000
Kuok Khoon Hua <sup>(5)</sup>	233,000	33,070,221	33,303,221	0.53	0.58	500,000
Juan Ricardo Luciano	-	-	-	-	-	1,300,000
Yeo Teng Yang	100,000	-	100,000	n.m. <sup>(15)</sup>	n.m. <sup>(15)</sup>	1,600,000
Tay Kah Chye	100,000	-	100,000	n.m. <sup>(15)</sup>	n.m. <sup>(15)</sup>	1,300,000
Kwah Thiam Hock	100,000	-	100,000	n.m. <sup>(15)</sup>	n.m. <sup>(15)</sup>	1,300,000
Kishore Mahbubani <sup>(6)</sup>	-	10,000	10,000	n.m. <sup>(15)</sup>	n.m. <sup>(15)</sup>	500,000
Lim Siong Guan	-	-	-	-	-	-
Weijian Shan	-	-	-	-	-	-
Raymond Guy Young	-	-	-	-	-	-
<b>Substantial Shareholders</b>						
Kuok Khoon Hong <sup>(1)</sup>	995,000	775,465,468	776,460,468	12.27	13.64	4,005,000
Longhlin Asia Limited <sup>(7)</sup>	69,009,921	446,979,371	515,989,292	8.16	9.06	-
Archer Daniels Midland Company ("ADM") <sup>(8)</sup>	-	1,574,673,054	1,574,673,054	24.89	27.66	-
Archer Daniels Midland Asia- Pacific Limited ("ADMAP") <sup>(9)</sup>	843,311,484	731,361,570	1,574,673,054	24.89	27.66	-
ADM Ag Holding Limited	374,961,795	-	374,961,795	5.93	6.59	-
Global Cocoa Holdings Ltd	356,399,775	-	356,399,775	5.63	6.26	-
Kuok Brothers Sdn Berhad <sup>(10)</sup>	230,000	1,179,551,955	1,179,781,955	18.65	20.72	-
PPB Group Berhad	1,172,614,755	-	1,172,614,755	18.54	20.59	-
Kerry Group Limited <sup>(11)</sup>	-	700,154,586	700,154,586	11.07	12.30	-
Kerry Holdings Limited <sup>(12)</sup>	-	347,915,639	347,915,639	5.50	6.11	-

**Notes:**

- (1) Mr Kuok Khoon Hong is deemed to be interested in 179,592,171 Shares held by Hong Lee Holdings (Pte) Ltd, 230,461,271 Shares held by HPR Investments Limited, 22,219,973 Shares held by HPRY Holdings Limited, 336,397,121 Shares held by Longhlin Asia Limited, 6,650,932 Shares held by Pearson Investments Limited and 144,000 Shares held by Kuok Hock Swee & Sons Sdn Bhd.
- (2) Mr Pua Seck Guan is deemed to be interested in 200,000 Shares held by his spouse.
- (3) Mr Martua Sitorus is deemed to be interested in 450,877 Shares held by his spouse and 109,870,365 Shares held by Firefly Limited.
- (4) Mr Kuok Khoon Ean is deemed to be interested in 64,069 Shares held by his spouse, 963,410 Shares held by Balkane Investment Pte Ltd, 32,400,000 Shares held by Kefkong Limited, 40,000 Shares held by Lochtenny Investments Limited and 100,000 Shares held by Allerlon Limited.
- (5) Mr Kuok Khoon Hua is deemed to be interested in 32,400,000 Shares held by Kefkong Limited, 40,000 Shares held by Lochtenny Investments Limited, 561,221 Shares held by Peacebright Assets Limited and 69,000 Shares held by Three Springs Limited.
- (6) Professor Kishore Mahbubani is deemed to be interested in 10,000 Shares registered in the name of a nominee company.
- (7) Longhlin Asia Limited is deemed to be interested in 267,387,200 Shares held in the names of nominee companies and 179,592,171 Shares held by Hong Lee Holdings (Pte) Ltd.
- (8) ADM is deemed to be interested in 843,311,484 Shares held by ADMAP, 374,961,795 Shares held by ADM Ag Holding Limited (“**ADM Ag**”) and 356,399,775 Shares held by Global Cocoa Holdings Ltd (“**Global Cocoa**”).
- (9) ADMAP is deemed to be interested in 374,961,795 Shares held by ADM Ag and 356,399,775 Shares held by Global Cocoa.
- (10) Kuok Brothers Sdn Berhad is deemed to be interested in 1,172,614,755 Shares held by PPB Group Berhad, 1,274,200 Shares held by Gaintique Sdn Bhd, 100,000 Shares held by Min Tien & Co Sdn Bhd, 23,000 Shares held by Hoe Sen (Mersing) Sdn Bhd and 5,540,000 Shares held by Trendfield Inc.
- (11) Kerry Group Limited is deemed to be interested in 23,678,425 Shares held by Ace Time Holdings Limited, 14,966,453 Shares held by Alpha Model Limited, 500,000 Shares held by Athena Equities Holding Limited, 45,579,446 Shares held by Bright Magic Investments Limited, 593,899 Shares held by Crystal White Limited, 31,335,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 23,188,079 Shares held by Kerry Asset Management Limited, 20,617,169 Shares held by Macromind Investments Limited, 203,555 Shares held by Marsser Limited, 33,760,355 Shares held by Natalon Company Limited, 246,600,000 Shares held by Noblespirit Corporation, 564,562 Shares held by Star Medal Limited and 2,354,965 Shares held by Total Way Investments Limited.
- (12) Kerry Holdings Limited is deemed to be interested in 500,000 Shares held by Athena Equities Holding Limited, 31,335,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 23,188,079 Shares held by Kerry Asset Management Limited, 33,760,355 Shares held by Natalon Company Limited, 564,562 Shares held by Star Medal Limited and 2,354,965 Shares held by Total Way Investments Limited.
- (13) As a percentage of the total number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date, comprising 6,326,333,656 Shares.
- (14) As a percentage of the total number of issued Shares (excluding Treasury Shares), comprising 5,693,700,291 Shares (assuming that the Company purchases the maximum number of 632,633,365 Shares under the Share Purchase Mandate).
- (15) Not meaningful.



4.10.9 As at the Latest Practicable Date, Kuok group of companies comprising *inter alia*, PPB Group Berhad, Harpole Resources Limited, Noblespirit Corporation and Kuok (Singapore) Limited and other companies within the group (“**Kuok Group**”) and its concert parties hold (directly or indirectly) an aggregate of not less than 30% but not more than 50% of the total number of issued Shares. In the event that the Company purchases in full 10% of its Shares pursuant to the Share Purchase Mandate, the Kuok Group and its concert parties will be deemed to acquire more than 1% of the voting shares of the Company in a 6-month period and would incur a mandatory take-over obligation under the Take-over Code for the Shares, unless exempted by the SIC.

4.10.10 **Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory take-over offer under the Take-over Code would arise by reason of any Share Purchases by the Company.**

#### 4.11 **Details of Share Purchases during the previous 12 months**

The Company has not purchased any Shares within the 12 months preceding the Latest Practicable Date.

### 5. **DISCLOSURE IN ANNUAL REPORTS AND ANNOUNCEMENTS OF RESULTS**

Disclosure will be made in the Company’s annual report on the aggregate value of transactions with Interested Persons conducted pursuant to the IPT Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the IPT Mandate is in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

### 6. **AUDIT COMMITTEE’S STATEMENT**

The Audit Committee, having considered the scope, rationale for and benefit of, and the compliance and review procedures of the IPT Mandate, confirms that (i) the methods and procedures for determining transaction prices of the Mandated Transactions as set out in paragraph 3.9 above, have not changed since the last Shareholders’ approval on 26 April 2017; and (ii) the methods and procedures in (i) above are sufficient to ensure that such Mandated Transactions will be carried out on normal commercial terms which are not prejudicial to the interests of the Company and its minority Shareholders.

### 7. **DIRECTORS’ RECOMMENDATIONS**

#### 7.1 **Recommendation on the proposed renewal of the IPT Mandate**

The Directors of the Company (other than the Interested Directors as stated below) have considered the scope, rationale for and benefit of, the compliance and review procedures of the IPT Mandate and the statement of the Audit Committee in respect thereof, and believe that the renewal of the IPT Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 12 relating to the IPT Mandate as set out in the Notice of AGM.

The Interested Directors, being Mr Kuok Khoon Hong, Mr Pua Seck Guan, Mr Martua Sitorus, Mr Kuok Khoon Ean, Mr Kuok Khoon Hua, Mr Juan Ricardo Luciano and Mr Raymond Guy Young (alternate to Mr Juan Ricardo Luciano) have abstained from making any recommendation on the renewal of the IPT Mandate. Where applicable, each of them will, and each of them has also undertaken to ensure that their associates will, abstain from voting on the said resolution at the AGM. Archer Daniels Midland Asia-Pacific Limited, together with the other associates of ADM (an Interested Person), who are also Shareholders, will abstain from voting on the Ordinary Resolution on the IPT Mandate at the AGM.

The above-mentioned persons will not accept appointments as proxies for voting on the Ordinary Resolution on the IPT Mandate at the AGM unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the said Ordinary Resolution.

In the event that the methods, procedures or review procedures of the IPT Mandate become inappropriate, the Company will seek the approval of Shareholders in general meeting for a fresh mandate based on new guidelines, methods, procedures and/or review procedures.

**7.2 Recommendation on the proposed renewal of the Share Purchase Mandate**

The Directors are of the opinion that the proposed renewal of Share Purchase Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution No. 13 as set out in the Notice of AGM.

**8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

The Directors' and substantial shareholders' interests in the Shares of the Company are presented in paragraph 4.10.8 of this Letter, and in the "Directors' Report" section and "Statistics of Shareholdings" section of the Annual Report respectively.

**9. DOCUMENTS FOR INSPECTION**

The following documents are available for inspection at the registered office of the Company at 56 Neil Road Singapore 088830 during normal business hours from the date of this Letter up to the date of the forthcoming AGM:

9.1 the Annual Report of the Company for the financial year ended 31 December 2017; and

9.2 the Constitution of the Company.

**10. DIRECTORS' RESPONSIBILITY STATEMENT**

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

Yours faithfully,  
For and on behalf of the Board

Kuok Khoon Hong  
Chairman and Chief Executive Officer  
Wilmar International Limited

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