

APPENDIX DATED 10 APRIL 2019

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Appendix is circulated to shareholders (“**Shareholders**”) of LY Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) together with the Company’s annual report for the financial year ended 31 December 2018 (“**Annual Report 2018**”). Its purpose is to provide Shareholders with the relevant information relating to, and seek approval of Shareholders for, the proposed renewal of the interested person transactions mandate to be tabled at the Annual General Meeting (“**AGM**”) to be held on 25 April 2019 at 11:00 a.m. or at any adjournment thereof at Vanda Ballroom, Level 5, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594. The Notice of the Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2018.

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

If you have sold or transferred all your ordinary shares in the capital of the Company (the “**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s) which are not deposited with CDP, you should immediately forward the Annual Report 2018, this Appendix together with the Notice of the Annual General Meeting and the enclosed Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 31 January 2018. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the “**Sponsor**”).

This Appendix has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Appendix. This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Appendix.

The contact person for the Sponsor is Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



LY CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201629154K)

**APPENDIX TO THE ANNUAL REPORT IN RELATION TO
THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

LY CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 201629154K)

LETTER TO SHAREHOLDERS

Directors:

Tan Kwee Chai (*Executive Chairman*)
Tan Yong Chuan (*Executive Director and Chief Executive Officer*)
Tan Ai Luang (*Executive Director*)
Lee Dah Khang (*Lead Independent Director*)
Oh Seong Lye (*Independent Director*)
Yeo Kian Wee Andy (*Independent Director*)

Registered Office:

80 Robinson Road
#02-00
Singapore 068898

10 April 2019

To: The Shareholders of LY Corporation Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

1 INTRODUCTION

- 1.1 We refer to the Notice of the Annual General Meeting (“**AGM**”) of LY Corporation Limited (the “**Company**”) dated 10 April 2019 (“**Notice of AGM**”) convening the AGM of the Company to be held on 25 April 2019, and in particular, the ordinary resolution number 9 (“**Resolution 9**”) relating to the proposed renewal of the IPT Mandate (“**Proposed Renewal of the IPT Mandate**”).
- 1.2 The purpose of this Appendix is to provide Shareholders with information relating to the Proposed Renewal of the IPT Mandate to be tabled at the AGM.
- 1.3 The SGX-ST and the Sponsor takes no responsibility for the completeness or correctness of any of the information, statements or opinions made, or reports contained in this Appendix.
- 1.4 Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

2 THE PROPOSED RENEWAL OF THE IPT MANDATE

- 2.1 On 23 April 2018, Shareholders had approved, *inter alia*, the renewal of a general mandate (the “**IPT Mandate**”), to enable the Company, its subsidiaries and associated companies which are considered to be “entities at risk” (as that term is defined in Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”)) to enter into certain interested person transactions with the classes of interested persons as set out in the IPT Mandate. Particulars of the IPT Mandate were set out in Annex 1 to the Company’s Letter to Shareholders dated 6 April 2018 (the “**2018 Letter**”).

- 2.2 The IPT Mandate was expressed to be effective (unless revoked or varied by the Company in general meeting) from the approval of the IPT Mandate on 23 April 2018 until the conclusion of the next annual general meeting of the Company. As such, the IPT Mandate will expire on the date of the forthcoming AGM which is scheduled to be held on 25 April 2019. Accordingly, the directors of the Company (“**Directors**”) propose that the IPT Mandate be renewed at the AGM to be held on 25 April 2019, to take effect until the next annual general meeting of the Company.
- 2.3 The IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Catalyst Rules, is set out in Annex 1 to this Appendix. The activities in respect of which the IPT Mandate is sought to be renewed remain unchanged.
- 2.4 The audit committee of the Company (“**Audit Committee**”), comprising Mr Oh Seong Lye, Mr Lee Dah Khang and Mr Yeo Kian Wee Andy confirms that:
- (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the last Shareholders’ approval on 23 April 2018; and
- (b) the methods or procedures referred to in section 2.4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders, based on information recorded in the Register of Directors’ and Substantial Shareholders’ Shareholdings, respectively, as at 27 March 2019 (“**Latest Practicable Date**”) are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Directors				
Tan Kwee Chai ⁽¹⁾	1,008,500	0.206	352,305,400	72.025
Tan Yong Chuan	–	–	–	–
Tan Ai Luang	800,000	0.164	–	–
Lee Dah Khang	77,000	0.016	–	–
Oh Seong Lye	115,000	0.024	–	–
Yeo Kian Wee Andy	115,000	0.024	–	–
Substantial Shareholders (other than Directors)				
Lian Yu Holdings Pte. Ltd.	352,305,400	72.025	–	–
Crown Leap Limited	59,740,800	12.213	–	–
Tan Kwee Lim ⁽²⁾	1,000,000	0.204	352,305,400	72.025
Shen Min-Hui ⁽³⁾	–	–	59,740,800	12.213

Notes:

- (1) *Mr Tan Kwee Chai has a controlling interest in Lian Yu Holdings Pte. Ltd. and is therefore deemed to be interested in 352,305,400 Shares.*
- (2) *Mr Tan Kwee Lim has a controlling interest in Lian Yu Holdings Pte. Ltd. and is therefore deemed to be interested in 352,305,400 Shares.*
- (3) *Mr Shen Min-Hui holds the entire issued share capital of Crown Leap Limited, and is therefore deemed to be interested in 59,740,800 Shares.*

4 ABSTENTION FROM VOTING

In light of the reasons set out in Section 2 and Annex 1, Lian Yu Holdings Pte. Ltd., being a Mandated Interested Person (as defined in Annex 1), will abstain from voting and has undertaken to procure that all of its associates abstain from voting, on Resolution 9 relating to the Proposed Renewal of the IPT Mandate. It will also not accept appointments as proxy in relation to Resolution 9 unless specific instructions as to voting are given. Mr Tan Kwee Chai and Mr Tan Kwee Lim, being controlling shareholders of Lian Yu Holdings Pte. Ltd., will also abstain from voting in respect of their shareholdings, if any, and have undertaken to procure that all of their associates abstain from voting, on Resolution 9, and will not accept appointments as proxy in relation to Resolution 9 unless specific instructions as to voting are given. The Company will disregard any votes cast on a resolution by person(s) required to abstain from voting by the Catalist Rules or pursuant to a court order where such court order is served on the Company.

5 DIRECTORS' RECOMMENDATIONS

The Directors who are deemed independent for the purposes of the proposed renewal of the IPT Mandate, being Ms Tan Ai Luang, Mr Lee Dah Khang, Mr Oh Seong Lye and Mr Yeo Kian Wee Andy, having considered the rationale for and benefits of the Proposed Renewal of the IPT Mandate, are of the opinion that the Proposed Renewal of the IPT Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 9 relating to the Proposed Renewal of the IPT Mandate as set out in the Notice of AGM.

6 DIRECTORS' RESPONSIBILITY STATEMENT

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

7 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898, during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the Annual Report 2018;
- (b) the 2018 Letter; and
- (c) the constitution of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
LY Corporation Limited

Tan Yong Chuan
Executive Director and Chief Executive Officer

ANNEX 1

THE IPT MANDATE

1. Chapter 9 of the Catalist Rules

1.1 Chapter 9 of the Catalist Rules governs transactions by a listed company or any of its subsidiaries or associated companies, which are considered to be “entities at risk” in the Catalist Rules, with a party who is an interested person of the listed company.

1.2 For the purpose of Chapter 9 of the Catalist Rules:

- (a) **“approved exchange”** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules;
- (b) **“associate”**:
 - (i) in relation to any director, chief executive officer, substantial shareholder, or controlling shareholder (being an individual), means his immediate family, 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 any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
 - (ii) in relation to a substantial shareholder or controlling shareholder (being a company), means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (c) **“associated company”** means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (d) **“controlling shareholder”** is a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the company (unless otherwise determined by the SGX-ST), or in fact exercises control over the company;
- (e) **“entity at risk”** means the listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed company that is not listed on the 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;
- (f) **“interested person”** means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
- (g) **“interested person transaction”** means a transaction between an entity at risk and an interested person; and

- (h) **“transaction”** includes, whether or not in the ordinary course of business and whether or not entered into directly or indirectly (for example, through one or more interposed entities), the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments.
- 1.3 Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9 of the Catalist Rules, an immediate announcement and/or shareholders’ approval would be required in respect of these transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.
- 1.4 In particular, an immediate announcement is required where:
- (a) the value of an interested person transaction is equal to, or more than, 3% of the listed group’s latest audited net tangible assets; or
 - (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed group’s latest audited net tangible assets. In this instance, the announcement will be required to disclose the latest transaction and all future transactions entered into with that same interested person during the financial year.
- 1.5 Shareholders’ approval is required where:
- (a) the value of an interested person transaction is equal to, or more than, 5% of the listed group’s latest audited net tangible assets; or
 - (b) the aggregate value of all transactions entered into with the same interested person during the same financial year is equal to, or more than, 5% of the listed group’s latest audited net tangible assets. The aggregation will exclude any transaction that has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders.
- 1.6 The abovementioned requirements in paragraphs 1.4 and 1.5 do not apply to any transaction below S\$100,000.
- 1.7 Part VIII of Chapter 9 of the Catalist Rules allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.
- 1.8 Transactions conducted under a general mandate are not separately subject to the abovementioned requirements in paragraphs 1.4 and 1.5.

2. The IPT Mandate

2.1 Classes of Interested Persons

The IPT Mandate applies to the Group's transactions with the corporate associates of Mr Tan Kwee Chai, who is the Executive Chairman of the Company (the "**Mandated Interested Persons**"). The corporate associates of Mr Tan Kwee Chai refer to any company in which Mr Tan Kwee Chai and/or his immediate family together (directly or indirectly) have an interest of 30.0% or more. As at the Latest Practicable Date, the corporate associates of Mr Tan Kwee Chai include the following:

- (a) Lian Yu Furniture Corporation Sdn. Bhd. (formerly known as LY Furniture Corporation Sdn. Bhd.) and its subsidiaries;
- (b) Lean Shern Furniture Sdn. Bhd.;
- (c) Viwood Industries Sdn. Bhd.; and
- (d) Lian Yu Holdings Pte. Ltd.

2.2 Categories of interested person transactions

The following interested person transactions with the Mandated Interested Persons ("**Mandated Interested Person Transactions**") which are covered by the IPT Mandate are recurrent transactions of a revenue or trading nature or necessary for the day-to-day operations of the Group:

- (a) purchase of raw materials and/or semi-finished goods from the Mandated Interested Person(s);
- (b) sale of raw materials, indirect materials and/or semi-finished goods to the Mandated Interested Person(s) for further processing by the Mandated Interested Person(s) and purchase of such processed semi-finished goods from the Mandated Interested Person(s); and
- (c) obtaining of subcontracting services and/or services incidental or connected to the purchase of raw materials and/or semi-finished goods from the Mandated Interested Person(s).

Transactions with interested persons (including Mandated Interested Persons) which do not fall within the categories of the Mandated Interested Person Transactions as set out above shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules. The Mandated Interested Person Transactions do not include the purchase or sale of assets, undertakings or businesses.

2.3 Rationale for and benefits of the IPT Mandate

The Mandated Interested Person Transactions are recurrent transactions that are likely to occur with some degree of frequency and may arise at any time and from time to time during the ordinary course of business of the Group. In view of the time-sensitive and recurring nature of such business transactions, it would be advantageous for the Company to renew the IPT Mandate, provided that all Mandated Interested Person Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Company believes that it will be beneficial to the Group to transact or continue to transact with the Mandated Interested Persons for the following reasons:

- (a) The factories of the Mandated Interested Persons are located within close proximity to the Group's factories. This helps to shorten the time required for the transportation of goods between factories and allows faster turnaround of orders. The Group can also closely monitor the quality of the products and services.
- (b) The Group has been transacting with the Mandated Interested Persons since 2003 and has developed a good working relationship with the Mandated Interested Persons, which helps in fulfilling our objective of delivering high quality products within a short time frame to our customers.
- (c) The Group will enjoy cost efficiencies arising from discounts on bulk purchases and shipments when the Group aggregates the quantities required by the Group and its subcontractors (including the Mandated Interested Persons), and place larger orders with their suppliers (in particular, raw material suppliers). This will also enable the Group to control the quality of the raw materials used by their subcontractors.
- (d) The procurement of raw materials and/or semi-finished goods and/or services from the Mandated Interested Persons pursuant to the IPT Mandate would enable the Group to benefit from having access to Mandated Interested Persons in addition to transacting with non-interested persons.
- (e) The sale of raw materials, indirect materials and/or semi-finished goods to the Mandated Interested Persons is necessary to facilitate the provision of subcontracting services and/or services incidental or connected to the purchase of raw materials and/or semi-finished goods (including but not limited to veneer lamination services, upholstery products and assembly services for casegoods and side rails) by Mandated Interested Persons.

The Proposed Renewal of the IPT Mandate would eliminate the need to convene separate general meetings to seek Shareholders' approval to enter into the Mandated Interested Person Transactions, thereby reducing the administrative time and expenses associated with the convening of general meetings, and allow the Group to channel the resources towards achieving other corporate and business objectives.

2.4 **Methods and procedures for Mandated Interested Person Transactions**

To ensure that the Mandated Interested Person Transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Group has implemented the following methods and procedures for the Mandated Interested Person Transactions:

- (a) *Methods and procedures for entering into the Mandated Interested Person Transactions*
 - (i) All Mandated Interested Person Transactions shall be conducted in accordance with the Group's usual business practices and standard operating procedures, including the receipt of approvals from the relevant departments such as the marketing department's approval on the need for such raw materials, semi-finished goods or services and the warehouse department's approval on the lack of the relevant raw materials and/or semi-finished goods.

- (ii) All Mandated Interested Person Transactions shall be entered into, on usual margins or prices or rates extended to or received by the Group for the same or substantially similar type of products or services between the Group and unrelated third parties, and the terms shall not be less favourable to the Group as compared to those extended to or received from unrelated third parties.
- (iii) The sale and/or purchase of raw materials, indirect materials, semi-finished goods and/or services shall be conducted in the following manner:
 - (I) for generic raw materials, indirect materials and/or semi-finished goods, the Group's industrial engineering department shall set out the price lists for the sale of such raw materials and/or semi-finished goods to the Group's suppliers (including the Mandated Interested Persons). Similarly, the Group's purchasing department shall set out the price lists for the procurement of raw materials and/or indirect materials from the Group's suppliers (including the Mandated Interested Persons). Such price lists shall be determined in accordance with the price range for the raw materials, indirect materials and/or semi-finished goods transacted in the last 12 months preceding the price lists. The price lists will also provide for foreign currency fluctuations (in particular, between United States Dollar and Malaysian Ringgit ("RM")) and for raw material price fluctuations. The price lists (together with the basis) shall be updated annually and when the Group launches new product models. All sale and purchase of such raw materials, indirect materials and/or semi-finished goods, whether to or from the Mandated Interested Persons or otherwise, for the relevant year shall be based on the price lists as determined by the respective departments of the Group. Notwithstanding the foregoing, prior approval of the Audit Committee will be required for each Mandated Interested Person Transaction above RM100,000 and where the pricing for the transaction deviates more than 20.0% from the prices stated in the price lists; and
 - (II) for raw materials, indirect materials and/or semi-finished goods which the Group sells to the Mandated Interested Persons to facilitate the provision of subcontracting services and/or services incidental or connected to the purchase of raw materials and/or semi-finished goods, all sales to the Mandated Interested Persons will be undertaken based on the price lists as mentioned above. When purchasing the processed semi-finished goods from the Mandated Interested Persons, the Group's outsource purchasing department will (A) cross reference the purchase order with the corresponding sale order to ensure that purchase price for the materials matches; and (B) ensure that the price proposed by the Mandated Interested Person for the services to be rendered is within the range estimated by the Group's industrial engineering department after taking into account, the complexity of the services (for example, the skill sets and the labour hours required), the quantity and the delivery time frame required for the order.

(b) *Approval thresholds*

Mandated Interested Person Transactions which involve direct purchase of raw materials and/or semi-finished goods will be reviewed and approved by the respective heads of departments (such as the industrial engineering, production planning and purchasing departments) prior to the placement of the orders with the

Mandated Interested Persons. Mandated Interested Person Transactions which involve sales to the Mandated Interested Persons to facilitate the provision of subcontracting services and/or services incidental or connected to the purchase of raw materials and/or semi-finished goods will be reviewed and approved by the head of the outsource purchasing department prior to the placement of the orders with the Mandated Interested Persons.

For Mandated Interested Person Transactions above RM100,000 each, in the event that the pricing for such transaction deviates by more than 20.0% from the prices stated in the price lists, the Group shall seek the Audit Committee's approval prior to placement of the orders with the Mandated Interested Persons.

If any of the approval personnel has an interest in the Mandated Interested Person Transaction, he shall abstain from any decision making in respect of that Mandated Interested Person Transaction. Any senior executive(s) of the Group, who has no interest in the Mandated Interested Person Transaction, as designated by the Audit Committee, may review and approve the transaction in his stead.

The approval thresholds set out above are adopted by the Group taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the Mandated Interested Person Transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at as a result of the balancing exercise after considering the operational efficiency for the day-to-day business operations of the Group and the internal control procedures of the Group. The threshold limits act as an additional safeguard to supplement the methods and procedures which will be implemented for Mandated Interested Person Transactions.

(c) *Register of Interested Person Transactions*

The Company will maintain a register of all interested person transactions (the "**IPT Register**"), including the Mandated Interested Person Transactions carried out with the Mandated Interested Person(s) pursuant to the IPT Mandate, and the IPT Register shall include all information pertinent to all the Mandated Interested Person Transactions, such as, but not limited to, the nature of the Mandated Interested Person Transactions, the amount of the Mandated Interested Person Transactions, the price lists, the basis and rationale for determining the transaction prices, material terms and conditions, and the relevant supporting documentation. For the avoidance of doubt, all interested person transactions, regardless of the transacted amount, shall be recorded in the IPT Register.

The IPT Register shall be prepared, maintained and monitored by a senior officer of the finance department, who shall not be interested in any of the interested person transactions and who is duly delegated to do so by the Audit Committee.

(d) *Periodic internal reviews*

On a quarterly basis, the accounts and finance department shall submit a quarterly report to the Audit Committee, setting out (i) the aggregate amount of Mandated Interested Person Transactions with the respective Mandated Interested Persons; (ii) the highest and lowest amount of Mandated Interested Person Transactions with the respective Mandated Interested Persons; and (iii) the total number of Mandated Interested Person Transactions.

On a quarterly basis, the Audit Committee shall review the IPT Register and any accompanying documents (or such other documents as may be required or as the Audit Committee may deem necessary) to ascertain that the established methods and procedures for the Mandated Interested Person Transactions have been complied with.

If during these reviews by the Audit Committee, the Audit Committee is of the view that the established methods and procedures for the Mandated Interested Person Transactions have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company are conducted, it will take such actions as it deems appropriate and/or institute additional methods and procedures as necessary (and where relevant, obtain a fresh mandate for Mandated Interested Person Transactions from our Shareholders) to ensure that the Mandated Interested Person Transactions will be conducted based on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If a member of the Audit Committee has an interest in an interested person transaction to be reviewed by the Audit Committee, he will abstain from voting on any resolution, and/or any decision and/or any review of the established review procedures in respect of that interested person transaction. Approval of that interested person transaction will be undertaken by the remaining members of the Audit Committee.

(e) *Annual review by internal auditors*

The Company's internal auditors shall on an annual basis, review the IPT Register to ascertain that the methods and procedures for interested person transactions (including the methods and procedures for the Mandated Interested Person Transactions) have been complied with.

2.5 **Validity period of the IPT Mandate**

If approved at the forthcoming AGM on 25 April 2019, the renewed IPT Mandate will (unless revoked or varied by the Company in general meeting) take effect from the passing of Resolution 9 relating thereto, and will continue in force until the conclusion of the next annual general meeting of the Company. Approval from the Shareholders will be sought for the Proposed Renewal of the IPT Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company. The renewal of the IPT Mandate shall be subject to satisfactory review by the Audit Committee of its continued application to the Mandated Interested Person Transactions.

2.6 **Disclosure of Mandated Interested Person Transactions pursuant to the IPT Mandate**

In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will:

- (a) disclose in the Company's annual report the aggregate value of transactions conducted with the Mandated Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT Mandate continues in force); and
- (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report.