

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt about the contents of this document or about what action you should take, you should immediately seek your own personal advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

**If you have sold or transferred all of your shares or other securities in XP Power Limited, please send this document and Form of Proxy and Form of Direction to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.**

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## **XP Power Limited**



(Incorporated in the Republic of Singapore  
with Registration Number 200702520N)

## **Notice of Annual General Meeting**

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In case you are unable to attend and vote at the Annual General Meeting, a Form of Proxy for use at the meeting is enclosed. **To be valid, the Form of Proxy must be completed, signed and returned so as to be received by the registrars of the Company, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, United Kingdom by not later than 5.00 p.m. SST\* on 30 March 2016 [or 9.00 a.m. GMT on 30 March 2016].** The completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Annual General Meeting should you wish. For full details of proxy appointments, see the notes to the Notice of Annual General Meeting and the Form of Proxy.

If you are a holder of Depository Interests representing ordinary shares in XP Power Limited on a 1 for 1 basis, a Form of Direction to direct Capita IRG Trustees Limited how to vote at the meeting is enclosed. **To be valid, the Form of Direction must be completed, signed and returned so as to be received by Capita IRG Trustees Limited at Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by not later than 5.00 p.m. SST on 29 March 2016 [or 9.00 a.m. GMT on 29 March 2016].**

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

\* References to "SST" are to 'Singapore Standard Time' in Singapore and references to "GMT" are to 'Greenwich Mean Time' in the United Kingdom.

**XP Power Limited**  
(Incorporated in the Republic of Singapore)  
(Registration Number 200702520N)

**4 March 2016**

**NOTICE OF ANNUAL GENERAL MEETING 2016**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of XP Power Limited (the "Company") will be held at 401 Commonwealth Drive, Haw Par Technocentre, Lobby B, #02-02, Singapore 149598 on 1 April 2016 at 5.00 p.m. SST [or 9.00 a.m. GMT on 1 April 2016] (the "AGM") to transact the following business, of which resolutions 1 to 15 will be proposed as ordinary resolutions and resolutions 16 and 17 as special resolutions:

**ORDINARY BUSINESS**

**Ordinary Resolutions:**

- Resolution 1 To receive the report of the Directors and the audited accounts of the Company for the financial year ended 31 December 2015 together with the auditor's report thereon.
- Resolution 2 To approve a final dividend for the financial year ended 31 December 2015 of 24 pence per Ordinary Share payable on 4 April 2016 to shareholders who are on the register of members of the Company on 11 March 2016.
- Resolution 3 To re-elect Peter Alfred Bucher as a Director of the Company, who retires by rotation at the AGM in accordance with Article 87 of the Company's Articles of Association.
- Resolution 4 To re-elect Mike R. Laver as a Director of the Company, who retires by rotation at the AGM in accordance with Article 87 of the Company's Articles of Association.
- Resolution 5 To re-elect Jonathan Simon Rhodes-Hole as a Director of the Company, who retires by rotation at the AGM in accordance with Article 87 of the Company's Articles of Association.
- Resolution 6 To re-elect Polly Ann Williams as a Director of the Company, who offers herself for re-election at the AGM in accordance with Article 82 of the Company's Articles of Association.
- Resolution 7 To re-elect Duncan John Penny as a Director of the Company, who voluntarily retires and offers himself for re-election.
- Resolution 8 To re-elect James Edward Peters as a Director of the Company, who voluntarily retires and offers himself for re-election.
- Resolution 9 To re-elect Sng Seng Kok as a Director of the Company, who voluntarily retires and offers himself for re-election.
- Resolution 10 To re-elect Terence Twigger as a Director of the Company, who voluntarily retires and offers himself for re-election.
- Resolution 11 To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next following general meeting at which accounts are laid before the Company.
- Resolution 12 To authorise the Directors to determine the remuneration of the auditors of the Company.

## **SPECIAL BUSINESS**

### **Ordinary Resolutions:**

Resolution 13 To receive and adopt the Remuneration Policy set out in the Company's Annual Report and Accounts for the year ended 31 December 2015, such Remuneration Policy to take effect from the date on which this resolution is passed.

Resolution 14 To receive and adopt the Directors' Remuneration Report (other than the Remuneration Policy referred to in Resolution 13 above) contained within the Company's Annual Report and Accounts for the year ended 31 December 2015.

Resolution 15 That the amended rules of the XP Power Limited 2012 Share Option Plan, a draft of which is produced to this meeting and signed by the chairman of the meeting for the purposes of identification, be approved and adopted in respect of options granted on or after the date on which this resolution passed, and the directors of the Company be authorised to do all things necessary to effect this.

### **Special Resolutions:**

Resolution 16 That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised:

(a) to exercise all powers of the Company to allot, or to grant any right to subscribe for or to convert any security into, any Equity Securities (as defined in the Company's Articles of Association) in the Company (not exceeding one-third in number of the current issued share capital of the Company); and further;

(b) to allot Equity Securities in connection with a rights issue in favour of the holders of Ordinary Shares (not exceeding one-third in number of the current issued share capital of the Company):

(i) in favour of holders of Ordinary Shares, where the Equity Securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of Ordinary Shares held by them; and

(ii) to holders of any other Equity Securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors consider expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever,

on the basis that (a) Articles 5.1 to 5.8 do not apply to the allotment, or (b) Articles 5.1 to 5.8 apply to the allotment with such modifications as the Directors may determine, and where the Directors make such allotments, Articles 5.1 to 5.8 shall have effect accordingly, and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; but any authority may be revoked or varied by the Company in general meeting; save that the Company may at any time before such expiry, revocation or variation make an offer or agreement which would or might require Equity Securities in the Company to be allotted after such expiry, revocation or variation and the Directors may allot Equity Securities in the Company in pursuance of the offer or agreement as if this authority had not expired, revoked or varied.

Resolution 17 That the Company be and is hereby generally and unconditionally authorised for the purposes of Article 14 of the Articles of Association of the Company and Sections 76B and 76E of the Companies Act, Cap 50 of Singapore, to make one or more market purchases of Ordinary Shares in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the Directors may from time to time determine provided that

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed ten per cent of the issued shares in the capital of the Company at the time at which this resolution is passed;
- (b) the minimum price which may be paid for an Ordinary Share is an amount equal to 1 pence
- (c) the maximum price (excluding expenses) which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market closing price for an Ordinary Share as derived from the London Stock Exchange Official Daily List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and
- (d) such authority shall continue in force until the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier; and such authority may from time to time be revoked or varied by the Company in general meeting.

By Order of the Board

Duncan Penny  
Chief Executive  
4 March 2016

XP Power Limited  
401 Commonwealth Drive  
Haw Par Technocentre  
Lobby B, #02-02  
Singapore 149598

**Notes:**

1. A member is entitled to attend, speak and vote if they hold registered ordinary shares in the Company and do not hold their ordinary shares as Depository Interests through CREST. Persons holding Depository Interests representing ordinary shares in XP Power Limited that wish to attend the AGM should contact the **Capita Asset Services at PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by not later than 5.00 p.m. SST on 29 March 2016 [or 9.00 a.m. GMT on 29 March 2016]**.
2. Members holding registered ordinary shares in the Company that do not hold their ordinary shares as Depository Interests through CREST may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a member of the Company but must attend the AGM in order to represent you. A member who may appoint a proxy may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A Form of Proxy is enclosed. The notes to the Form of Proxy include instructions on how to appoint the Chairman of the AGM or another person as proxy and how to appoint a proxy electronically or by using the CREST proxy appointment service. **To be effective the Form of Proxy must reach the registrars of the Company, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, United Kingdom by not later than 5.00 p.m. SST on 30 March 2016 [or 9.00 a.m. GMT on 30 March 2016]**.
3. If you are a holder of Depository Interests representing ordinary shares in XP Power Limited you can direct the Depository, Capital IRG Trustees Limited, to vote your ordinary shares in accordance with your voting instructions. Voting instructions must be lodged using the Form of Direction enclosed with this Notice of AGM or electronically through CREST. The Form of Direction should be completed in accordance with the instructions as detailed thereon. To be valid, the Form of Direction must be completed and returned, together, if applicable, with the power of attorney or other authority under which it is signed (or a copy of such authority certified by a notary), **must reach the Depository, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by not later than 5.00 p.m. SST on 29 March 2016 [or 9.00 a.m. GMT on 29 March 2016]**.
4. The Company specifies that only those shareholders entered on the Company's register of members as at 5.00 p.m. SST on 30 March 2016 [or 09.00 a.m. GMT on 30 March 2016] (or if the AGM is adjourned, at 5.00 p.m. SST [or 09.00 a.m. GMT] two working days before the time fixed for the adjourned AGM) shall be entitled to attend in person or by proxy and vote at the AGM in respect of the number of Ordinary Shares registered in their name at that time. Any changes to entries on the Company's register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
5. Please note that the AGM is a private meeting for shareholders, proxies and duly authorised representatives. Non-shareholders, including spouses and partners, are not entitled to attend the AGM. A disabled shareholder may, however, be accompanied by a carer who need not be a shareholder.
6. Copies of the Directors' service contracts and letters of appointment with the Company and any of its subsidiary undertakings are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM from 9.00 a.m. SST [or 1.00 a.m. GMT] on the day of the AGM until its conclusion.
7. As at 3 March 2016 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 19,234,796 Ordinary Shares (excluding treasury shares which comprise 7,500 Ordinary Shares).
8. Shareholders are advised that, unless otherwise stated, any telephone number, website or email address set out in this Notice of AGM, Form of Proxy, Form of Direction, or Chairman's letter should not be used for the purpose of serving information on the Company (including the service of documents or information relating to the proceedings at the AGM).

## **DIRECTORS' RECOMMENDATION**

The Directors of the Company consider that all the proposals to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings.

## **EXPLANATORY NOTES**

At this year's AGM there are 17 resolutions which the members are asked to approve. An explanation of those resolutions is given below.

**Resolution 1 ANNUAL ACCOUNTS AND REPORTS**

The Directors must lay the Company's financial statements, the Directors' report and the Auditor's report before the Members at a general meeting after the Directors have approved the financial statements and the Auditors have prepared their report.

**Resolution 2 DIVIDEND**

A final dividend for the financial year ended 31 December 2015 of 24 pence per Ordinary Share is recommended by the Directors for payment to shareholders who are on the register of members of the Company at the close of business on 11 March 2016. If approved, the date of payment of the final dividend will be 4 April 2016.

**Resolutions 3, RE-ELECTION OF DIRECTORS**

4, 5, 6, 7, 8, 9 and 10 The Company's Articles of Association require that all Directors retire at least every three years and that all Directors appointed by the Board retire at the first Annual General Meeting following their appointment. At the AGM, Peter Alfred Bucher, Mike R. Laver, and Jonathan Simon Rhodes-Hole will retire by rotation and stand for re-election as Directors. Polly Ann Williams, who was newly appointed by the Board, will retire and stand for re-election as Director. Duncan John Penny, James Edward Peters, Sng Seng Kok, and Terence Twigger voluntarily retire and offer themselves for re-election. Short biographies of these Directors are set out below. Having formally considered the performance of and contribution made by each of the Directors standing for re-election the Board remains satisfied that the performance of each of the relevant Directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

**Peter Alfred Bucher (age 72)**

Non-Executive Director

Peter joined the board on 1 January 2014, he is well known within the power converter industry and spent his entire career at Traco Electronic AG ("Traco") in Zurich, Switzerland. Peter joined Traco in 1967 and in 1985 was appointed managing director, a position he held until his retirement in 2009. Under Peter's leadership Traco was built into a highly respected company with revenues in excess of US\$100m.

Peter is a member of the Remuneration Committee and the Audit Committee.

**Mike R. Laver (age 53)**

President, Worldwide Sales and Marketing

Mike has 20 years' experience in the power converter industry. After completing his degree in Electrical Engineering at UC Santa Barbara, Mike held sales and technical positions with Power Systems Distributors, Compumech and Delta Lu Research. He joined ForeSight Electronics in 1991 and held various senior roles prior to their acquisition by XP Power in 2000.

Mike is currently responsible for global sales and marketing. He joined the Board on 20 August 2002.

**Jonathan Simon Rhodes-Hole (age 44)**

Finance Director

Jonathan joined the finance team of XP Power in July 2008 as European Controller. Prior to joining the Group, Jonathan spent nine years with JCDecaux in various senior financial positions including Head of Financial Reporting and worked in both its UK and North American operations. Prior to that, he spent three years with Mills & Allen.

Jonathan was appointed Finance Director in December 2011.

**Polly Ann Williams (age 50)**

Non-Executive Director

Polly joined the Board on 1 January 2016. Polly is a chartered accountant and a former Partner at KPMG LLP. She resigned from her partnership in 2003 and since then has held a number of non-executive directorship roles, including at APS Financial Limited, Z Group plc, National Counties Building Society (as Chairman) and Scotiabank Ireland Limited. She is currently a Non-Executive Director at Jupiter Fund Management plc, TSB Group plc and Daiwa Capital Markets Europe Ltd. She is also a Trustee of the Guide Dogs for the Blind Association.

Polly is chair of the Remuneration Committee and a member of the Audit Committee.

**Duncan John Penny (age 53)**

Chief Executive

Between October 1998 and March 2000, Duncan was the Controller for the European, Middle Eastern and African regions for Dell Computer Corporation, prior to which he spent eight years working for LSI Logic Corporation where he held senior financial positions in both Europe and Silicon Valley. From 1985 to 1990, Duncan spent five years at Coopers & Lybrand in general practice and corporate finance.

He joined XP Power in April 2000 as Group Finance Director. On 3 February 2003, he was appointed as Chief Executive.

**James Edward Peters (age 57)**

Non-Executive Chairman

James has over 30 years' experience in the power converter industry and trained with Marconi Space and Defence Systems, prior to joining Coutant Lambda, one of the UK's major power converter companies, as an internal sales engineer. He joined Powerline shortly after its formation in 1980 and was involved in all aspects of the business.

In November 1988, he founded XP Power. In April 2000, he was appointed as European Managing Director of the Group and was responsible for the overall management of the Group's European businesses. On 3 February 2003, James was appointed as Deputy Chairman and on 30 June 2014 appointed as Non-Executive Chairman. James moved to a non-executive role on 1 May 2012.

James is chairman of the Nomination Committee.

**Sng Seng Kok ("Andy") (age 45)**

General Manager, Asia

Andy joined the Group in July 2005 as General Manager for Asia to start and head up the Company's Shanghai operations. He joined the Board in February 2007.

Prior to joining XP Power, Andy has worked in the power supply industry for eight years in various technical and commercial roles with companies such as Silicon Systems (Singapore) and Advanced Micro Devices (Singapore).

**Terence Twigger (age 66)**  
Senior Non-Executive Director

Terry joined the Board on 1 January 2015 and has a wealth of public company experience.

Terry joined Meggitt PLC, the FTSE100 global engineering group specialising in extreme environment components and smart sub-systems for aerospace, defence and energy markets, in July 1993 and spent 20 years with the group, the last 12 as Chief Executive. During his tenure as Chief Executive, Meggitt grew its revenues from £0.4bn to £1.6bn through a combination of organic growth and numerous successful acquisitions. He retired from Meggitt in May 2013 and is currently a non-executive director of Essentra plc, the supplier of specialist plastic, fibre, foam and packaging products. Terry is also the Non-Executive Chairman of Auctus Scorpion Topco Limited, an aerospace company.

Terry is the senior non-executive director and chairman of the Audit Committee. Terence is also a member of the Nomination Committee and the Remuneration Committee.

**Resolution 11 REAPPOINTMENT OF AUDITORS**

This resolution proposes the reappointment of PricewaterhouseCoopers LLP as auditors of the Company.

**Resolution 12 AUDITORS' REMUNERATION**

This resolution authorises the Directors to set the remuneration of the auditors.

**Resolution 13 REMUNERATION POLICY**

The remuneration policy regulations require UK companies to set out the Company's approach to all aspects of Directors' pay and how it supports the Company's long term strategy and performance. Once approved by a shareholder resolution, the Company is only able to make remuneration and loss of office payments which are permitted within the limits of the remuneration policy.

During the year changes made to the policy include a greater use of equity awards than has been offered in the recent past which now comprise 'gateway' vesting criteria and provisions for clawback and malus. In addition to incentivising executive directors and key management, such awards may also be granted to the most talented, strong performing sales and engineering personnel who are vital to the business. Other key features of the policy set minimum shareholdings for executives with timescales in which they need to be achieved, and for the annual bonus plan to be split between cash and equity. Full details of the new policy are set out in the Company's Annual Report and Accounts.

Accordingly, this resolution proposes that the amended Directors' remuneration policy (which is set out in the Annual Report and Accounts) for the year ended 31 December 2015 be approved. Whilst the regulations on remuneration policy are not enforceable on the Company, being incorporated in Singapore, the Board is committed to ensuring that the Company's remuneration structures and procedures remain at the forefront of best practice.

**Resolution 14 REMUNERATION REPORT**

All UK quoted companies are required to produce for each financial year a Directors' remuneration report which sets out the Remuneration Committee's policy in relation to Directors' remuneration, together with the remuneration and benefits paid to Directors during the year. The Company is also required to put the report to an advisory shareholder vote at the Annual General Meeting approving the report. Accordingly, this resolution proposes that the Directors' remuneration report, other than the Remuneration Policy referred to in Resolution 13 above (which is set out in the Annual Report and Accounts) for the year ended 31 December 2015 be approved noting that as the vote is advisory it does not affect the remuneration of any individual directors

**Resolution 15 SHARE OPTION PLAN**

The current limit on the market value of shares under option under the plan is five times a participant's annual remuneration over the lifetime of the plan. It is proposed to modify the rules of the plan to remove the limit on an individual's participation in the plan.

**Resolution 16 AUTHORITY TO ALLOT SHARES**

Section 161 of the Companies Act (Cap 50 of Singapore) (the “Act”) stipulates that Directors cannot allot relevant securities in the Company unless they are authorised to do so by the shareholders in general meeting. The authority granted at the last Annual General Meeting of the Company is due to expire at the conclusion of this year’s Annual General Meeting.

Accordingly, this resolution seeks to grant a new authority from shareholders for the Directors to allot Equity Securities in the Company up to a maximum aggregate amount not exceeding one-third of the current issued share capital of the Company (excluding Treasury shares). The resolution also grants authority for the Directors to allot additional Equity Securities in the Company in connection with a rights issue, up to a maximum aggregate amount not exceeding one-third of the current issued share capital of the Company (excluding Treasury shares).

The Directors have no present intention of using this authority.

If given, the authority under this Resolution shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; but any approval may be previously revoked or varied by the Company in general meeting.

**Resolution 17 AUTHORITY TO PURCHASE OWN SHARES**

Under Article 14 of the Company’s Articles of Association, authority is given to the Company to purchase its own shares, subject to the shareholders passing a special resolution giving the Directors the necessary authority and to the other requirements of the Act and of the Listing Rules of the UK Listing Authority.

This resolution seeks authority from shareholders for the Company to purchase its own shares through the London Stock Exchange for cancellation or holding in treasury. In seeking this authority the Board is not indicating any commitment to purchase Ordinary Shares. The Directors would use the share purchase authority with discretion and purchases would only be made from funds not required for other purposes. Any share buy back would be funded from the Company’s cash resources or banking facilities. The amount of funding required for the Company to purchase or acquire the Ordinary Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of the Shares will depend on, *inter alia*, the aggregate number of Ordinary Shares purchased or acquired, the price of the Ordinary Shares at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

It should be noted that although Resolution 17 would authorise the Company to purchase or acquire up to ten per cent of the issued Ordinary Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent of the issued Ordinary Shares. In reaching a decision to purchase any Ordinary Shares, the Directors would take account of the Company’s cash resources and capital, the effect of such purchase on the Company’s business, any impact on earnings per Ordinary Share or on net tangible assets per Ordinary Share. No announcement will be made by the Company in advance of market purchases. The authority is restricted to a maximum of ten per cent of the existing issued share capital of the Company as at the date of the resolution. In the event of any purchase under this authority, the Directors would either hold the purchased Ordinary Shares in treasury or cancel them. The Company may only hold up to ten per cent of the issued share capital of the Company in treasury.

The resolution specifies the minimum and maximum prices at which shares may be bought and when the authority will expire, reflecting the requirements of the Act and of the Listing Rules. The requirements of the Listing Rules also prevent the Company from purchasing its own shares during a close period or at a time when price-sensitive information is known to the Company but not released to the public.

If given, such authority shall continue in force until the next Annual General Meeting of the Company is or is required by law to be held, whichever is the earlier; and such authority may from time to time be revoked or varied by the Company in general meeting.

## **Financial effects**

The financial effects arising from purchases or acquisitions of Ordinary Shares pursuant to Resolution 17 depends on, *inter alia*, whether the Ordinary Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Ordinary Shares purchased or acquired, and the consideration (excluding brokerage, commission, applicable duties, taxes and other related expenses) paid (“Consideration”).

Under the Act, purchases or acquisitions of Ordinary Shares by the Company may be made out of the Company’s capital and/or profits so long as the Company is solvent. Where the Consideration is made out of profits, such Consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends.

When Ordinary Shares are purchased or acquired, and cancelled:

- (a) if the Ordinary Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the Consideration;
- (b) if the Ordinary Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its distributable profits by the total amount of the Consideration; or
- (c) where the Ordinary Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and distributable profits proportionately by the total amount of the Consideration.

If the purchased or acquired Shares are not cancelled but held in treasury, there will be no change in the issued share capital of the Company.

Where the purchase of Ordinary Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders’ funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Ordinary Shares purchased or acquired and the prices at which the Ordinary Shares are purchased or acquired. Where the purchase or acquisition of Ordinary Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Ordinary Shares purchased or acquired and the prices at which the Ordinary Shares are purchased or acquired.

The resolution specifies the minimum and maximum prices at which shares may be bought and when the authority will expire, reflecting the requirements of the Act and of the Listing Rules. The requirements of the Listing Rules also prevent the Company from purchasing its own shares during a close period or at a time when price-sensitive information is known to the Company but not released to the public.

If given, such authority shall continue in force until the next Annual General Meeting of the Company is or is required by law to be held, whichever is the earlier; and such authority may from time to time be revoked or varied by the Company in general meeting.

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