

LETTER TO SHAREHOLDERS DATED 11 OCTOBER 2018

This Letter is circulated to the Shareholders of Tiong Woon Corporation Holding Ltd (“**Company**”). Its purpose is to explain to the Shareholders the rationale and provide information to the Shareholders for the proposed renewal of the share purchase mandate to be tabled at the AGM (as defined below) of Tiong Woon Corporation Holding Ltd to be held at No. 15, Pandan Crescent, Level M1, Singapore 128470 on Friday, 26 October 2018 at 9.00 a.m.

The ordinary resolution relating to the proposed renewal of the share purchase mandate to be proposed at the AGM is as set out in the Notice of the AGM (as defined in this Letter). The Notice of the AGM and a proxy form are enclosed with the 2018 Annual Report.

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

If you have sold all your Shares (as defined in this Letter), you should hand this Letter, the 2018 Annual Report and the proxy form immediately to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Letter.



TIONG WOON CORPORATION HOLDING LTD

(Incorporated In the Republic of Singapore)
(Company Registration No. 199705837C)

LETTER TO SHAREHOLDERS

in relation to

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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DEFINITIONS

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

General

“2018 AGM”	The annual general meeting of the Company to be held at No. 15, Pandan Crescent, Level M1, Singapore 128470 on 26 October 2018 at 9.00 a.m
“2018 Annual Report”	The annual report of the Company for FY2018
“AGM”	The annual general meeting of the Company
“Articles of Association”	The articles of association of the Company
“Board”	The board of Directors of the Company for the time being
“CDP”	The Central Depository (Pte) Limited
“Company”	Tiong Woon Corporation Holding Ltd
“Companies Act”	Companies Act (Chapter 50) of Singapore (as may be amended from time to time)
“Directors”	The directors of the Company as at the date of this Letter
“EPS”	Earnings per Share
“FY2018”	Financial year ended 30 June 2018
“Group”	The Company and its subsidiaries
“Latest Practicable Date”	The latest practicable date prior to the printing of this Letter, being 14 September 2018
“Letter”	This letter to Shareholders dated 11 October 2018 in relation to, <i>inter alia</i> , the proposed renewal of the Share Purchase Mandate to be dispatched to Shareholders for approval at the 2018 AGM
“Listing Manual”	The listing manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	As defined in Section 2.3.3(i) of this Letter
“Month”	Calendar month
“NTA”	Net assets less intangible assets and minority interests
“Notice of the AGM”	The notice of the 2018 AGM as set out in the 2018 Annual Report
“Off-Market Purchase”	As defined in Section 2.3.3(ii) of this Letter
“Ordinary Resolution 7”	Ordinary Resolution 7 as set out in the Notice of the AGM
“ROE”	Return on equity
“Securities Accounts”	The securities accounts maintained with CDP, but not including the securities accounts maintained with a Depository Agent (as defined in Section 130A of the Companies Act)

DEFINITIONS

<i>“SGX-ST”</i>	Singapore Exchange Securities Trading Limited
<i>“Share Purchase”</i>	Purchase by the Company of Shares pursuant to the Share Purchase Mandate
<i>“Share Purchase Mandate”</i>	General mandate authorising Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate set out in this Letter
<i>“Shareholders”</i>	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose direct securities accounts maintained with CDP are credited with Shares
<i>“Shares”</i>	The issued ordinary shares in the capital of the Company
<i>“SIC”</i>	Securities Industry Council
<i>“Subsidiary”</i>	Shall have the meaning ascribed to it in Section 5 of the Companies Act
<i>“Substantial Shareholder”</i>	A person who has an interest in the Shares the nominal amount of which is not less than five per cent (5%) of the nominal amount of all the voting shares of the Company
<i>“Take-over Code”</i>	The Singapore Code on Take-over and Mergers
<i>“Treasury Shares”</i>	Has the meaning ascribed to it in Section 4 of the Companies Act
<u>Currencies, units and others</u>	
<i>“\$” or “S\$”</i>	Singapore dollars
<i>“%” or “per cent.”</i>	percentage or per centum

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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

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

Any discrepancies in the tables in this Letter between the listed amounts and the totals thereof are due to rounding.

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

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or reenacted. Any term defined under the Companies Act or the Listing Manual or any statutory modification thereof and used in this Letter shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

LETTER TO SHAREHOLDERS

TIONG WOON CORPORATION HOLDING LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199705837C)

Directors:

Mr Ang Kah Hong (Chairman and Managing Director)
Mr Ang Kha King (Executive Director)
Mr Tan Swee Khim (Executive Director)
Mr Ang Guan Hwa (Executive Director)
Mr Wong King Kheng (Lead Independent Director)
Mdm Luk Ka Lai Carrie (Independent Director)
(Mrs Carrie Cheong)

Registered Office:

No. 15 Pandan Crescent
Singapore 128470

Date: 11 October 2018

To: The Shareholders of Tiong Woon Corporation Holding Ltd

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**1. INTRODUCTION**

- 1.1 We refer to the Notice of the AGM in respect of the 2018 AGM and Ordinary Resolution 7 set out in the Notice of the AGM.
- 1.2 The SGX-ST assumes no responsibility for the accuracy of any of the statements made, opinions expressed or reports contained in this Letter.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**2.1 Background**

The Companies Act allows a company incorporated in Singapore to purchase or otherwise acquire its issued shares, stocks and preference shares if the purchase or acquisition is permitted under the Articles of Association of the company. Any purchase of Shares by the Company will have to be made in accordance with, and in the manner prescribed by the Companies Act, the Articles of Association and the rules of the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

The Shareholders had approved the Share Purchase Mandate at the AGM of the Company held on 25 October 2017 to enable the Company to purchase or otherwise acquire its issued Shares ("**2017 Share Purchase Mandate**"). The authority conferred on the Directors under the 2017 Share Purchase Mandate will expire at the forthcoming AGM unless renewed by the Shareholders.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the 2017 Share Purchase Mandate ("**Renewed Share Purchase Mandate**"), to take effect and continue in force until the conclusion of the next following Annual General Meeting of the Company. The proposed Renewed Share Purchase Mandate is set out in Ordinary Resolution 7. The purpose of this letter is to provide Shareholders with information relating to the proposed Renewed Share Purchase Mandate and to seek shareholders' approval in relation thereto at the 2018 AGM.

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2.2 Rationale for the Proposed Renewed Share Purchase Mandate

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- 2.2.1 Share purchases may be considered as one of the ways through which the shareholder value may be increased by enhancing the ROE and/or NTA value per Share. This effect is greater the more undervalued the shares are when they are purchased. If shares are undervalued, this may be the most profitable course of action for the Company;
- 2.2.2 Buying back shares may help mitigate against short term market volatility, offset the effects of short term speculation and bolster shareholder confidence; and
- 2.2.3 Buying back shares provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner.

The proposed Renewed Share Purchase Mandate will give our Directors the flexibility to purchase or acquire Shares if and when circumstances permit, via either Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out buy-backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group. The ability to hold repurchased shares as Treasury Shares will allow the Company to restructure its capital and to facilitate future fund-raising without the need to issue new shares.

2.3 Authority and Limits of the Renewed Share Purchase Mandate

The authority and limitations placed on the purchase or acquisition of Shares by the Company under the proposed Renewed Share Purchase Mandate including the information required under Rule 883(1) of the Listing Manual are summarised below.

2.3.1 Maximum Number of Shares

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

The total number of Shares which may be purchased or acquired by the Company pursuant to the proposed Renewed Share Purchase Mandate shall not exceed ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the 2018 AGM, whichever is the higher. Any Shares which are held as Treasury Shares will be disregarded for purposes of computing the ten per cent. (10%) limit.

2.3.2 Duration of Authority

The authority conferred on the Directors pursuant to the proposed Renewed Share Purchase Mandate proposed to be renewed, unless varied or revoked by the Company in general meeting, may be exercised by the Directors at any time and from time to time during the “**Relevant Period**”, which is the period commencing from the passing of the proposed Renewed Share Purchase Mandate and expiring on the earliest of:

- (i) the conclusion of the next AGM of the Company or the date by which such AGM is required by law to be held;
- (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the proposed Renewed Share Purchase Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the proposed Renewed Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in a general meeting.

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2.3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be carried out by way of the following:

- (i) a market purchase, transacted on the SGX-ST through the ready market or the special trading counter on SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose (“**Market Purchase**”); and/or
- (ii) an off-market purchase effected pursuant to an equal access scheme (“**Off-Market Purchase**”) in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the proposed Renewed Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) offers for the Share Purchase shall be made to every person who holds ordinary Shares to purchase or acquire the same percentage of their ordinary 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 offers may relate to ordinary Shares with different accrued dividend entitlements and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of ordinary Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company shall as required by the Listing Manual in accordance with an equal access scheme as defined in Section 76C of the Companies Act, issue an offer document to all Shareholders. The offer document shall contain, inter alia, the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Purchases;
- (iv) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or any other applicable take-over rules;
- (v) whether the purchase of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any Share Purchase made by the Company in the previous twelve (12) months whether through Market Purchases or Off-Market Purchases, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases; and
- (vii) whether the shares purchased by the Company will be cancelled or kept as Treasury Shares.

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2.3.4 Purchase Price

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

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares, in each case, excluding related expenses of the purchase or acquisition (the “**Maximum Price**”).

For the above purposes:

“**Average Closing Price**” means the average of the Closing Market Prices of the Shares over the last five Market Days, on which the Shares are transacted on the SGX-ST, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

“**Closing Market Price**” means the last dealt price for a Share transacted through the SGX-ST’s Central Limit Order Book trading system as shown in any publication of the SGX-ST or other sources;

“**Date of the Making of the Offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

A Share when purchased or acquired by the Company is treated as cancelled immediately on purchase or acquisition (and all rights and privileges attached to the ordinary shares will expire on such cancellation and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase) unless such ordinary shares are held by the Company as Treasury Shares. Accordingly, the total number of issued ordinary Shares will be diminished by the number of ordinary shares purchased or acquired by the Company and which are not held as Treasury Shares.

2.5 Treasury Shares

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

2.5.1 Maximum Holdings

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

2.5.2 Voting and Other Rights

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

In addition, no dividends may be paid, and no other distribution of the Company’s assets may be made to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Shares into Treasury Shares of smaller amount is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

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Under Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of Treasury Shares held by it stating the following:

- (i) Date of the sale, transfer, cancellation and/or use;
- (ii) Purpose of such sale, transfer, cancellation and/or use;
- (iii) Number of Treasury Shares sold, transferred, cancelled and/or used;
- (iv) Number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (v) Percentage of the number of Treasury Shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) Value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

2.6 Disposal and Cancellation

Shares which are purchased or acquired by the Company may be cancelled or held by the Company as Treasury Shares. All cancelled shares will be automatically delisted by the SGX-ST. If cancelled, all rights and privileges attached to that Share shall expire on cancellation and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase.

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

- 2.6.1** sell the Treasury Shares for cash;
- 2.6.2** transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- 2.6.3** cancel the Treasury Shares; or
- 2.6.4** sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

2.7 Source of Funds

The Company intends to use internal sources of funds from the Group, and/or external borrowings to finance purchases of its Shares. The Directors do not propose to exercise the proposed Renewed Share Purchase Mandate to such an extent that it would materially affect the working capital requirements or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

2.8 Solvency Test

Under the Companies Act, the Company may not enter into any share buy-back transaction unless it is solvent. For the purpose of the definition of "solvent", a company is solvent if:

- 2.8.1** the company is able to pay its debts in full at the time of the payment referred to in subsection (1) of Section 76F of the Companies Act and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; and
- 2.8.2** the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase, acquisition or release, become less than the value of its liabilities (including contingent liabilities).

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2.9 Financial Effects

The financial effects arising from a purchase or acquisition of Shares on the Group and the Company pursuant to the proposed Renewed Share Purchase Mandate will depend on, inter alia, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the audited financial accounts of the Group and the Company will depend, inter alia, on the factors set out below.

2.9.1 Maximum Number of Shares Acquired or Purchased

Purely for illustrative purposes, on the basis of 232,235,253 Shares in issue and no Shares are held as Treasury Shares as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the 2018 AGM, not more than 23,223,525 Shares representing ten per cent. (10%) of the 232,235,253 Shares in issue as at the Latest Practicable Date may be purchased or acquired by the Company pursuant to the proposed Renewed Share Purchase Mandate.

2.9.2 Maximum Price Paid for Shares Acquired or Purchased

For illustrative purposes only, on the basis of the assumption of the Maximum Price Paid:

- (i) In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires the 23,223,525 Shares at the Maximum Price of S\$0.319 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 23,223,525 Shares is S\$7,408,304 (excluding brokerage, commission, applicable goods and services tax and other related expenses).
- (ii) In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires the 23,223,525 Shares at the Maximum Price of S\$0.365 for one Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 23,223,525 Shares is S\$8,476,587 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

No illustration will be shown for purchases made out of profits as the Company does not have sufficient revenue reserves to do so.

2.9.3 Illustrative Financial Effects

For illustrative purposes only, based on the above assumptions and the assumption that the purchase of Shares was financed by the internal resources within the Group, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the proposed Renewed Share Purchase Mandate on the audited accounts of the Group and the Company as at 30 June 2018 as if the proposed Renewed Share Purchase Mandate had been effective on 30 June 2018 are presented below:

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Scenario 1

Market Purchases of up to a maximum of ten per cent. (10%) of issued and paid-up capital made entirely out of capital and the Shares so purchased are cancelled:

	Group		Company	
	Before Share Purchase S\$'000	After Market Purchase ⁽⁷⁾ S\$'000	Before Share Purchase S\$'000	After Market Purchase ⁽⁷⁾ S\$'000
As at 30 June 2018				
Share capital	87,340	79,932	87,340	79,932
Treasury shares	–	–	–	–
Other reserves	(2,574)	(2,574)	–	–
Retained earnings	164,769	164,769	2,551	2,551
Total shareholders' funds ⁽¹⁾	249,535	242,127	89,891	82,483
NTA ⁽²⁾	249,535	242,127	89,891	82,483
Current assets	54,542	47,134	645	393
Current liabilities ⁽³⁾	51,561	51,561	1,831	8,987
Total borrowings ⁽³⁾	106,719	106,719	–	–
Cash and cash equivalents	8,502	1,094	252	–
Profit/(Loss) attributable to shareholders	1,195	1,195	(1,134)	(1,134)
Number of Shares (in '000)				
Issued and paid-up share capital	232,235	209,011	232,235	209,011
Financial ratios				
NTA per Share (cents) ⁽⁴⁾	107.45	115.84	38.71	39.46
Gearing ratio (times) ⁽⁵⁾	0.43	0.44	–	–
Current ratio (times) ⁽⁶⁾	1.06	0.91	0.35	0.04
Earnings/(Loss) per Share (cents)	0.51	0.57	(0.49)	(0.54)

Notes:

- (1) Total shareholders' funds exclude minority interests
- (2) NTA refers to net assets less intangible assets and minority interests
- (3) Based on the assumption that the Company borrows the amount from its subsidiaries
- (4) NTA per share is computed based on the NTA divided by the number of Shares issued
- (5) Gearing ratio equals to total borrowings divided by shareholders' funds
- (6) Current ratio equals to current assets divided by current liabilities
- (7) Based on the assumption that the Market Purchase had taken place on 30 June 2018 and the Shares so purchased are cancelled immediately on purchase

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Scenario 2

Off-Market Purchases of up to a maximum of ten per cent. (10%) of the issued and paid up capital made entirely out of capital and the Shares so purchased are cancelled:

	Group		Company	
	Before Share Purchase S\$'000	After Off-Market Purchase ⁽⁷⁾ S\$'000	Before Share Purchase S\$'000	After Off-Market Purchase ⁽⁷⁾ S\$'000
As at 30 June 2018				
Share capital	87,340	78,863	87,340	78,863
Treasury shares	–	–	–	–
Other reserves	(2,574)	(2,574)	–	–
Retained earnings	164,769	164,769	2,551	2,551
Total shareholders' funds ⁽¹⁾	249,535	241,058	89,891	81,414
NTA ⁽²⁾	249,535	241,058	89,891	81,414
Current assets	54,542	46,065	645	393
Current liabilities ⁽³⁾	51,561	51,561	1,831	10,056
Total borrowings ⁽³⁾	106,719	106,719	–	–
Cash and cash equivalents	8,502	25	252	–
Profit/(Loss) attributable to shareholders	1,195	1,195	(1,134)	(1,134)
Number of Shares (in '000)				
Issued and paid-up share capital	232,235	209,011	232,235	209,011
Financial ratios				
NTA per Share (cents) ⁽⁴⁾	107.45	115.33	38.71	38.95
Gearing ratio (times) ⁽⁵⁾	0.43	0.44	–	–
Current ratio (times) ⁽⁶⁾	1.06	0.89	0.35	0.04
Earnings/(Loss) per Share (cents)	0.51	0.57	(0.49)	(0.54)

Notes:

- (1) Total shareholders' funds exclude minority interests
- (2) NTA refers to net assets less intangible assets and minority interests
- (3) Based on the assumption that the Company borrows the amount from its subsidiaries
- (4) NTA per share is computed based on the NTA divided by the number of Shares issued
- (5) Gearing ratio equals to total borrowings divided by shareholders' funds
- (6) Current ratio equals to current assets divided by current liabilities
- (7) Based on the assumption that the Off-Market Purchase had taken place on 30 June 2018 and the Shares so purchased are cancelled immediately on purchase

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Scenario 3

Market Purchases of up to a maximum of ten per cent. (10%) of issued and paid up capital made entirely out of capital and the Shares so purchased are held in treasury:

	Group		Company	
	Before Share Purchase S\$'000	After Market Purchase ⁽⁷⁾ S\$'000	Before Share Purchase S\$'000	After Market Purchase ⁽⁷⁾ S\$'000
As at 30 June 2018				
Share capital	87,340	87,340	87,340	87,340
Treasury shares	–	(7,408)	–	(7,408)
Other reserves	(2,574)	(2,574)	–	–
Retained earnings	164,769	164,769	2,551	2,551
Total shareholders' funds ⁽¹⁾	249,535	242,127	89,891	82,483
NTA ⁽²⁾	249,535	242,127	89,891	82,483
Current assets	54,542	47,134	645	393
Current liabilities ⁽³⁾	51,561	51,561	1,831	8,987
Total borrowings ⁽³⁾	106,719	106,719	–	–
Cash and cash equivalents	8,502	1,094	252	–
Profit/(Loss) attributable to shareholders	1,195	1,195	(1,134)	(1,134)
Number of Shares (in '000)				
Issued and paid-up share capital	232,235	232,235	232,235	232,235
Treasury shares	–	(23,224)	–	(23,224)
Issued and paid-up share capital (net of treasury shares)	232,235	209,011	232,235	209,011
Financial ratios				
NTA per Share (cents) ⁽⁴⁾	107.45	115.84	38.71	39.46
Gearing ratio (times) ⁽⁵⁾	0.43	0.44	–	–
Current ratio (times) ⁽⁶⁾	1.06	0.91	0.35	0.04
Earnings/(Loss) per Share (cents)	0.51	0.57	(0.49)	(0.54)

Notes:

- (1) Total shareholders' funds exclude minority interests
- (2) NTA refers to net assets less intangible assets and minority interests
- (3) Based on the assumption that the Company borrows the amount from its subsidiaries
- (4) NTA per share is computed based on the NTA divided by the number of Shares issued
- (5) Gearing ratio equals to total borrowings divided by shareholders' funds
- (6) Current ratio equals to current assets divided by current liabilities
- (7) Based on the assumption that the Market Purchase had taken place on 30 June 2018 and the Shares so purchased are held as Treasury Shares

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Scenario 4

Off-Market Purchases of up to a maximum of ten per cent. (10%) of capital made entirely out of capital and the Shares so purchased are held in treasury:

	Group		Company	
	Before Share Purchase S\$'000	After Off-Market Purchase ⁽⁷⁾ S\$'000	Before Share Purchase S\$'000	After Off-Market Purchase ⁽⁷⁾ S\$'000
As at 30 June 2018				
Share capital	87,340	87,340	87,340	87,340
Treasury shares	–	(8,477)	–	(8,477)
Other reserves	(2,574)	(2,574)	–	–
Retained earnings	164,769	164,769	2,551	2,551
Total shareholders' funds ⁽¹⁾	249,535	241,058	89,891	81,414
NTA ⁽²⁾	249,535	241,058	89,891	81,414
Current assets	54,542	46,065	645	393
Current liabilities ⁽³⁾	51,561	51,561	1,831	10,056
Total borrowings ⁽³⁾	106,719	106,719	–	–
Cash and cash equivalents	8,502	25	252	–
Profit/(Loss) attributable to shareholders	1,195	1,195	(1,134)	(1,134)
Number of Shares (in '000)				
Issued and paid-up share capital	232,235	232,235	232,235	232,235
Treasury shares	–	(23,224)	–	(23,224)
Issued and paid-up share capital (net of treasury shares)	232,235	209,011	232,235	209,011
Financial ratios				
NTA per Share (cents) ⁽⁴⁾	107.45	115.33	38.71	38.95
Gearing ratio (times) ⁽⁵⁾	0.43	0.44	–	–
Current ratio (times) ⁽⁶⁾	1.06	0.89	0.35	0.04
Earnings/(Loss) per Share (cents)	0.51	0.57	(0.49)	(0.54)

Notes:

- (1) Total shareholders' funds exclude minority interests
- (2) NTA refers to net assets less intangible assets and minority interests
- (3) Based on the assumption that the Company borrows the amount from its subsidiaries
- (4) NTA per share is computed based on the NTA divided by the number of Shares issued
- (5) Gearing ratio equals to total borrowings divided by shareholders' funds
- (6) Current ratio equals to current assets divided by current liabilities
- (7) Based on the assumption that the Off-Market Purchase had taken place on 30 June 2018 and the Shares so purchased are held as Treasury Shares

Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purpose only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the proposed Renewed Share Purchase Mandate on the net tangible asset value per Share and earnings/(loss) per Share as the resultant effect would depend on the factors such as the aggregate number

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of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical numbers as at 30 June 2018, and is not necessarily representative of future financial performance.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the proposed Renewed Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interest of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors would emphasize that they do not propose to carry out Share Purchase to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the group, or results in the Company being delisted from the SGX-ST.

2.10 Listing Rules

Rule 886 of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its Shares to the SGX-ST not later than 9.00 a.m.

2.10.1 In the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its Shares; and

2.10.2 In the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement must include details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the amount of consideration paid by for the purchases.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Renewed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued Shares.

In particular, the Company would not purchase or acquire any Share during the period of one (1) month immediately preceding the announcement of the Company’s full-year results and the period of two (2) weeks before the announcement of the first quarter, second quarter and third quarter results.

Under Rule 723 of the Listing Manual, a listed company must ensure that at least 10% of any class of its listed securities excluding Treasury Shares (excluding preference shares and convertible equity securities) must be held by public shareholders. The proposed share purchase under the proposed Renewed Share Purchase Mandate will not affect the listing status of the Shares on the SGX-ST, and the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading. This is because currently, approximately 59% (based on shareholding information as at the Latest Practicable Date) of the issued Shares are held by public shareholders. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public shareholders that would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the proposed Renewed Share Purchase Mandate.

2.11 Take-over Code Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

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2.11.1 Obligation to make a Take-over Offer

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

The table below shows the shareholding percentages of the Company's Directors and Substantial Shareholders, as at the Latest Practicable Date, before and after the Share Purchase, on an illustrative basis:

	Before Share Purchase		Total Interest ⁽¹⁾ (%)	After Share Purchase
	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)		Total Interest ⁽²⁾ (%)
Directors				
Ang Kah Hong	2,246,250	90,517,131 ⁽³⁾	39.94	44.38
Ang Kha King	1,842,500	90,659,631 ⁽⁴⁾	39.83	44.26
Tan Swee Khim	–	–	–	–
Ang Guan Hwa	–	–	–	–
Wong King Kheng	32,000	–	0.01	0.02
Luk Ka Lai Carrie (Mrs Carrie Cheong)	–	–	–	–
Substantial Shareholders				
Ang Choo Kim & Sons (Pte.) Limited	90,517,131	–	38.98	43.31
Ang Kah Hong	2,246,250	90,517,131 ⁽³⁾	39.94	44.38
Ang Kha King	1,842,500	90,659,631 ⁽⁴⁾	39.83	44.26

Notes:

- (1) As a percentage of the issued share capital of the Company comprising 232,235,253 Shares
- (2) As a percentage of the issued share capital of the Company, comprising 209,011,728 Shares (assuming that the Company purchases the maximum number of 23,223,525 Shares under the proposed Renewed Share Purchase Mandate)
- (3) This represents Mr Ang Kah Hong's deemed interest of 90,517,131 shares held in the name of Ang Choo Kim & Sons (Pte.) Limited
- (4) This represents Mr Ang Kha King's deemed interest of 90,659,631 shares held in the name of the following:
 - (a) 142,500 shares held by his wife, Mdm Toh Koon Tee
 - (b) 90,517,131 shares held by Ang Choo Kim & Sons (Pte.) Limited

As at the Latest Practicable Date, the following company and individuals are persons acting in concert with each other under the Take-over Code:

- (a) Ang Choo Kim & Sons (Pte.) Limited;
- (b) Mr Ang Kah Hong;
- (c) Mr Ang Kha King; and
- (d) Mdm Toh Koon Tee

(Collectively, the "Parties")

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Assuming that the Company acquires 23,223,525 Shares representing ten per cent. (10%) of the 232,235,253 Shares in issue as at the Latest Practicable Date may be purchased or acquired by the Company pursuant to the proposed Renewed Share Purchase Mandate, and assuming that the total voting rights of the Parties in the Company as at Latest Practicable Date of approximately 40.80% remain unchanged, the total voting rights that the Parties have in the Company will increase from approximately 40.80% (as at Latest Practicable Date) to approximately 45.33% solely as a result of the proposed Renewed Share Purchase Mandate. Accordingly, a Share Purchase carried out by the Company could prima facie result in the Parties being required to make a mandatory offer for all the Shares of the Company under Rule 14 of the Take-over Code.

Under Appendix 2 Share Buy-Back Guidance Note of the Take-over Code, the Parties will be exempted from the requirement under Rule 14 to make a general offer for Shares held by other Shareholders in the event that the shareholdings of the Parties increases by more than one per cent (1%) in any six (6) month period as a result of any Share Purchase carried out pursuant to the proposed Renewed Share Purchase Mandate, subject to the following conditions:

- (a) the circular to shareholders on the resolution to authorise the proposed Renewed Share Purchase Mandate to contain advice to the effect that by voting for the proposed Renewed Share Purchase Mandate, Shareholders are waiving their rights to a general offer at the required price from the Parties and their parties acting in concert; and the names of the Parties and their voting rights at the time of the resolution and after the proposed Share Purchase are disclosed in the same circular;
- (b) the resolution to authorise the proposed Renewed Share Purchase Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the proposed Share Purchase;
- (c) the Parties and their parties acting in concert, if any, abstain from voting for and/or recommending shareholders to vote in favour of the resolution to approve the proposed Renewed Share Purchase Mandate;
- (d) within 7 days after the passing of the resolution to authorise the proposed Renewed Share Purchase Mandate, each of the Parties to submit to the SIC a duly signed form as prescribed by the SIC; and
- (e) the Parties and their parties acting in concert, if any, have not acquired and will not acquire any Shares between the date on which they know that the announcement of the proposed Renewed Share Purchase Mandate is imminent and the earlier of:
 - (i) the date on which authority of the proposed Renewed Share Purchase Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the proposed Renewed Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the proposed Share Purchase, would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months.

If the Company ceases to buy back its Shares and the increase in the voting rights held by the Parties and their parties acting in concert, if any, as a result of the proposed Share Purchase at the time of such cessation is less than one per cent. (1%) in any six (6) month period, the Parties and their parties acting in concert, if any, will be allowed to acquire Shares. However, any increase in the percentage of voting rights in the Company of the Parties and their concert

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parties, if any, as a result of the proposed Share Purchase will be taken into account together with any voting rights acquired by the Parties and their parties acting in concert, if any, (by whatever means) in determining whether they have increased their aggregate voting rights in the Company by more than one per cent. (1%) in any six (6) months period.

Shareholders should note that by voting for the proposed Renewed Share Purchase Mandate, they are waiving their rights to a take-over offer by the Parties in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by SIC, would have to be made in cash or be accompanied by a cash alternative at not less than the highest price (excluding stamp duty and commission) paid by the Parties for any Share within the preceding six (6) months.

Save as disclosed above, the Directors are not aware of any other facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the proposed Renewed Share Purchase Mandate.

2.11.2 Persons Acting in Concert

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

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

- (i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies;
- (ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (v) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10 per cent. or more of the client's equity share capital;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions of the individual, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, ownership or control of at least 20 per cent. but not more than 50 per cent. of the voting rights of a company will be regarded as the test of associated company status.

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

2.11.3 Effect of Rule 14 and Appendix 2

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

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such a Shareholder need not abstain from voting in respect of the Ordinary Resolution authorising the proposed Renewed Share Purchase Mandate.

The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the Council at the earliest opportunity as to whether an obligation to make a takeover offer would arise by reason of any share purchases by the Company.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholding interests of the Directors and the Substantial Shareholders, as at the Latest Practicable Date, are as follows:

	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest ⁽¹⁾ (%)
Directors			
Ang Kah Hong	2,246,250	90,517,131 ⁽²⁾	39.94
Ang Kha King	1,842,500	90,659,631 ⁽³⁾	39.83
Tan Swee Khim	–	–	–
Ang Guan Hwa	–	–	–
Wong King Kheng	32,000	–	0.01
Luk Ka Lai Carrie (Mrs Carrie Cheong)	–	–	–
Substantial Shareholders			
Ang Choo Kim & Sons (Pte.) Limited	90,517,131	–	38.98
Ang Kah Hong	2,246,250	90,517,131 ⁽²⁾	39.94
Ang Kha King	1,842,500	90,659,631 ⁽³⁾	39.83

Notes:

- (1) As a percentage of the issued share capital of the Company comprising 232,235,253 Shares
- (2) This represents Mr Ang Kah Hong's deemed interest of 90,517,131 shares held in the name of Ang Choo Kim & Sons (Pte.) Limited
- (3) This represents Mr Ang Kha King's deemed interest of 90,659,631 shares held in the name of the following:
 - (a) 142,500 shares held by his wife, Mdm Toh Koon Tee
 - (b) 90,517,131 shares held by Ang Choo Kim & Sons (Pte.) Limited

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4. SHARES BOUGHT BY THE COMPANY IN THE PAST TWELVE MONTHS

There were no Shares repurchased by the Company in the last 12 months.

5. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed Renewed Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors except for Mr Ang Kah Hong and Mr Ang Kha King recommend that Shareholders vote in favor of Ordinary Resolution 7 to approve the proposed Renewed Share Purchase Mandate.

6. 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 proposed Renewed 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 the Letter in its proper form and context.

7. ABSTENTION FROM VOTING

In accordance with the conditions for exemptions to make a general offer as described in paragraph 2.11.1 above and Appendix 2 of the Take-over Code, Ang Choo Kim & Sons (Pte.) Limited, Mr Ang Kah Hong, Mr Ang Kha King and Mdm Toh Koon Tee and their associates shall abstain from voting for and recommending Shareholders to vote in favor of the proposed Renewed Share Purchase Mandate. Furthermore, such persons shall not act as proxies in relation to such resolutions unless specific voting instructions have been given.

8. DOCUMENTS FOR INSPECTION

The following documents may be inspected at the registered office of the Company during normal office hours from the date of this Letter up to the date of the 2018 AGM:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the 2018 Annual Report.

Yours faithfully,

For and on behalf of the Board
TIONG WOON CORPORATION HOLDING LTD

Mr Ang Kah Hong
Executive Chairman and Managing Director