



## YEO HIAP SENG LIMITED

(Registration No: 195500138Z)

(Incorporated in Singapore)

Registered Office: 3 Senoko Way, Singapore 758057

24 March 2020

To: The Shareholders of Yeo Hiap Seng Limited  
("Shareholders")

Dear Sir/Madam

### 1. INTRODUCTION

We refer to the Notice of Sixty-fourth Annual General Meeting of the Company ("64<sup>th</sup> AGM"), in respect of which Ordinary Resolution 10 ("**Resolution 10**") will be proposed at the 64<sup>th</sup> AGM for the renewal of the Company's share purchase mandate (the "**Share Purchase Mandate**"). The purpose of this letter is to provide Shareholders with information relating to Resolution 10.

### 2. THE RENEWAL OF THE SHARE PURCHASE MANDATE

**2.1 Background.** At the 63<sup>rd</sup> Annual General Meeting of the Company (the "**63<sup>rd</sup> AGM**") held on 26 April 2019, Shareholders had approved the renewal of the Share Purchase Mandate (the "**Mandate 2019**"). The authority contained in the Mandate 2019 approved at the 63<sup>rd</sup> AGM was expressed to continue in force until the next Annual General Meeting of the Company and, as such, would be expiring on 17 April 2020, being the date of the forthcoming 64<sup>th</sup> AGM. The authority and limitations of the Mandate 2019 were set out in the Company's letter to Shareholders dated 4 April 2019 and the ordinary resolution relating to the Mandate 2019 in the notice of the 63<sup>rd</sup> AGM dated 4 April 2019, respectively.

Although the Company has not undertaken any purchases or acquisitions of ordinary shares ("**Shares**") in its issued share capital pursuant to the authority conferred by the Mandate 2019, it is proposed nonetheless that such authority be renewed. Accordingly, the proposal for the renewal of the Share Purchase Mandate will be tabled for Shareholders' approval at the 64<sup>th</sup> AGM as Resolution 10.

**2.2 Rationale for the Share Purchase Mandate.** The Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its Shares at any time, subject to market conditions, during the period that the Share Purchase Mandate is in force. Share purchases or acquisitions allow the Company greater flexibility over its share capital structure with a view to improving, *inter alia*, its return on equity. The Shares which are purchased or acquired may be held as treasury shares which may be used for prescribed purposes such as selling treasury shares for cash or transferring them as consideration for the acquisition of assets. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on Shareholders.

It should be noted that the purchase or acquisition of Shares pursuant to the Share Purchase Mandate will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in circumstances which would or might have a material adverse effect on the financial position of the Company and its subsidiaries (collectively, the "**Group**") and/or affect the listing status of the Company on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

**2.3 Authority and Limits of the Share Purchase Mandate.** Any purchase or acquisition by the Company of its Shares has to be made in accordance with, and in the manner prescribed by, the Companies Act, Cap. 50 (the “**Companies Act**”), the Listing Manual of the SGX-ST (the “**Listing Manual**”) and such other laws and regulations as may, for the time being, be applicable. The authority and limits placed on the Share Purchase Mandate for which renewal is sought are summarised below. In this regard, the authority and limits are substantially the same as that of the Mandate 2019 approved previously by Shareholders, save that the definition of “Average Closing Price” (for determining the maximum purchase price for the purchase or acquisition of Shares pursuant to the Share Purchase Mandate) has been changed to take into account amendments to Rule 884(2) of the Listing Manual which took effect on 7 February 2020.

### **2.3.1 Maximum Number of Shares**

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of issued Shares representing not more than 10% of the issued Shares (excluding any Shares held by the Company as treasury shares and any Shares held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act (“**subsidiary holdings**”)) as at the date on which the renewal of the Share Purchase Mandate is approved, being the date of the 64<sup>th</sup> AGM. Under the Companies Act and the Listing Manual, treasury shares and subsidiary holdings shall be disregarded for the purposes of computing the 10% limit. As at 6 March 2020 (the “**Latest Practicable Date**”), no Shares were held as treasury shares or subsidiary holdings.

Purely for illustrative purposes, on the basis of 579,911,041 issued Shares as at the Latest Practicable Date and assuming that (a) no further Shares are issued, (b) no Shares are treasury shares, and (c) no Shares are subsidiary holdings, not more than 57,991,104 Shares (representing 10% of the issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

### **2.3.2 Duration of Authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 64<sup>th</sup> AGM, at which the Share Purchase Mandate is approved, up to:

- (a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; and
- (c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

### 2.3.3 Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) market purchases (“**Market Purchases**”); and/or
- (b) off-market purchases (“**Off-Market Purchases**”).

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Shares may be listed and quoted (“**Other Exchange**”), through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders. The Directors may impose such terms and conditions which are not inconsistent with the 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. Under the Companies Act, an Off-Market Purchase must, however, satisfy all the following conditions:

- (1) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (2) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (3) the terms of all the offers shall be the same, except that there shall be disregarded:
  - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and
  - (bb) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed Share purchases;
- (D) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) or other applicable take-over rules;
- (E) whether the Share purchases, if made, would have any effect on the listing of the Shares on the SGX-ST;

- (F) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (G) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

#### **2.3.4 Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the maximum purchase price (the “**Maximum Price**”) to be paid for the Shares as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition. For the foregoing 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 were transacted on the SGX-ST or (as the case may be) Other Exchange, before the date of the Market Purchase, or (as the case may be) the date of the making of the offer pursuant to an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the date of the Market Purchase, or (as the case may be) the date of the making of the offer pursuant to an Off-Market Purchase;

“**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 Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“**Market Day**” means a day on which the SGX-ST (or, as the case may be, Other Exchange) is open for trading in securities.

**2.4 Status of Purchased or Acquired Shares.** Under current law, the Shares purchased or acquired by the Company shall be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to those Shares will expire on cancellation, unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

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

### 2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. For this purpose, any Shares that are held by subsidiaries in the circumstances referred to in Sections 21(4B) and 21(6C) of the Companies Act shall be included in computing the 10% limit.

### 2.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

### 2.5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

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

**2.6 Source of Funds.** In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Constitution and applicable laws. Under the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its Shares may be made out of the Company's capital and/or profits so long as the Company is solvent. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares. The Directors do not propose to exercise the Share Purchase Mandate to such extent that it would materially affect the working capital requirements, financial flexibility or investment ability of the Group.

**2.7 Financial Effects.** The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. The financial effects on the Group and the Company based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2019 are based on the assumptions as hereafter set out.

**2.7.1 Purchase or Acquisition out of Capital and/or Profits**

Under the Companies Act, purchases or acquisitions of 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 paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

**2.7.2 Maximum Price paid for Shares Purchased or Acquired**

Based on 579,911,041 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the exercise in full of the Share Purchase Mandate, on the Latest Practicable Date, will result in the purchase or acquisition by the Company of 57,991,104 Shares, representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings). Assuming that the Company purchases or acquires the 57,991,104 Shares at the Maximum Price, the maximum amount of funds required is approximately:

- (a) in the case of Market Purchases of Shares, \$52.77 million based on \$0.91 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive Market Days immediately preceding the Latest Practicable Date); and
- (b) in the case of Off-Market Purchases of Shares, \$60.31 million based on \$1.04 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive Market Days immediately preceding the Latest Practicable Date).

For illustrative purposes only, on the basis of the assumptions set out above as well as the following:

- (1) the Share Purchase Mandate had been effective on 1 January 2019;
- (2) the purchase or acquisition of Shares took place at the beginning of the financial year on 1 January 2019;
- (3) the Share purchases or acquisitions were funded entirely by external borrowings; and
- (4) the purchase or acquisition of Shares was made fully out of capital and held as treasury shares,

the financial effects on the audited financial statements of the Group and the Company for the financial year ended 31 December 2019 would have been as hereafter set out.

## MARKET PURCHASE

	GROUP		COMPANY	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<b>As at 31 December 2019</b>				
Share Capital	228,245	228,245	228,245	228,245
Treasury Shares	–	(52,772)	–	(52,772)
Capital Reserve	6,066	6,066	–	–
Other Reserves	(46,293)	(46,293)	–	–
Retained Profits	427,679	426,975	221,029	220,325
Equity Attributable to Equity Holders of the Company and Total Equity	615,697	562,221	449,274	395,798
Current Assets	424,778	424,074	79,350	78,646
Current Liabilities	70,849	123,621	56,124	108,896
Borrowings	21,737	74,509	14,883	67,655
Cash and Cash Equivalents	295,751	295,047	14,877	14,173
NTA <sup>(1)</sup>	610,451	556,975	449,274	395,798
Net Profit After Tax <sup>(2)</sup>	17,690	16,986	3,125	2,421
Profit attributable to Equity Holders of the Company <sup>(2)</sup>	17,690	16,986	3,125	2,421
Number of Shares ('000)	579,911	521,920 <sup>(3)</sup>	579,911	521,920 <sup>(3)</sup>
Weighted Average Number of Shares ('000)	579,911	521,920 <sup>(3)</sup>	579,911	521,920 <sup>(3)</sup>
<b>Financial Ratios</b>				
NTA per Share (cents)	105.27	106.72	77.47	75.83
Gearing (%) <sup>(4)</sup> (Net Borrowings/Equity)	N/A	N/A	–*	13.51%
Current Ratio (times) <sup>(5)</sup>	6.00	3.43	1.41	0.72
EPS (cents) <sup>(6)</sup>	3.05	3.25	0.54	0.46

\*: Less than 0.01%.



## OFF-MARKET PURCHASE

	GROUP		COMPANY	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<b>As at 31 December 2019</b>				
Share Capital	228,245	228,245	228,245	228,245
Treasury Shares	–	(60,311)	–	(60,311)
Capital Reserve	6,066	6,066	–	–
Other Reserves	(46,293)	(46,293)	–	–
Retained Profits	427,679	426,875	221,029	220,225
Equity Attributable to Equity Holders of the Company and Total Equity	615,697	554,582	449,274	388,159
Current Assets	424,778	423,974	79,350	78,546
Current Liabilities	70,849	131,160	56,124	116,435
Borrowings	21,737	82,048	14,883	75,194
Cash and Cash Equivalents	295,751	294,947	14,877	14,073
NTA <sup>(1)</sup>	610,451	549,336	449,274	388,159
Net Profit After Tax <sup>(2)</sup>	17,690	16,886	3,125	2,321
Profit attributable to Equity Holders of the Company <sup>(2)</sup>	17,690	16,886	3,125	2,321
Number of Shares ('000)	579,911	521,920 <sup>(3)</sup>	579,911	521,920 <sup>(3)</sup>
Weighted Average Number of Shares ('000)	579,911	521,920 <sup>(3)</sup>	579,911	521,920 <sup>(3)</sup>
<b>Financial Ratios</b>				
NTA per Share (cents)	105.27	105.25	77.47	74.37
Gearing (%) <sup>(4)</sup> (Net Borrowings/Equity)	N/A	N/A	–*	15.75%
Current Ratio (times) <sup>(5)</sup>	6.00	3.23	1.41	0.67
EPS (cents) <sup>(6)</sup>	3.05	3.24	0.54	0.44

\*: Less than 0.01%.

### Notes to the foregoing tables:

- (1) NTA equals to Total Equity less Intangible Assets.
- (2) Exclude Discontinuing operations.
- (3) Exclude 57,991,104 Shares that are held as treasury shares.
- (4) Gearing is defined as Borrowings (net of cash) divided by Equity Attributable to Equity Holders of the Company. Where cash exceeds borrowings, there is no gearing.
- (5) Current Ratio equals Current Assets divided by Current Liabilities.
- (6) EPS equals Net Profit After Tax divided by weighted average number of ordinary shares in issue during the financial year.



**SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS ARE BASED ON THE AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND ARE FOR ILLUSTRATION ONLY. THE RESULTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 MAY NOT BE REPRESENTATIVE OF FUTURE PERFORMANCE.**

It should be noted that the Company may not necessarily purchase or acquire or be able to purchase or acquire issued Shares pursuant to the Share Purchase Mandate to the full extent mandated. In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

**2.8 Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

**2.9 Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of the total number of its issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is held by public shareholders at all times. As at the Latest Practicable Date, approximately 21.34% of the issued Shares are held by public shareholders. The Company is of the view that as of that date, the number of Shares held in public hands would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without adversely affecting the listing status of the Shares on the SGX-ST. The Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its Shares.

**2.10 Listing Rules.** The Listing Manual restricts a listed company from purchasing shares by way of market purchases at a price per share which is more than 5% above the “average closing price”, being the average of the closing market prices of the shares over the last five Market Days on which transactions in the shares were recorded, before the day on which the purchases are made, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made. The Maximum Price for a Share in relation to Market Purchases referred to in Paragraph 2.3 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20% above the average closing price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing one month immediately preceding, and up to the time of announcement of, the Company’s results for the half-year and the full financial year.

**2.11 Reporting Requirements.** 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. (a) in the case of a market purchase, on the Market Day following the day of purchase or acquisition of any of its shares, and (b) 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 (which must be in the form prescribed by the Listing Manual) must include details such as the date of the purchase, 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 total consideration (including stamp duties and clearing charges) paid or payable for the shares.

**2.12 Take-over 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.

#### **2.12.1 Obligation to make a Take-over Offer**

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

#### **2.12.2 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 Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of any of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

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.

### **2.12.3 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 and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or, in the event that such Directors and their concert parties hold between 30% and 50% of the 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. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

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

The interests, if any, of the Directors and Substantial Shareholders as at the Latest Practicable Date are disclosed in Paragraph 3 below. As at the Latest Practicable Date, Far East Organization Pte. Ltd., together with persons acting in concert with it, has an aggregate interest in 454,867,654 Shares, representing approximately 78.44% of the issued Shares. As Far East Organization Pte. Ltd. and any Directors presumed to be acting in concert with it collectively already hold more than 50% of the issued Shares, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate will not result in the Directors (or any of them) and/or Far East Organization Pte. Ltd., including persons acting in concert with it and/or them, incurring an obligation to make a mandatory take-over offer under Rule 14 read with Appendix 2 of the Take-over Code.

Save as disclosed above, the Directors are not aware of any 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 the issued voting shares of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

**SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.**

### 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

**3.1 Interests of Directors.** As at the Latest Practicable Date, based on the Company's Register of Directors' Shareholdings, none of the Directors has any interest, direct or indirect, in the issued Shares.

**3.2 Interests of Substantial Shareholders.** As at the Latest Practicable Date, the interests of the Substantial Shareholders in issued Shares, based on the Company's Register of Substantial Shareholders, were as follows:

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Far East Organization Pte. Ltd. ("FEO")	309,973,933	53.45	–	–	309,973,933	53.45
Far East Spring Pte. Ltd. ("FES")	63,888,889	11.02	–	–	63,888,889	11.02
Transurban Properties Pte. Ltd. ("TPPL")	56,342,854	9.72	–	–	56,342,854	9.72
Philip Ng Chee Tat ("PN") <sup>(1)</sup>	–	–	454,867,654	78.44	454,867,654	78.44
The Estate of Mr. Ng Teng Fong (Deceased) (the "Estate") <sup>(2)</sup>	–	–	390,978,765	67.42	390,978,765	67.42
Ng Chee Siong ("RN") <sup>(3)</sup>	–	–	390,978,765	67.42	390,978,765	67.42
Madam Tan Kim Choo @ Teng Kim Chow ("Madam Tan") <sup>(4)</sup>	49,618	0.01	373,862,822	64.47	373,912,440	64.48
Glory Realty Co. Private Ltd. ("Glory") <sup>(5)</sup>	–	–	56,342,854	9.72	56,342,854	9.72

**Notes:**

- (1) PN, in his capacity as a beneficiary of the Estate, is deemed to have an interest in shares in the Company in which the Estate is deemed to have an interest and, through his interest in FES, is deemed to be interested FES' shareholding in the Company.
- (2) The Estate's deemed interest in shares in the Company include its interests through FEO, Glory and Sino Land Company Limited.
- (3) RN, in his capacity as a beneficiary of the Estate, is deemed to have an interest in shares in the Company in which the Estate is deemed to have an interest.
- (4) Madam Tan's deemed interest in shares in the Company arises through her interests in FEO and FES.
- (5) Glory, through its interest in TPPL, is deemed to have an interest in TPPL's shareholding in the Company.

#### **4. DIRECTORS' RECOMMENDATION**

The Directors are of the view, for the reasons set out in Paragraph 2.2 above, that the renewal of the Share Purchase Mandate is in the interests of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 10, being the Ordinary Resolution relating to the renewal of the Share Purchase Mandate, at the forthcoming 64<sup>th</sup> AGM.

#### **5. RESPONSIBILITY STATEMENT**

**5.1 Directors' responsibility.** The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm, after having made 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 proposal to renew the Share Purchase Mandate at the 64<sup>th</sup> AGM, and about the Company and its subsidiaries which are relevant to the proposal, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this letter in its proper form and context.

**5.2 Disclaimer.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter. Shareholders who are in any doubt as to the action they should take should consult their stockbrokers or other professional advisers immediately.

Yours faithfully  
For and on behalf of the Board of Directors of  
**YEO HIAP SENG LIMITED**

Ng Win Kong Daryl  
Chairman

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