PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 196300381N

Directors:

Richard Li Tzar Kai *(Chairman, Executive Director)*
Francis Yuen Tin Fan *(Deputy Chairman, Independent Non-Executive Director)*
Peter A. Allen *(Group Managing Director, Executive Director)*
Alexander Anthony Arena *(Non-Executive Director)*
Tom Yee Lat Shing *(Independent Non-Executive Director)*
Frances Wong Waikwun *(Independent Non-Executive Director)*
Laura Deal Lacey *(Independent Non-Executive Director)*
W. Michael Verge *(Non-Executive Director)*

Registered Office:

50 Raffles Place
#35-01
Singapore Land Tower
Singapore 048623

To: The Shareholders of
Pacific Century Regional Developments Limited (the "**Company**")

5 April 2018

Dear Sir/Madam

1. INTRODUCTION

1.1 **Background**. We refer to:

(a) the Notice of the 54th Annual General Meeting ("**AGM**") of the Company dated 5 April 2018 (the "**Notice**"), accompanying the Annual Report for the financial year ended 31 December 2017, convening the 54th AGM of the Company to be held on 23 April 2018 (the "**2018 AGM**");

(b) Ordinary Resolution No. 8 relating to the proposed adoption of the Shareholders Mandate (as defined in paragraph 2.1 below) for interested person transactions, as proposed in the Notice; and

(c) Ordinary Resolution No. 9 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 3.1 below), as proposed in the Notice.

1.2 **Letter to Shareholders**. The purpose of this Letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Ordinary Resolution Nos. 8 and 9, proposed in the Notice (collectively, the "**Proposals**").

1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4 **Advice to Shareholders.** Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. Shareholders who have sold all their issued ordinary shares

of the Company ("**Shares**") should immediately forward this Letter to the purchaser or to the stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser.

2. THE PROPOSED ADOPTION OF THE SHAREHOLDERS MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 **Rationale**. The Company is proposing the implementation of a mandate pursuant to Rule 920 of the Listing Manual for interested person transactions of a recurrent nature in the ordinary course of business, as modified or altered from time to time (the "**Shareholders Mandate**"), pursuant to Chapter 9 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), to enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" to enter in the ordinary course of business into certain types of transactions with specified classes of the Company's "interested persons", provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions. The adoption of the Shareholders Mandate will:

(a) facilitate entry into the mandated transactions with the specified classes of interested persons in the ordinary course of the businesses of the PCRD Group (as defined in Appendix 1 to this Letter);

(b) eliminate the need for the Company to convene separate general meetings on each occasion, pursuant to the financial limits imposed under Chapter 9 of the Listing Manual, to seek Shareholders' approval as and when such transactions with the interested persons arise, thereby:

(i) reducing substantially the administrative time, inconvenience and costs associated with the convening of such meetings; and

(ii) enabling the PCRD Group (as defined in Appendix 1 to this Letter) to maintain its overall competitiveness and not be placed at a disadvantage to other parties that do not require shareholders' approval to be obtained for entering into such transactions.

2.2 **The Shareholders Mandate**. The following is a summary of the key provisions of the Shareholders Mandate. The summary is qualified in its entirety by the detailed provisions of the Shareholders Mandate set out in Appendix 1 to this Letter. Unless otherwise defined, terms used in this paragraph 2.2 shall have the same meanings as defined in Appendix 1 to this Letter.

2.2.1 ***Classes of Interested Persons***

The Shareholders Mandate will apply to the Interested Person Transactions which are carried out with the following classes of Interested Persons:

(a) Pacific Century Group Holdings Limited ("**PCGH**"), a controlling shareholder of the Company, and its associates (as defined in the Listing Manual) (the "**PCGH Group**"); and

(b) Mr Richard Li Tzar Kai, a Director of the Company, and any company in which he and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more.

The PCGH Group includes, but is not limited to, Pacific Century International Limited ("**PCIL**") and Pacific Century Group (Cayman Islands) Limited ("**PCG**") which are investment holding companies. PCG is a wholly-owned subsidiary of PCIL, which is in turn a wholly-owned subsidiary of PCGH. The PCGH Group is involved in a wide range of businesses in Asia including property development, asset management, telecommunications, media, IT solutions and life insurance. In the ordinary course of their businesses, they may require management and support services in the areas of finance, insurance, treasury, business development, management information systems, corporate secretarial services, human resources management and business development services. The Shareholders Mandate allows entities in the PCRD Group (including the Company) to benefit from being able to borrow from and/or provide such management and support services to the PCGH Group (which includes PCIL and PCG) in an expedient manner. The Shareholders Mandate enables the PCRD Group to maintain its overall competitiveness and not be placed at a disadvantage to other parties that do not require shareholders' approval prior to entering into such transactions.

2.2.2 ***Categories of Interested Person Transactions***

The Interested Person Transactions to which the Shareholders Mandate will apply, and the benefits to be derived therefrom, are set out below.

(a) **Property-related Transactions**

This category relates to the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the PCRD Group. The transactions within this category comprise:

(i) the leasing and/or rental of properties;

(ii) the provision of property maintenance and property management services; and

(iii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (ii) above,

(the "**Property-related Transactions**").

The Company is an investment holding company and its investments include (but are not limited to) interests in property development and investment. From time to time and in its normal course of business, the PCRD Group may wish to (i) tap on Interested Persons' expertise in property management or property maintenance, or (ii) lease or rent properties to, or from, Interested Persons.

The PCRD Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The PCRD Group would also benefit from an additional source of revenue, as well as having access to competitive quotes from Interested Persons.

(b) **Borrowings**

This category of transactions pertains to the obtaining of financial assistance and services, including the borrowing of funds, from Interested Persons, as well as transactions that are undertaken by the PCRD Group in connection with the management of its funding requirements ("**Borrowings**").

The PCRD Group can benefit from competitive rates or quotes offered by Interested Persons, as well as by leveraging on the financial strength and credit standing of the Interested Persons in an expeditious manner.

(c) **Group Management and Support Services**

This category ("**Management and Support Services**") relates to transactions by the PCRD Group in connection with the provision to, or the obtaining from, Interested Persons of management and support services in the areas of finance, insurance, treasury, business development, management information systems, corporate secretarial services and human resources management and development services (including staff secondment).

By way of example, the Company's wholly-owned subsidiary, PCRD Services Pte Ltd, is the entity under which management and support services are provided to the PCRD Group. PCRD Services Pte Ltd (which is part of the PCRD Group) would benefit from being able to provide such management and support services to the PCGH Group, which has a network of well-established connections in Asia including in Singapore; for instance, PCRD Services Pte Ltd provided management and support services to FWD Group, the insurance arm of the Pacific Century Group when it was establishing a presence in Singapore.

The PCGH Group, a conglomerate with diversified business interests, has various entities, including an asset management business in Singapore, which provide management and support services (including, *inter alia*, tax, investment banking and treasury services) to entities within the PCGH Group where necessary. To the extent that their expertise is relevant to, and may therefore be utilised for the benefit of the PCRD Group, then these services would be obtained by the PCRD Group.

The PCRD Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The PCRD Group would also benefit from an additional source of revenue, as well as having access to competitive quotes from Interested Persons.

2.2.3 ***Review Procedures for Interested Person Transactions***

In general, there are procedures established by the PCRD Group to ensure that transactions with Interested Persons are undertaken on normal commercial terms consistent with the PCRD Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

(a) **Property-related Transactions and Management and Support Services**

In relation to Property-related Transactions and Management and Support Services, such Interested Person Transactions shall be entered into, where applicable, at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to third parties, or (in relation to services or products to be obtained from an Interested Person) are no less favourable than those extended by the Interested Person to third parties, on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

To determine whether the prices and terms offered to the Interested Person are no more favourable than those extended to third parties, rates and terms offered to at least two unrelated third parties for transactions of a similar nature, size or complexity are compared taking into account factors such as the availability of resources, expertise or manpower for the performance of the services or the provision of such goods and the existence of any cost and/or time saving factors.

To determine whether the terms offered by the Interested Person are fair and reasonable and no less favourable than those extended by the Interested Person to unrelated third parties, rates and terms offered by or generally quoted by at least two unrelated third parties who are engaged in providing similar services or products are compared.

For Property-related Transactions relating to the leasing and/or rental of properties, such comparison should also take into account the prevailing market rental rates for other properties within its vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.

In the event that comparison quotations cannot be obtained in respect of the Interested Person Transactions which involve the leasing of properties since the nature of real estate is such that there may be properties which are unique without a comparable benchmark, such Interested Person Transactions shall be entered into only after the senior executive(s) of the relevant company within the PCRD Group (having no interest, direct or indirect, in the transaction) has evaluated and has satisfied himself (including by reference to

historical rent for comparable leases (based on information provided by consultants or otherwise)) of the reasonableness of the quantum of such rent for the leasing of properties offered to or by the Interested Person, and that such terms are fair and are not prejudicial nor disadvantageous to the PCRD Group.

Threshold Limits

In addition, the following review procedures will apply to Property-related Transactions and Management and Support Services:

(i) a transaction with a value equal to or less than:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, shall be reviewed and approved by a Director of the Company appointed by the Audit Committee from time to time for such purpose or, failing him, such other senior executive(s) designated by the Audit Committee from time to time for this purpose (having no interest, direct or indirect, in the transaction), and all such transactions shall be reviewed on a quarterly basis by the Audit Committee; and

(ii) a transaction with a value exceeding:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, shall be reviewed and approved by the Audit Committee prior to entering such an Interested Person Transaction.

(b) **Borrowings**

In relation to the borrowing of funds from any Interested Person by the PCRD Group, the Company will require that quotations be obtained from such Interested Person and at least two of the principal bankers of the PCRD Group for rates for loans from such bankers of an equivalent amount, and for an equivalent period, as the funds to be borrowed by the PCRD Group. The PCRD Group will only borrow funds from such Interested Person provided that the terms quoted are no less favourable to the PCRD Group than the terms quoted by such principal bankers.

Threshold Limits

Where the interest expense on any borrowing from an Interested Person when aggregated with the interest expense incurred by the PCRD Group on previous

borrowings from the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) in the financial year exceeds:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, such (and each subsequent) borrowing from that Interested Person in the same financial year shall require the prior approval of the Audit Committee.

Borrowings from the same Interested Persons in respect of which the interest expense in aggregate does not exceed the limit set out above will be reviewed and approved by a Director of the Company appointed by the Audit Committee from time to time for such purposes or, failing him, such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose (having no interest, direct or indirect, in the transaction), and shall be reviewed on a quarterly basis by the Audit Committee.

In the event that a member of the Board of Directors, Audit Committee or any senior executive of the Company designated by the Audit Committee from time to time (where applicable) is interested in any Interested Person Transaction, he will abstain from any decision-making in respect of that transaction and the review, endorsement and approval of that transaction will be undertaken by the other members of the Board of Directors, Audit Committee or such other senior executive(s) designated by the Audit Committee from time to time for such purposes (having no interest, direct or indirect, in the transaction) (as the case may be).

2.2.4 ***Register of Interested Person Transactions***

A register will be maintained by the Company to record all Interested Person Transactions and the basis (including the quotations obtained to support such basis) on which they are entered into pursuant to the Shareholders Mandate. The annual external audit plan of the Company shall incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the Shareholders Mandate.

2.2.5 ***Audit Committee Reviews***

The Audit Committee reviews Interested Person Transactions reports quarterly and the adequacy of internal control procedures on Interested Person Transactions to confirm that the guidelines and review procedures for Interested Person Transactions have been complied with.

If as a result of any of the reviews by the Audit Committee, the Audit Committee forms the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient due to changes in the nature of, or manner in which, the business activities of the PCRD Group or the Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based

on new guidelines and review procedures so that Interested Person Transactions will always be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The full particulars of the Shareholders Mandate, including the rationale for the Shareholders Mandate, the benefits to be derived by the Company and other general information relating to Chapter 9 of the Listing Manual, are set out in Appendix 1 to this Letter.

2.3 **Independent Financial Adviser**. Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed as an independent financial adviser in relation to the proposed adoption of the Shareholders Mandate. Having regard to the matters set out in their letter dated 5 April 2018 to the Directors of the Company (the "**Directors**") who are considered to be independent in relation to the proposed adoption of the Shareholders Mandate, being, as at the Latest Practicable Date (as defined below), Messrs Francis Yuen Tin Fan, Peter A. Allen, Alexander Anthony Arena, Tom Yee Lat Shing, W. Michael Verge, Ms Frances Wong Waikwun and Ms Laura Deal Lacey (the "**Independent Directors**"), Provenance Capital is of the opinion that the guidelines and review procedures set out in Appendix 1 to this Letter for determining the pricing and terms of the interested person transactions under the Shareholders Mandate, if adhered to, are sufficient to ensure that the interested person transactions as set out in paragraph 5 of Appendix 1 to this Letter will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Provenance Capital's letter dated 5 April 2018 to the Independent Directors is reproduced in Appendix 2 to this Letter.

2.4 **Provenance Capital's Consent.** Provenance Capital has given and has not withdrawn its written consent to the issue of this Letter with the inclusion of its name, its letter to the Independent Directors dated 5 April 2018 and all references thereto, in the form and context in which they appear in this Letter.

2.5 **Abstention from Voting**. PCGH and its associates (as defined in the Listing Manual), being interested persons (as described in paragraph 4 of Appendix 1) in relation to the Shareholders Mandate, will abstain from voting their Shares, if any, in respect of Ordinary Resolution No. 8, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2018 AGM.

Mr Richard Li Tzar Kai and his associates which are companies in which he and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more, being interested persons (as described in paragraph 4 of Appendix 1) in relation to the Shareholders Mandate, will abstain from voting their Shares, if any, in respect of Ordinary Resolution No. 8, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2018 AGM. The interests of Mr Richard Li Tzar Kai in the Shares extracted from the Register of Directors' Shareholdings as at Latest Practicable Date, are disclosed in paragraph 4.1 of this Letter.

In addition, the Company:

(a) will use its best endeavours to procure that such persons will abstain from voting their Shares, if any, in respect of Ordinary Resolution No. 8, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2018 AGM;

(b) will procure that such persons will also decline to accept appointment as proxy for any Shareholder to vote in respect of Ordinary Resolution No. 8, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Ordinary Resolution No. 8; and

(c) will disregard votes cast by Mr Richard Li Tzar Kai in respect of his holdings of Shares (if any) and his associates which are companies in which he and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more on Ordinary Resolution No. 8.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 **Share Purchase Mandate**. At the Annual General Meeting of the Company held on 31 March 2017 (the "**2017 AGM**"), Shareholders approved the renewal of a mandate (the "**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire Shares. The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the Letter to Shareholders dated 9 March 2017 (the "**2017 Letter**") and Ordinary Resolution No. 7 set out in the Notice of the 2017 AGM.

The Share Purchase Mandate took effect on the date of the passing of Ordinary Resolution No. 7 at the 2017 AGM and will expire on the date of the forthcoming 2018 AGM to be held on 23 April 2018. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2018 AGM.

As at 7 March 2018 (the "**Latest Practicable Date**"), the Company has not purchased or acquired any Shares pursuant to the Share Purchase Mandate approved at the 2017 AGM.

3.2 **Rationale for the Share Purchase Mandate**. The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) In managing the business of the Company and its subsidiaries (the "**Group**"), management strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchases are one of the ways through which the return on equity of the Group may be enhanced.

(b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to Shareholders. In addition, the Share Purchase Mandate allows the Company to have greater flexibility over, *inter alia*, the Company's share capital structure with a view to enhancing the earnings per Share and/or net asset value per Share.

(c) The Share Purchase Mandate provides the Company with the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The approval of the renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in paragraph 3.3.1 below, it should be noted that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised, and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial condition of the Company.

3.3 **Authority and Limits of the Share Purchase Mandate**. The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2018 AGM, are substantially the same as were previously approved by Shareholders at the 2017 AGM, and are summarised below:

3.3.1 ***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 Shares representing not more than 10% of the total number of issued Shares as at the date of the 2018 AGM. Treasury shares and subsidiary holdings (as defined in the Listing Manual)[1] will be disregarded for purposes of computing the 10% limit.

As at the Latest Practicable Date, the Company had no treasury shares and no subsidiary holdings.

Purely for illustrative purposes, on the basis of 2,649,740,300 Shares in issue as at the Latest Practicable Date, and assuming that on or prior to the 2018 AGM:

(a) no further Shares are issued;

(b) no Shares are purchased or acquired by the Company and no Shares purchased or acquired by the Company are held by the Company as treasury shares; and

(c) no Shares are held as subsidiary holdings,

not more than 264,974,030 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

However, as stated in paragraph 3.2 above and 3.8 below, purchases or acquisitions pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would

[1] "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

result in the Company being delisted from the SGX-ST. **Thus, notwithstanding that the Share Purchase Mandate may enable purchases or acquisitions of up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings) to be carried out, it should be noted that in order to maintain the listing status of the Shares on the SGX-ST, the Company must ensure (pursuant to Rule 723 of the Listing Manual) that there is at all times a public float of not less than 10% of its issued Shares (excluding treasury shares).** Accordingly, assuming solely for illustrative purposes that 268,948,640 Shares (or approximately 10.15% of the issued Shares (excluding treasury shares)) are held in public hands as at the Latest Practicable Date, in order to preserve the listing status of the Shares on the SGX-ST by maintaining a public float of not less than 10% in the issued Shares (excluding treasury shares), the Company would not purchase or acquire more than 3,974,610 Shares (or 0.15% of the issued Shares (excluding treasury shares and subsidiary holdings) as at that date) pursuant to the Share Purchase Mandate as at the Latest Practicable Date. The public float in the issued Shares as at the Latest Practicable Date is disclosed in paragraph 3.8 below.

Notwithstanding the above, the Company anticipates that the public float percentage of the issued Shares will change from time to time consequent upon the dynamic changing profile of public shareholders of the Company. For this reason, the Company is therefore seeking Shareholders' approval to enable the Company to purchase or acquire Shares up to a maximum of 10% of the issued Shares (excluding treasury shares and subsidiary holdings) for flexibility to prospectively cater to any future increase in the number of issued Shares held in public hands of up to 20%. If this occurs, the Company will be able to purchase or acquire in excess of 0.15% of its issued Shares (excluding Shares held in treasury and subsidiary holdings) up to a maximum of 10%.

3.3.2 ***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 2018 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

(a) the date on which the next AGM 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; or

(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.

3.3.3 ***Manner of Purchases or Acquisitions of Shares***

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

(a) on-market purchases ("**Market Purchases**"), effected on the SGX-ST, or on any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**") effected otherwise than on a stock exchange, pursuant to an equal access scheme.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, Chapter 50 (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 purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; 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 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 Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(1) terms and conditions of the offer;

(2) period and procedures for acceptances;

(3) the reasons for the proposed purchase or acquisition of Shares;

(4) the consequences, if any, of the purchases or acquisitions of Shares 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;

(5) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;

(6) details of any purchases or acquisitions of Shares 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 of Shares, where relevant, and the total consideration paid for the purchases; and

(7) whether Shares purchased by the Company will be cancelled or kept as treasury shares.

3.3.4 ***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. The maximum price to be paid for the Shares as determined by the Directors (the "**Maximum Price**") 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 Highest Last Dealt Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, such stock exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

"**Highest Last Dealt Price**" means the highest price transacted for the Shares as recorded on the market day on which the Shares are transacted on the SGX-ST or, as the case may be, such stock exchange on which the Shares are listed or quoted, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 **Source of Funds**. Under the Companies Act, the Company may purchase or acquire its Shares out of its profits and/or capital so long as the Company is solvent.

The Company intends to use internal and external sources of funds to finance its purchase or acquisition of Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the Group's working capital requirements and ability to service its debts would be adversely affected.

3.5 **Status of Purchased Shares**. Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such 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 and which are not held as treasury shares.

3.6 **Treasury Shares**. Under the Companies Act, 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:

3.6.1 ***Maximum Holdings***

The number of Shares held as treasury shares[2] cannot at any time exceed 10% of the total number of issued Shares.

3.6.2 ***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 is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.6.3 ***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;

[2] For these purposes, "treasury shares" shall be read as including shares held by a subsidiary under Sections 21(4B) or 21(6C) of the Companies Act, Chapter 50.

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for its 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.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.7 **Financial Effects**. The financial effects on the Company and the Group 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 profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital 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 profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2017, are based on the assumptions set out below.

3.7.1 ***Number of Shares Acquired or Purchased***

(I) ***Scenario I: Purchase or acquisition of 0.15% of the issued Shares by the Company***

Purely for illustrative purposes, on the basis of 2,649,740,300 Shares in issue and a public float of approximately 10.15% as at the Latest Practicable Date, and assuming that no further Shares are issued, purchased or acquired by the Company and no Shares purchased or acquired by the Company are held as treasury shares, and no Shares are held as subsidiary holdings, on or prior to the 2018 AGM, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, may result in the purchase or acquisition by the Company of 3,974,610 Shares representing 0.15% of such issued Shares (instead of a purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares).

(II) ***Scenario II: Purchase or acquisition of 10% of the issued Shares by the Company***

The illustrative financial effects below are prepared assuming a prospective hypothetical scenario after the Latest Practicable Date whereby future circumstances permit up to 10% of the issued Shares to be acquired or purchased by the Company without resulting in the listing status of the Shares on the SGX-ST being adversely affected.

Purely for illustrative purposes, on the basis of 2,649,740,300 Shares in issue and a public float of approximately 20% as at the Latest Practicable Date, and assuming that no further Shares are issued, purchased or acquired by the Company and no Shares purchased or acquired by the Company are held as treasury shares, and no Shares are held as subsidiary holdings, on or prior to the 2018 AGM, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, may result in the purchase or acquisition by the Company of 264,974,030 Shares representing 10% of such issued Shares.

3.7.2 ***Maximum Price Paid for Shares Acquired or Purchased***

(I) ***Scenario I: Purchase or acquisition of 0.15% of the issued Shares by the Company***

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 3,974,610 Shares representing 0.15% of such issued Shares (instead of a purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares) at the maximum price of S$0.443 for one Share (being the price equivalent to 5% above the Average Closing Price 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 3,974,610 Shares is S$1,760,752.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 3,974,610 Shares representing 0.15% of such issued Shares (instead of a purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares) at the maximum price of S$0.510 for one Share (being the price equivalent to 20% above the Highest Last Dealt Price of the Shares on the market day 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 3,974,610 Shares is S$2,027,051.

(II) ***Scenario II: Purchase or acquisition of 10% of the issued Shares by the Company***

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 264,974,030 Shares representing 10% of such issued Shares at the maximum price of S$0.443 for one Share (being the price equivalent to 5% above the Average Closing Price 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 264,974,030 Shares is S$117,383,495.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 264,974,030 Shares representing 10% of such issued Shares at the maximum price of S$0.510 for one Share (being the price equivalent to 20% above the Highest Last Dealt Price of the Shares on the market day 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 264,974,030 Shares is S$135,136,755.

3.7.3 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 3.7.1 and 3.7.2 above, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2017 are set out below and assuming the following:

(a) the purchase or acquisition of 3,974,610 Shares representing 0.15% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases made entirely out of capital and cancelled or held in treasury;

(b) the purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares by the Company pursuant to the Share Purchase Mandate by

way of Market Purchases made entirely out of capital and cancelled or held in treasury;

(c) the purchase or acquisition of 3,974,610 Shares representing 0.15% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases made entirely out of capital and cancelled or held in treasury; and

(d) the purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases made entirely out of capital and cancelled or held in treasury.

Market Purchases

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 December 2017 and are not necessarily representative of future financial performance.

The financial effects of the two alternative scenarios whereby share purchases up to a maximum of 0.15% and 10% of the issued Shares (excluding treasury shares and subsidiary holdings) are implemented by the Company, as set out above, are for illustrative purposes only. Although the Share Purchase Mandate would enable the Company to potentially purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), based on a public float of approximately 10.15% as at the Latest Practicable Date, the Company is at present, only permitted to purchase or acquire up to 0.15% of the issued Shares (excluding treasury shares and subsidiary holdings) being the extent that would not affect adversely the listing status of the Shares on the SGX-ST as at the Latest Practicable Date. Even so, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 0.15% or, as the case may be, (if and when future circumstances permit) the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements and ability to service its debts would be adversely affected.

Market Purchases

(a) Scenario (A) : Market Purchases of up to 0.15% out of capital and held as treasury shares
Scenario (B) : Market Purchases of up to 0.15% out of capital and cancelled

	Group			Company		
	Before Share Purchase (S$'000)	After Share Purchase (S$'000)		Before Share Purchase (S$'000)	After Share Purchase (S$'000)	
As at 31 December 2017		Scenario A	Scenario B		Scenario A	Scenario B
Shareholders' funds	1,414,786	1,413,025	1,413,025	1,348,995	1,347,234	1,347,234
Net tangible assets (NTA) [1]	1,414,786	1,413,025	1,413,025	1,348,995	1,347,234	1,347,234
Current assets	61,682	59,921	59,921	44,661	42,900	42,900
Current liabilities	12,368	12,368	12,368	20,472	20,472	20,472
Total borrowings	10,352	10,352	10,352	10,309	10,309	10,309
Profit attributable to Shareholders	95,596	95,596	95,596	93,897	93,897	93,897
Cash and cash equivalents	60,829	59,068	59,068	44,208	42,447	42,447
Number of Shares ('000) [2]	2,649,740	2,645,766	2,645,766	2,649,740	2,645,766	2,645,766
Treasury shares ('000)	-	3,974	-	-	3,974	-
Financial Ratios						
Basic earnings per Share (cents)	3.61	3.61	3.61	3.54	3.55	3.55
NTA per Share (cents)	53.39	53.41	53.41	50.91	50.92	50.92
Gearing ratio [3]	0.01	0.01	0.01	0.01	0.01	0.01
Current ratio (times) [4]	4.99	4.84	4.84	2.18	2.10	2.10

Notes:

(1) NTA equals shareholders' funds less intangible assets.

(2) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

(3) Gearing ratio equals total borrowings divided by shareholders' funds.

(4) Current ratio equals current assets divided by current liabilities.

(b) Scenario (A) : Market Purchases of up to 10% out of capital and held as treasury shares
Scenario (B) : Market Purchases of up to 10% out of capital and cancelled

	Group			Company		
As at 31 December 2017	**Before Share Purchase (S$'000)**	**After Share Purchase (S$'000)**		**Before Share Purchase (S$'000)**	**After Share Purchase (S$'000)**	
		Scenario A	**Scenario B**		**Scenario A**	**Scenario B**
Shareholders' funds	1,414,786	1,297,403	1,297,403	1,348,995	1,231,612	1,231,612
Net tangible assets (NTA) (1)	1,414,786	1,297,403	1,297,403	1,348,995	1,231,612	1,231,612
Current assets	61,682	18,682	18,682	44,661	1,661	1,661
Current liabilities	12,368	86,751	86,751	20,472	94,855	94,855
Total borrowings	10,352	84,735	84,735	10,309	84,692	84,692
Profit attributable to Shareholders	95,596	95,596	95,596	93,897	93,897	93,897
Cash and cash equivalents	60,829	17,829	17,829	44,208	1,208	1,208
Number of Shares ('000) (2)	2,649,740	2,384,766	2,384,766	2,649,740	2,384,766	2,384,766
Treasury shares ('000)	-	264,974	-	-	264,974	-

As at 31 December 2017	Group			Company		
	Before Share Purchase (S$'000)	After Share Purchase (S$'000)		Before Share Purchase (S$'000)	After Share Purchase (S$'000)	
		Scenario A	Scenario B		Scenario A	Scenario B
Financial Ratios						
Basic earnings per Share (cents)	3.61	4.01	4.01	3.54	3.94	3.94
NTA per Share (cents)	53.39	54.40	54.40	50.91	51.64	51.64
Gearing ratio [3]	0.01	0.07	0.07	0.01	0.07	0.07
Current ratio (times) [4]	4.99	0.22	0.22	2.18	0.02	0.02

Notes:

(1) NTA equals shareholders' funds less intangible assets.

(2) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

(3) Gearing ratio equals total borrowings divided by shareholders' funds.

(4) Current ratio equals current assets divided by current liabilities.

Off-Market Purchases

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 December 2017 and are not necessarily representative of future financial performance.

The financial effects of the two alternative scenarios whereby share purchases up to a maximum of 0.15% and 10% of the issued Shares (excluding treasury shares and subsidiary holdings) are implemented by the Company, as set out above, are for illustrative purposes only. Although the Share Purchase Mandate would enable the Company to potentially purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), based on a public float of approximately 10.15% as at the Latest Practicable Date, the Company is at present, only permitted to purchase or acquire up to 0.15% of the issued Shares (excluding treasury shares and subsidiary holdings) being the extent that would not affect adversely the listing status of the Shares on the SGX-ST as at the Latest Practicable Date. Even so, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 0.15% or, as the case may be, (if and when future circumstances permit) the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares

repurchased or hold all or part of the Shares repurchased in treasury.
Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements and ability to service its debts would be adversely affected.

Off-Market Purchases

(c) Scenario (A) : Off-Market Purchases of up to 0.15% out of capital and held as treasury shares
Scenario (B) : Off-Market Purchases of up to 0.15% out of capital and cancelled

	Group			Company		
	Before Share Purchase (S$'000)	After Share Purchase (S$'000)		Before Share Purchase (S$'000)	After Share Purchase (S$'000)	
As at 31 December 2017		Scenario A	Scenario B		Scenario A	Scenario B
Shareholders' funds	1,414,786	1,412,759	1,412,759	1,348,995	1,346,968	1,346,968
Net tangible assets (NTA) [1]	1,414,786	1,412,759	1,412,759	1,348,995	1,346,968	1,346,968
Current assets	61,682	59,655	59,655	44,661	42,634	42,634
Current liabilities	12,368	12,368	12,368	20,472	20,472	20,472
Total borrowings	10,352	10,352	10,352	10,309	10,309	10,309
Profit attributable to Shareholders	95,596	95,596	95,596	93,897	93,897	93,897
Cash and cash equivalents	60,829	58,802	58,802	44,208	42,181	42,181
Number of Shares ('000) [2]	2,649,740	2,645,766	2,645,766	2,649,740	2,645,766	2,645,766
Treasury shares ('000)	-	3,974	-	-	3,974	-
Financial Ratios						
Basic earnings per Share (cents)	3.61	3.61	3.61	3.54	3.55	3.55

As at 31 December 2017	Group			Company		
	Before Share Purchase (S$'000)	After Share Purchase (S$'000)		Before Share Purchase (S$'000)	After Share Purchase (S$'000)	
		Scenario A	Scenario B		Scenario A	Scenario B
NTA per Share (cents)	53.39	53.40	53.40	50.91	50.91	50.91
Gearing ratio [3]	0.01	0.01	0.01	0.01	0.01	0.01
Current ratio (times) [4]	4.99	4.82	4.82	2.18	2.08	2.08

Notes:

[1] NTA equals shareholders' funds less intangible assets.

[2] Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

[3] Gearing ratio equals total borrowings divided by shareholders' funds.

[4] Current ratio equals current assets divided by current liabilities.

(d) Scenario (A) : Off-Market Purchases of up to 10% out of capital and held as treasury shares
Scenario (B) : Off-Market Purchases of up to 10% out of capital and cancelled

As at 31 December 2017	Group			Company		
	Before Share Purchase (S$'000)	After Share Purchase (S$'000)		Before Share Purchase (S$'000)	After Share Purchase (S$'000)	
		Scenario A	Scenario B		Scenario A	Scenario B
Shareholders' funds	1,414,786	1,279,649	1,279,649	1,348,995	1,213,858	1,213,858
Net tangible assets (NTA) [1]	1,414,786	1,279,649	1,279,649	1,348,995	1,213,858	1,213,858
Current assets	61,682	18,682	18,682	44,661	1,661	1,661
Current liabilities	12,368	104,505	104,505	20,472	112,609	112,609

As at 31 December 2017	Group			Company		
	Before Share Purchase (S$'000)	After Share Purchase (S$'000)		Before Share Purchase (S$'000)	After Share Purchase (S$'000)	
		Scenario A	Scenario B		Scenario A	Scenario B
Total borrowings	10,352	102,489	102,489	10,309	102,446	102,446
Profit attributable to Shareholders	95,596	95,596	95,596	93,897	93,897	93,897
Cash and cash equivalents	60,829	17,829	17,829	44,208	1,208	1,208
Number of Shares ('000) [2]	2,649,740	2,384,766	2,384,766	2,649,740	2,384,766	2,384,766
Treasury shares ('000)	-	264,974	-	-	264,974	-
Financial Ratios						
Basic earnings per Share (cents)	3.61	4.01	4.01	3.54	3.94	3.94
NTA per Share (cents)	53.39	53.66	53.66	50.91	50.90	50.90
Gearing ratio [3]	0.01	0.08	0.08	0.01	0.08	0.08
Current ratio (times) [4]	4.99	0.18	0.18	2.18	0.01	0.01

Notes:

(1) NTA equals shareholders' funds less intangible assets.

(2) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

(3) Gearing ratio equals total borrowings divided by shareholders' funds.

(4) Current ratio equals current assets divided by current liabilities.

3.8 **Listing Status of the Shares**. Rule 723 of the Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. Approximately 10.15% of the issued Shares were held by public Shareholders as at the Latest Practicable Date. No Shares were held by the Company as treasury shares as at the Latest

Practicable Date. If the Company had purchased or acquired Shares from the public up to 0.15% of the issued Shares as explained in paragraph 3.3.1 above pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date, approximately 10% of the issued Shares would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

3.9 **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.

3.9.1 ***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.

3.9.2 ***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 above 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.

3.9.3 ***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 of the Take-over Code 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, if 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 of the Take-over Code 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 renewal of the Share Purchase Mandate.

Based on the interests of the substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 4.2 below and as confirmed by the Securities Industry Council, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

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.

3.10 **Reporting Requirements**. Rule 886(1) 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. (i) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares, and (ii) 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 of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

3.11 **No Purchases During Price Sensitive Developments**. While the Listing Manual does not expressly prohibit any purchase 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 proposed 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. In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of two weeks immediately preceding the announcement of the Company's results for each of the first three quarters of the financial year, and during the period of one month immediately preceding the announcement of the Company's annual results.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 **Directors' Interests**. The interests of the Directors in the Shares, as extracted from the Register of Directors' Shareholdings, as at the Latest Practicable Date, are set out below:

	Number of Shares			
Directors	**Direct Interest**	**Deemed Interest**	**Total Interest**	**% of Issued Shares**
Richard Li Tzar Kai [(1)]	-	28,167,000	28,167,000	1.063
Francis Yuen Tin Fan	-	-	-	-
Peter A. Allen	5,010,000	-	5,010,000	0.189
Alexander Anthony Arena	-	-	-	-
Tom Yee Lat Shing	-	-	-	-
Frances Wong Waikwun	-	-	-	-
Laura Deal Lacey	-	-	-	-
W. Michael Verge	-	-	-	-

Note:

(1) Mr Richard Li Tzar Kai is deemed to be interested in 28,167,000 Shares held by Hopestar Holdings Limited, a company which is 100% owned by Mr Richard Li Tzar Kai.

4.2 **Substantial Shareholders' Interests**. The interests of the substantial Shareholders in the Shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date, are set out below:

	Number of Shares			
Substantial Shareholders	**Direct Interest**	**Deemed Interest**	**Total Interest**	**% of Issued Shares**
Jenny W.L. Fung [(1)]	-	2,347,042,230	2,347,042,230	88.576
Lester Huang [(1)]	-	2,347,042,230	2,347,042,230	88.576
OS Holdings Limited [(1)]	-	2,347,042,230	2,347,042,230	88.576
Ocean Star Management Limited [(1)]	-	2,347,042,230	2,347,042,230	88.576
The Ocean Trust [(1)]	-	2,347,042,230	2,347,042,230	88.576
The Ocean Unit Trust [(1)]	-	2,347,042,230	2,347,042,230	88.576
The Starlite Trust [(1)]	-	2,347,042,230	2,347,042,230	88.576
The Starlite Unit Trust [(1)]	-	2,347,042,230	2,347,042,230	88.576
PCGH [(2)]	200,000	2,346,842,230	2,347,042,230	88.576
Pacific Century International Limited [(3)]	-	2,330,058,230	2,330,058,230	87.935
Pacific Century Group (Cayman Islands) Limited [(4)]	1,160,991,050	1,169,067,180	2,330,058,230	87.935
Anglang Investments Limited	1,169,067,180	-	1,169,067,180	44.120

Notes:

(1) In April 2004, Mr Richard Li Tzar Kai transferred his entire beneficial interest in PCGH to Ocean Star Management Limited as trustee holding for and on behalf of The Ocean Unit Trust and The Starlite Unit Trust. All the issued units of each of The Ocean Unit Trust and The Starlite Unit Trust are held by Star Ocean Ultimate Limited as trustee for and on behalf of The Ocean Trust and The Starlite Trust respectively. Ocean Star Management Limited is the wholly-owned subsidiary of OS Holdings Limited. Ms Jenny W.L. Fung and Mr Lester Huang each holds more than 20% of the shares of OS Holdings Limited. Each of The Ocean Trust, The Starlite Trust, The Ocean Unit Trust, The Starlite Unit Trust, Ms Jenny W.L. Fung, Mr Lester Huang, OS Holdings Limited and Ocean Star Management Limited is deemed to have an interest in 2,347,042,230 shares in the Company through PCGH (see Note 2).

(2) PCGH has a direct interest in 200,000 shares in the Company. PCGH is also deemed to be interested in (i) the 16,784,000 shares held by its wholly-owned subsidiary, Borsington Limited (ii) the 1,169,067,180 shares held by Anglang Investments Limited and (iii) the 1,160,991,050 shares held by Pacific Century Group (Cayman Islands) Limited.

(3) Pacific Century International Limited is deemed to be interested in (i) the 1,169,067,180 shares held by Anglang Investments Limited and (ii) the 1,160,991,050 shares held by Pacific Century Group (Cayman Islands) Limited.

(4) Pacific Century Group (Cayman Islands) Limited is deemed to be interested in the 1,169,067,180 shares held by Anglang Investments Limited.

5. DIRECTORS' RECOMMENDATIONS

5.1 **The Proposed Adoption of the Shareholders Mandate**. The Directors who are considered independent for the purposes of the proposed adoption of the Shareholders Mandate are Messrs Francis Yuen Tin Fan, Peter A. Allen, Alexander Anthony Arena, Tom Yee Lat Shing, W. Michael Verge Ms Frances Wong Waikwun and Ms Laura Deal Lacey. Having considered the opinion of Provenance Capital, the Independent Directors are of the opinion that the proposed adoption of the Shareholders Mandate to permit entry into the Interested Person Transactions (as described in paragraph 5 of Appendix 1) between the PCRD Group (as described in paragraph 2 of Appendix 1) and certain Interested Persons (as described in paragraph 4 of Appendix 1) in the ordinary course of its business will enhance the efficiency of the PCRD Group and is in the best interests of the Company. For the reasons set out in paragraph 2 of Appendix 1, the Independent Directors recommend that Shareholders vote in favour of Ordinary Resolution No. 8, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2018 AGM.

The Independent Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder.

As different Shareholders would have different investment objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to the Shareholders Mandate should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

5.2 **The Proposed Renewal of the Share Purchase Mandate**. The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 9, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2018 AGM.

6. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 50 Raffles Place, #35-01, Singapore Land Tower, Singapore 048623, during normal business hours from the date of this Letter up to the date of the 2018 AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2017;

(b) the Constitution of the Company;

(c) the 2017 Letter;

(d) Provenance Capital's letter to the Independent Directors referred to in paragraph 2.3 above; and

(e) Provenance Capital's letter of consent referred to in paragraph 2.4 above.

The Annual Report of the Company for the financial year ended 31 December 2017 may also be accessed at the URL www.pcrd.com.

7. 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 Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

Yours faithfully
for and on behalf of
the Board of Directors of
PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Richard Li Tzar Kai
Chairman

THE SHAREHOLDERS MANDATE

1. Chapter 9 of the Listing Manual

1.1 Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. Under this Chapter, a listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for a transaction, when the value of that transaction alone or on aggregation with other transactions conducted with the same interested person during the financial year reaches, or exceeds, certain materiality thresholds.

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

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

1.3 Based on the latest audited consolidated financial statements of Pacific Century Regional Developments Limited ("**PCRD**" or the "**Company**") and its subsidiaries (the "**Group**") for the financial year ended 31 December 2017, the consolidated NTA of the Group was approximately S$1,415 million. In relation to PCRD, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited financial statements of the Group for the financial year ending 31 December 2018 are published, 5% of the latest audited consolidated NTA of the Group would be approximately S$71 million.

1.4 Chapter 9 of the Listing Manual, however, permits a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

1.5 Under the Listing Manual:

(a) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(b) (in the case of a company) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(c) (in the case of a company) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder means an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, means its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(d) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual; and

(e) an "**interested person transaction**" means a transaction between an entity at risk and an interested person.

2. Rationale for the Shareholders Mandate and Benefits to Shareholders

2.1 The PCRD Group (as defined below) engages in a diversified range of activities with interests in telecommunications and information technology, financial services, property and infrastructure investment and development.

2.2 Due to the diverse business interests and activities of the PCRD Group (as defined below), it is envisaged that in the ordinary course of their businesses, transactions between companies in the PCRD Group (as defined below) and PCRD's interested persons are likely to occur with some degree of frequency, and may arise from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the PCRD Group (as defined below) to PCRD's interested persons or the obtaining of goods and services from them for day-to-day operational needs.

2.3 In view of the time-sensitive nature of commercial transactions, the Shareholders Mandate pursuant to Chapter 9 of the Listing Manual will enable:

(a) PCRD;

(b) subsidiaries of PCRD (other than a subsidiary that is listed on the SGX-ST or an approved exchange, if any); and

(c) associated companies of PCRD (other than an associated company that is listed on the SGX-ST or an approved exchange, if any) over which the Group, or the Group and its interested person(s) has or have control,

(together, the "**PCRD Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions ("**Interested Person Transactions**") set out in paragraph 5 below with the specified classes of PCRD's interested persons (the "**Interested Persons**") set out in paragraph 4 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its Shareholders (excluding those who are Interested Persons) (the "**Minority Shareholders**").

2.4 The Shareholders Mandate, and its subsequent renewal thereafter on an annual basis, will enhance the ability of companies in the PCRD Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for PCRD to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the PCRD Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

2.5 The Shareholders Mandate is intended to facilitate transactions in the normal course of business of the PCRD Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

3. The Shareholders Mandate and Validity Period

3.1 The Shareholders Mandate covers a wide range of activities undertaken by the PCRD Group. These activities are set out in detail in paragraph 5 below.

3.2 The Shareholders Mandate does not cover an Interested Person Transaction which has a value that is below S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such an Interested Person Transaction.

3.3 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Shareholders Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.4 The adoption of the Shareholders Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto to be proposed at the Annual General Meeting to be held on 23 April 2018 until the next Annual General Meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Thereafter, it is intended that approval from Shareholders for subsequent renewals of the Shareholders Mandate will be sought at each subsequent Annual General Meeting of the Company.

4. Classes of Interested Persons

The Shareholders Mandate applies to Interested Person Transactions which are carried out with the following classes of Interested Persons:

(a) Pacific Century Group Holdings Limited ("**PCGH**") and its associates (as defined in the Listing Manual) (the "**PCGH Group**"); and

(b) Mr Richard Li Tzar Kai, a Director of PCRD, and any company in which he and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more.

The PCGH Group includes, but is not limited to, Pacific Century International Limited ("**PCIL**") and Pacific Century Group (Cayman Islands) Limited ("**PCG**"). PCG is a wholly-owned subsidiary of PCIL, which is in turn a wholly-owned subsidiary of PCGH.

It is anticipated that transactions (as described in paragraph 5 below) may arise between the PCRD Group and the PCGH Group, and/or the PCRD Group and Mr Richard Li and/or any company in which he and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more.

5. Interested Person Transactions

The Interested Person Transactions with the Interested Persons which are covered by the Shareholders Mandate, and the benefits to be derived therefrom, are set out below:

(a) Property-related Transactions

This category relates to the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the PCRD Group. The transactions within this category comprise:

(i) the leasing and/or rental of properties;

(ii) the provision of property maintenance and property management services; and

(iii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (ii) above,

(the "**Property-related Transactions**").

The PCRD Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The PCRD Group would also benefit from an additional source of revenue, as well as having access to competitive quotes from Interested Persons.

(b) Borrowings

This category of transactions pertains to the obtaining of financial assistance and services, including the borrowing of funds, from Interested Persons, as well as transactions that are undertaken by the PCRD Group in connection with the management of its funding requirements ("**Borrowings**").

The PCRD Group can benefit from competitive rates or quotes offered by Interested Persons, as well as by leveraging on the financial strength and credit standing of the Interested Persons in an expeditious manner.

(c) Group Management and Support Services

This category ("**Management and Support Services**") relates to transactions by the PCRD Group in connection with the provision to, or the obtaining from, Interested Persons of management and support services in the areas of finance, insurance, treasury, business development, management information systems, corporate secretarial services and human resources management and development services (including staff secondment).

The PCRD Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The PCRD Group would also benefit from an additional source of revenue, as well as having access to competitive quotes from Interested Persons.

6. Review Procedures for Interested Person Transactions

6.1 In general, there are procedures established by the PCRD Group to ensure that transactions with Interested Persons are undertaken on normal commercial terms consistent with the PCRD Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

(a) Property-related Transactions and Management and Support Services

In relation to Property-related Transactions and Management and Support Services, such Interested Person Transactions shall be entered into, where applicable, at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to third parties, or (in relation to services or products to be obtained from an Interested Person) are no less favourable than those extended by the Interested Person to third parties, on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

To determine whether the prices and terms offered to the Interested Person are no more favourable than those extended to third parties, rates and terms offered to at least two unrelated third parties for transactions of a similar nature, size or complexity are compared taking into account factors such as the availability of resources, expertise or manpower for the performance of the services or the provision of such goods and the existence of any cost and/or time saving factors.

To determine whether the terms offered by the Interested Person are fair and reasonable and no less favourable than those extended by the Interested Person to unrelated third parties, rates and terms offered by or generally quoted by at least two unrelated third parties who are engaged in providing similar services or products are compared.

For Property-related Transactions relating to the leasing and/or rental of properties, such comparison should also take into account the prevailing market rental rates for other properties within its vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.

In the event that comparison quotations cannot be obtained in respect of the Interested Person Transactions which involve the leasing of properties since the nature of real estate is such that there may be properties which are unique without a comparable benchmark, such Interested Person Transactions shall be entered into only after the senior executive(s) of the relevant company within the PCRD Group (having no interest, direct or indirect, in the transaction) has evaluated and has satisfied himself (including by reference to historical rent for comparable leases (based on information provided by consultants or otherwise)) of the reasonableness of the quantum of such rent for the leasing of properties offered to or by the Interested Person, and that such terms are fair and are not prejudicial nor disadvantageous to the PCRD Group.

Threshold Limits

In addition, the following review procedures will apply to Property-related Transactions and Management and Support Services:

(i) a transaction with a value equal to or less than:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, shall be reviewed and approved by a Director of the Company appointed by the Audit Committee from time to time for such purpose or, failing him, such other senior executive(s) designated by the Audit Committee from time to time for this purpose (having no interest, direct or indirect, in the transaction), and all such transactions shall be reviewed on a quarterly basis by the Audit Committee; and

(ii) a transaction with a value exceeding:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, shall be reviewed and approved by the Audit Committee prior to entering such an Interested Person Transaction.

(b) Borrowings

In relation to the borrowing of funds from any Interested Person by the PCRD Group, the Company will require that quotations be obtained from such Interested Person and at least two of the principal bankers of the PCRD Group for rates for loans from such bankers of an equivalent amount, and for an equivalent period, as the funds to be borrowed by the PCRD Group. The PCRD Group will only borrow funds from such Interested Person provided that the terms quoted are no less favourable to the PCRD Group than the terms quoted by such principal bankers.

Threshold Limits

Where the interest expense on any borrowing from an Interested Person when aggregated with the interest expense incurred by the PCRD Group on previous borrowings from the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) in the financial year exceeds:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, such (and each subsequent) borrowing from that Interested Person in the same financial year shall require the prior approval of the Audit Committee.

Borrowings from the same Interested Persons in respect of which the interest expense in aggregate does not exceed the limit set out above will be reviewed and approved by a Director of the Company appointed by the Audit Committee from time to time for such purposes or, failing him, such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose (having no interest, direct or indirect, in the transaction), and shall be reviewed on a quarterly basis by the Audit Committee.

If deemed necessary or desirable, the relevant member of the Board of Directors, Audit Committee or any senior executive of the Company designated by the Audit Committee from time to time (where applicable), may at his or their own discretion, at the expense of the Company, obtain independent advice from external or professional sources to facilitate their review and approval of an Interested Person Transaction.

6.2 A register will be maintained by PCRD to record all Interested Person Transactions and the basis (including the quotations obtained to support such basis) on which they are entered into pursuant to the Shareholders Mandate. The annual external audit plan of PCRD shall incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the Shareholders Mandate. The external auditors will review Interested Person Transactions to check, amongst other things, that the guidelines and review procedures for Interested Person Transactions have been adhered to and the relevant approvals have been obtained. The external auditors will report to the Audit Committee any non-compliance issues noted from the reviews.

6.3 The Audit Committee reviews Interested Person Transactions reports quarterly and the adequacy of internal control procedures on Interested Person Transactions to confirm that the guidelines and review procedures for Interested Person Transactions have been complied with.

6.4 In the event that a member of the Board of Directors, Audit Committee or any senior executive of the Company designated by the Audit Committee from time to time (where applicable) is interested in any Interested Person Transaction, he will abstain from any decision-making in respect of that transaction and the review, endorsement and approval of that transaction will be undertaken by the other members of the Board of Directors, Audit Committee or such other senior executive(s) designated by the Audit Committee from time to time for such purposes (having no interest, direct or indirect, in the transaction) (as the case may be).

7. Audit Committee's Statements

7.1 The Audit Committee (currently comprising Mr Tom Yee Lat Shing, Mr Francis Yuen Tin Fan and Ms Frances Wong Waikwun) has reviewed the terms of the Shareholders Mandate, as proposed to be adopted, and is satisfied that the review procedures for Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee (with management assistance) in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the relevant class of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

7.2 If as a result of any of the reviews by the Audit Committee, the Audit Committee forms the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient due to changes in the nature of, or manner in which, the business activities of the PCRD Group or the Interested Persons are conducted, PCRD will revert to Shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions always will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

8. Disclosure

8.1 PCRD will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders Mandate for the financial periods which PCRD is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

8.2 Disclosure will also be made in the annual report of PCRD of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders Mandate is in force, in accordance with the requirements of the Listing Manual.

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

5 April 2018

To: The Independent Directors of Pacific Century Regional Developments Limited
(deemed to be independent in respect of the 2018 Shareholders' Mandate)

Mr Francis Yuen Tin Fan	(Deputy Chairman and Independent Non-Executive Director)
Mr Peter A. Allen	(Group Managing Director and Executive Director)
Mr Alexander Anthony Arena	(Non-Executive Director)
Mr W. Michael Verge	(Non-Executive Director)
Mr Tom Yee Lat Shing	(Independent Non-Executive Director)
Ms Frances Wong Waikwun	(Independent Non-Executive Director)
Ms Laura Deal Lacey	(Independent Non-Executive Director)

Dear Sir/Madam,

PROPOSED ADOPTION OF THE 2018 SHAREHOLDERS' MANDATE

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the letter to shareholders dated 5 April 2018 ("**Letter to Shareholders**").*

1. INTRODUCTION

1.1 Pacific Century Regional Developments Limited ("**PCRD**" or "**Company**", and together with its subsidiaries, "**Group**") had in April 2010 obtained a shareholders' mandate to enable the Company, its subsidiaries and its associated companies, which are considered to be "entities at risk" ("**PCRD Group**") under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), to enter into certain specified interested person transactions ("**IPTs**") of a recurrent nature in the ordinary course of business with the interested persons ("**Interested Persons**") namely, (a) Pacific Century Group Holdings Limited ("**PCGH**"), the controlling shareholder of the Company, and its associates ("**PCGH Group**"); and (b) Mr Richard Li Tzar Kai ("**Mr Richard Li**"), a Director of the Company, and his associates.

The shareholders' mandates had been approved and renewed by shareholders of the Company ("**Shareholders**") at each subsequent annual general meeting ("**AGM**") of the Company until the AGM held in April 2016. As insufficient votes from Shareholders to pass the resolution for the mandate were obtained at the AGM, the shareholders' mandate was deemed lapsed.

At the AGM held on 31 March 2017, the Company attempted to re-instate the shareholders' mandate in substantially the same form with certain amendments and restrictions ("**2017 Shareholders' Mandate**"). Again, insufficient votes from Shareholders were obtained at the AGM for the re-instatement of the mandate, and accordingly, the ordinary resolution for the 2017 Shareholders' Mandate was not carried.

As the Company believes that having the flexibility to utilise the general mandate for potential future transactions with the Interested Persons will be beneficial to Shareholders, the Company intends to put forth the shareholders' mandate again, in substantially the same form as the 2017 Shareholders' Mandate. Hence, the Company is seeking Shareholders' approval at the forthcoming AGM to be held on 23 April 2018 for the adoption of the 2018 shareholders' mandate ("**2018 Shareholders' Mandate**").

1.2 Pursuant to Rule 920(1) of the Listing Manual, the 2018 Shareholders' Mandate is subject to the opinion of the Independent Financial Adviser ("**IFA**"). Provenance Capital Pte. Ltd. ("**Provenance Capital**") was previously appointed as the IFA for the 2017 Shareholders'

Mandate and our opinion on the 2017 Shareholders' Mandate was set out in our IFA letter dated 9 March 2017 attached as Appendix 2 to the Company's letter to Shareholders dated 9 March 2017.

For the purpose of the adoption of the 2018 Shareholders' Mandate, the Company has re-appointed us as the IFA as required under Rule 920(1) of the Listing Manual as well as to advise the directors of the Company who are deemed independent of the 2018 Shareholders' Mandate ("**Independent Directors**"), on whether the methods and procedures for determining the transaction prices of the IPTs are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

As in the previous shareholders' mandates, Mr Richard Li, who is the Chairman and Executive Director of the Company, is an Interested Person. Hence, he will abstain from deliberating and making any recommendation to Shareholders in respect of the 2018 Shareholders' Mandate as a Director of the Company and will also abstain from voting on the ordinary resolution relating to the proposed adoption of the 2018 Shareholders' Mandate.

In previous shareholders' mandates, Mr Peter A. Allen, who is the Group Managing Director and Executive Director of the Company, and also an Executive Director and Chief Financial Officer of the PCGH Group, had abstained from deliberating and voting on the ordinary resolutions in respect of the previous shareholders' mandates. We understand that such abstentions were voluntary and in the interests of good corporate governance. However, the Company had confirmed that Mr Peter A. Allen is not deemed as an associate of Mr Richard Li pursuant to the definition in the Listing Manual.

Mr W. Michael Verge was appointed as a non-executive Director of the Company on 11 August 2017. He is a consultant to the PCGH Group. The Company had also confirmed that Mr W. Michael Verge is not deemed as an associate of Mr Richard Li pursuant to the definition in the Listing Manual.

Accordingly, for the purpose of the 2018 Shareholders' Mandate, all the remaining Directors other than Mr Richard Li, namely, Mr Peter A. Allen, Mr Francis Yuen Tin Fan, Mr Alexander Anthony Arena, Mr W. Michael Verge, Mr Tom Yee Lat Shing, Ms Frances Wong Waikwun and Ms Laura Deal Lacey, are considered Independent Directors for the purpose of making a recommendation on the 2018 Shareholders' Mandate.

This letter ("**IFA Letter**") is therefore addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on the 2018 Shareholders' Mandate. This IFA Letter forms part of the Letter to Shareholders which provides, *inter alia*, the details of the 2018 Shareholders' Mandate and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA as required under Rule 920(1) of the Listing Manual as well as to advise the Independent Directors in respect of the 2018 Shareholders' Mandate. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the 2018 Shareholders' Mandate, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the 2018 Shareholders' Mandate for the approval of the Shareholders. We also do not, by this IFA Letter, warrant the merits of the 2018 Shareholders' Mandate, other than to express an opinion on whether the guidelines and review procedures as set out in the 2018 Shareholders' Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the 2018 Shareholders' Mandate or to compare its relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or which may otherwise be available to the Company currently or in the future, and we have not made

such evaluation or comments. Such evaluation or comments, if any, remains the responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

In rendering our opinion, we have held discussions with the Directors, the Management and/or their professional advisers (if applicable) and have examined and relied to a considerable extent on the information set out in the Letter to Shareholders, other publicly available information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Directors, Management and/or the professional advisers (where applicable). Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Nevertheless, we have made reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

The Directors (including those who may have delegated detailed supervision of the Letter to Shareholders) have confirmed that, having made all reasonable enquiries to the best of their respective knowledge and belief, information and representations provided by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and belief, all material information available to them in connection with the 2018 Shareholders' Mandate, the Company and/or the Group, have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Letter to Shareholders to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Letter to Shareholders in relation to the 2018 Shareholders' Mandate have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made reasonable enquiries and exercised judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We would like to highlight that all information relating to the Company and the Group which we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and Management and the professional advisers (where applicable). We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company or the Group at any time or as at 7 March 2018, being the Latest Practicable Date referred to in the Letter to Shareholders.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group. Such review or comments, if any, remain the responsibility of the Directors and Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this IFA Letter. We were also not required or authorised to obtain, and we have not obtained, any quotation or transaction price from third parties for the sale, purchase, provision or supply (where applicable) of services and/or products similar to those which are to be covered by the 2018 Shareholders'

Mandate, and therefore are not able to, and will not compare the transactions with similar transactions with third parties.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on publicly available information, disclosures and representations made by the Company on the value of the assets and liabilities, and profitability of the Company and/or the Group. We have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this IFA Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as at the Latest Practicable Date and the information and representations provided to us as at the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors and the Company, we have taken into account certain other factors and have made certain assumptions as set out in this IFA Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcements relevant to the 2018 Shareholders' Mandate which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder or any specific group of Shareholders. As each Shareholder may have different investment objectives and profiles, we recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Letter to Shareholders (other than this IFA Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review or verification of the Letter to Shareholders (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, whether expressed or implied, on the contents of the Letter to Shareholders (other than this IFA Letter).

Whilst a copy of this IFA Letter may be reproduced in the Letter to Shareholders, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes, at any time and in any manner, other than for the purpose of any matter relating to the 2018 Shareholders' Mandate, without the prior written consent of Provenance Capital in each specific case.

We have prepared this IFA Letter pursuant to Rule 920(1) of the Listing Manual as well as for the use of the Independent Directors in connection with their consideration of the 2018 Shareholders' Mandate and their advice to Shareholders. The recommendation made to Shareholders in relation to the 2018 Shareholders' Mandate remains the responsibility of the Independent Directors.

Our opinion in relation to the 2018 Shareholders' Mandate should be considered in the context of the entirety of this IFA Letter and the Letter to Shareholders.

3. THE 2018 SHAREHOLDERS' MANDATE

The details of the 2018 Shareholders' Mandate are set out in Appendix 1 to the Letter to Shareholders.

Based on the latest audited financial statements of the Group for the financial year ended 31 December 2017, the consolidated net tangible assets ("**NTA**") of the Group was S$1,415 million. The Company envisages that the IPTs with the Interested Persons of a recurrent nature in the ordinary course of business of the Group in the current financial year could exceed 5%

of the latest audited NTA of the Group of S$71 million. Accordingly, the Company is seeking Shareholders' approval for the 2018 Shareholders' Mandate at the forthcoming AGM.

3.1 Rationale for the 2018 Shareholders' Mandate

The rationale for earlier shareholders' mandates remain valid for the 2018 Shareholders' Mandate as the PCRD Group is engaged in a diversified range of activities with interests in telecommunications and information technology, financial services, property and infrastructure investment and development, and it is envisaged that in the ordinary course of its business, the PCRD Group may carry out certain IPTs with the Interested Persons with some degree of frequency. Such IPTs would include, but are not limited to, the provision of goods and services in the ordinary course of business of the PCRD Group to the Interested Persons or the obtaining of goods and services from them for day-to-day operational needs.

The 2018 Shareholders' Mandate, and its subsequent renewal thereafter on an annual basis, will enhance the ability of the PCRD Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for PCRD to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the PCRD Group into such IPTs. This will substantially reduce the expenses associated with the convening of general meetings on an *ad-hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

3.2 Classes of Interested Persons

As the 2018 Shareholders' Mandate is substantially the same as the 2017 Shareholders' Mandate, the classes of Interested Persons are:

(a) PCGH and its associates (as defined in the Listing Manual), collectively the PCGH Group; and

(b) Mr Richard Li, a Director of the Company, and any company in which he and his immediate family (as defined in the Listing Manual) together (directly and indirectly) have an interest of 30% or more.

The PCGH Group includes, but is not limited to Pacific Century International Limited ("**PCIL**") and Pacific Century Group (Cayman Islands) Limited ("**PCG**"). PCG is a wholly-owned subsidiary of PCIL, which is in-turn a wholly-owned subsidiary of PCGH.

Potential IPTs could arise between the PCRD Group and the PCGH Group, and/or the PCRD Group and Mr Richard Li and his associates as described in (b) above.

3.3 Categories of IPTs

The 2018 Shareholders' Mandate covers the same categories of IPTs as those proposed in the 2017 Shareholders' Mandate in the following broad categories:

(a) Provision to and obtaining from Interested Persons of products and services in relation to property-related transactions ("**Property-related Transactions**");

(b) Obtaining of financial assistance and services from Interested Persons in relation to borrowings ("**Borrowings**"); and

(c) Provision to and obtaining from Interested Persons in relation to management and support services ("**Management and Support Services**").

3.4 Guidelines and review procedures for the IPTs

The guidelines and procedures of the 2018 Shareholders' Mandate are substantially the same as the 2017 Shareholders' Mandate as the guidelines and procedures of the 2017

Shareholders' Mandate have already been fine-tuned with restrictions compared to the shareholders' mandate put forth for Shareholders' approval prior to 2017, the last being in 2016.

The key amendments to the 2017 Shareholders' Mandate compared to the last shareholders' mandate in 2016 are summarised below:

	2016 shareholders' mandate	**2017 Shareholders' Mandate**	**2018 Shareholders' Mandate**
Property-related Transactions	3% of NTA and above requires prior approval from Audit Committee	Exceeding 2% of NTA or S$20 million, whichever is lower, requires prior approval from Audit Committee	Same as 2017 Shareholders' Mandate
Borrowings – interest expense on borrowings from Interested Person	5% of NTA and above requires prior approval from Audit Committee	Exceeding 2% of NTA or S$20 million, whichever is lower, requires prior approval from Audit Committee	Same as 2017 Shareholders' Mandate
Management and Support Services	3% of NTA and above requires prior approval from Audit Committee	Exceeding 2% of NTA or S$20 million, whichever is lower, requires prior approval from Audit Committee	Same as 2017 Shareholders' Mandate
Annual review by internal auditor or external auditor	Internal auditor	External auditor	Same as 2017 Shareholders' Mandate

3.5 Validity period of the 2018 Shareholders' Mandate

If approved by Shareholders at the forthcoming AGM, the 2018 Shareholders' Mandate will be valid until the next AGM of the Company (unless revoked or varied by the Company in general meeting). Thereafter, it is intended that approval from Shareholders for subsequent renewals of the 2018 Shareholders' Mandate will be sought at each subsequent AGM of the Company.

3.6 Disclosures

The Company will announce the aggregate value of transactions conducted with the Interested Persons pursuant to the 2018 Shareholders' Mandate for the financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

Disclosure will also be made in the annual report of the Company of the aggregate value of IPTs conducted pursuant to the 2018 Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the 2018 Shareholders' Mandate is in force, in accordance with the requirements of the Listing Manual.

4. OPINION

As the guidelines and procedures of the 2018 Shareholders' Mandate are substantially the same as the 2017 Shareholders' Mandate, our previous opinion remains valid.

Accordingly, we are of the opinion that the guidelines and review procedures for determining the pricing and terms of the IPTs under the 2018 Shareholders' Mandate, as set out in Section 6 of Appendix 1 to the Letter to Shareholders, if adhered to, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter is prepared pursuant to Rule 920(1) of the Listing Manual and is addressed to the Independent Directors for the purpose of their consideration of the 2018 Shareholders' Mandate. The recommendation to be made by them to the minority Shareholders shall remain

their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Letter to Shareholders, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes, at any time and in any manner, other than for the purpose of any matter relating to the 2018 Shareholders' Mandate, without the prior written consent of Provenance Capital in each specific case.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

This page has been left blank intentionally.

This page has been left blank intentionally.

This page has been left blank intentionally.