

CIRCULAR DATED 16 JANUARY 2017

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of UPP Holdings Limited (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee, or the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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



UPP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 196700346M)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED ACQUISITION OF 18,908,208 COMMON SHARES REPRESENTING APPROXIMATELY 58.34% OF THE CAPITAL OF TAIGA BUILDING PRODUCTS LTD. FOR A PURCHASE CONSIDERATION OF CANADIAN DOLLARS 18,908,208 IN CASH;**
- (2) THE PROPOSED ACQUISITION OF CANADIAN DOLLARS 46,008,796.98 PRINCIPAL AMOUNT OF 14% UNSECURED SUBORDINATED NOTES ISSUED BY TAIGA BUILDING PRODUCTS LTD. (THE “TAIGA NOTES”) REPRESENTING APPROXIMATELY 35.71% OF THE OUTSTANDING TAIGA NOTES FOR A PURCHASE CONSIDERATION OF CANADIAN DOLLARS 52,910,116.53 IN CASH;**
- (3) THE PROPOSED BONUS WARRANTS ISSUE OF UP TO 836,667,121 WARRANTS (THE “BONUS WARRANTS”) FOR FREE, EACH BONUS WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE AT THE EXERCISE PRICE OF S\$0.37 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) BONUS WARRANT FOR EVERY ONE (1) EXISTING SHARE HELD BY THE COMPANY’S SHAREHOLDERS AS AT A BOOKS CLOSURE DATE TO BE DETERMINED BY THE DIRECTORS OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (4) THE PROPOSED SHARE PURCHASE MANDATE.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	29 January 2017 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	31 January 2017 at 10.30 a.m.
Place of Extraordinary General Meeting	:	Nordic Conference Room, 1st Floor No. 3 International Business Park Nordic European Centre Singapore 609927

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DEFINITIONS

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

- “AGM”** : The annual general meeting of the Company
- “Announcement”** : The announcement made by the Company on 5 October 2016 relating to the Proposed Bonus Warrants Issue
- “associate”** : In relation to an interested person who is a director, chief executive officer, substantial shareholder or controlling shareholder (being an individual), means:
- (i) his immediate family member (that is, the spouse, child, adopted child, step-child, sibling and parent) of such director, chief executive officer, substantial shareholder or controlling shareholder;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- and, in relation to a substantial shareholder or a controlling shareholder (being a company), an “associate” means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Berjaya Forest”** : Berjaya Forest Products (Luxembourg) S.A.R.L.
- “Berjaya NPA”** : The conditional note purchase agreement entered into between the Company, Berjaya Forest and Berjaya Corporation Berhad dated 5 October 2016 in relation to the proposed acquisition of C\$46,008,796.98 principal amount of Taiga Notes representing approximately 35.71% of the outstanding Taiga Notes for a purchase consideration of C\$52,910,116.53 in cash
- “Berjaya SPA”** : The conditional share purchase agreement entered into between the Company, Berjaya Forest and Berjaya Corporation Berhad dated 5 October 2016 in relation to the proposed acquisition of 12,669,808 Taiga Shares representing approximately 39.09% of the capital of Taiga for a purchase consideration of C\$12,669,808 in cash
- “Board”** : The board of Directors as at the date of this Circular

DEFINITIONS

- “Bonus Warrants”** : Up to 836,667,121 warrants, free of payment, in registered form to be allotted and issued by the Company pursuant to the Proposed Bonus Warrants Issue and (where the context admits) such additional warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms and conditions of the warrants as set out in the Deed Poll (any such additional warrants to rank equally and without preference with the warrants to be issued and for all purposes to form part of the same series of warrants constituted by the Deed Poll), each warrant entitling the holder thereof to subscribe for one (1) New Share at the Exercise Price, subject to the terms and conditions of the warrants as set out in the Deed Poll
- “Books Closure Date”** : The time and date to be determined by the Directors on which the Register of Members and Share Transfer Books will be closed to determine the provisional allotments of Bonus Warrants under the Proposed Bonus Warrants Issue
- “Business Day”** : Any day on which the Toronto Stock Exchange is open for business, except Saturdays, Sundays and statutory holidays in the province of British Columbia, Canada, Singapore or Malaysia
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 16 January 2017
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
- “Company”** : UPP Holdings Limited
- “Controlling Shareholder”** : A person who holds directly or indirectly 15% or more of the total number of issued Shares excluding Treasury Shares in the Company (unless the SGX-ST determines otherwise) or a person who in facts exercises control over the Company, as defined in the Listing Manual
- “Credit Agreement” or “Facility”** : The credit agreement entered into by Taiga as of 22 July 2010 and amended and restated as of 25 November 2013
- “Deed Poll”** : The deed poll to be executed by the Company for the purpose of constituting the Bonus Warrants (as the same may be amended or supplemented from time to time) and containing, amongst others, provisions for the protection of the rights and interests of Warrantholders
- “Directors”** : The directors of the Company as at the date of this Circular

DEFINITIONS

“EGM”	:	The extraordinary general meeting of the Company to be convened on 31 January 2017, notice of which is set out on pages 85 to 89 of this Circular
“EPS”	:	Earnings per Share
“ERP”	:	Enterprise Resource Planning information management system
“Exercise Period”	:	The period commencing on and including the date six (6) months from the listing of the Bonus Warrants on the SGX-ST and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Bonus Warrants, subject to the terms and conditions of the Bonus Warrants to be set out in the Deed Poll
“Exercise Price”	:	The sum payable in respect of each New Share to which the Warranholder will be entitled to subscribe for upon the exercise of a Bonus Warrant, which shall be S\$0.37, subject to certain adjustments in accordance with the terms and conditions of the Bonus Warrants as set out in the Deed Poll
“FY2015”	:	Financial year of the Company ended 31 December 2015
“Genghis”	:	Genghis S.à.r.l.
“Genghis SPA”	:	The conditional share purchase agreement entered into between the Company and Genghis dated 5 October 2016 in relation to the proposed acquisition of 6,238,400 Taiga Shares representing approximately 19.25% of the capital of Taiga for a purchase consideration of C\$6,238,400 in cash
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	5 January 2017, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“NTA”	:	Net tangible assets
“New Shares”	:	Up to 836,667,121 new Shares to be allotted and issued by the Company, credited as fully paid, upon the exercise of the Bonus Warrants, subject to and in accordance with the terms and conditions of the Bonus Warrants as set out in the Deed Poll

DEFINITIONS

“Off-Market Share Purchase”	:	A Share Purchase (if effected otherwise than on the SGX-ST) pursuant to an equal access scheme (as defined under Section 76C of the Companies Act) for the purchase of Shares from the Shareholders
“On-Market Share Purchase”	:	A Share Purchase effected on the SGX-ST through the ready market, through one or more duly licensed stockbrokers appointed by the Company for the purpose
“Proposed Acquisitions”	:	The Proposed Berjaya Acquisition and the Proposed Genghis Acquisition, collectively and each a “Proposed Acquisition”
“Proposed Berjaya Acquisition”	:	Proposed acquisition of Taiga Notes and Taiga Shares pursuant to the Berjaya NPA and the Berjaya SPA
“Proposed Bonus Warrants Issue”	:	Proposed bonus warrants issue by the Company on the basis of one (1) Bonus Warrant for every one (1) existing Share held by Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
“Proposed Genghis Acquisition”	:	Proposed acquisition of Taiga Shares pursuant to the Genghis SPA
“Proposed Transactions”	:	The Proposed Acquisitions, the Proposed Bonus Warrants Issue and the proposed Share Purchase Mandate collectively
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the Securities Accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or other distributions
“Registered Shareholders”	:	Shareholders with registered addresses in Singapore as at the Books Closure Date or those who have, at least three (3) Market Days, prior to the Books Closure Date, provided to the Company or CDP, as the case may be, with addresses in Singapore for the services of notices and documents
“Registrar”	:	The Registrar of Companies appointed under the Companies Act and includes any Deputy or Assistant Registrar of Companies
“Securities Account”	:	The securities account(s) maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent

DEFINITIONS

“ SGX-ST ”	:	Singapore Exchange Securities Trading Limited
“ Shareholders ”	:	The registered holders of Shares, except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to those Shares, mean the Depositors who have shares entered against their names in the Depository Register
“ Share Purchase ”	:	The purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate
“ Share Purchase Mandate ”	:	The general mandate to enable the Company to purchase or otherwise acquire its issued Shares
“ Shares ”	:	Ordinary shares in the capital of the Company
“ SIC ”	:	Securities Industry Council of Singapore
“ Substantial Shareholder ”	:	A person who has an interest in not less than 5% of the issued voting Shares
“ Taiga ”	:	Taiga Building Products Ltd.
“ Taiga Notes ” or “ Notes ”	:	14% unsecured subordinated notes in the capital of Taiga
“ Taiga Shares ” or “ Common Shares ”	:	Common shares in the capital of Taiga
“ Take-over Code ”	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
“ USA ” or “ United States ”	:	The United States of America
“ Warrant Certificates ”	:	The certificates (in registered form) to be issued in respect of the Warrants substantially in the form set out in the Deed Poll, as from time to time modified in accordance with the provisions set out therein
“ Warrantholders ”	:	Registered holders of Bonus Warrants, except where the registered holder is CDP, the term “ Warrantholders ” shall, in relation to such Bonus Warrants and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Bonus Warrants
“ C\$ ”	:	Canadian dollars, the lawful currency of Canada
“ S\$ ” and “ cents ”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

DEFINITIONS

The term “**Treasury Shares**” shall have the meaning ascribed to it in Section 4 of the Companies Act.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act or the Listing Manual or the Take-over Code or any statutory modification thereof, and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act or the Listing Manual or the Take-over Code or any such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in the tables in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In certain parts of this Circular, amounts denominated in C\$ have been converted into S\$ at an exchange rate of C\$1 to S\$1.04, which is the exchange rate as at 5 October 2016, being the date of the Berjaya SPA, the Berjaya NPA and the Genghis SPA.

The exchange rate above is for reference only. No representation is made by the Company that any amount in C\$ has been, could have been or could be converted at the above rate or any other rates at all.

LETTER TO SHAREHOLDERS

UPP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 196700346M)

Directors:

Tong Kooi Ong (Executive Chairman and Chief Executive Officer)
Koh Wan Kai (Executive Director)
Khoo Hsien Ming Kevin (Executive Director)
Gary Ho Kuat Foong (Lead Independent Director)
Ng Shin Ein (Independent Director)
Kalimullah Bin Masheerul Hassan (Independent Director)
Ong Pang Liang (Independent Director)

Registered Office:

1 Kim Seng Promenade
#13-10
Great World City West Tower
Singapore 237994

16 January 2017

To: The Shareholders of UPP Holdings Limited

Dear Sir/Madam

- (1) **THE PROPOSED ACQUISITION OF 18,908,208 COMMON SHARES REPRESENTING APPROXIMATELY 58.34% OF THE CAPITAL OF TAIGA BUILDING PRODUCTS LTD. FOR A PURCHASE CONSIDERATION OF CANADIAN DOLLARS 18,908,208 IN CASH;**
- (2) **THE PROPOSED ACQUISITION OF CANADIAN DOLLARS 46,008,796.98 PRINCIPAL AMOUNT OF 14% UNSECURED SUBORDINATED NOTES ISSUED BY TAIGA BUILDING PRODUCTS LTD. (THE "TAIGA NOTES") REPRESENTING APPROXIMATELY 35.71% OF THE OUTSTANDING TAIGA NOTES FOR A PURCHASE CONSIDERATION OF CANADIAN DOLLARS 52,910,116.53 IN CASH;**
- (3) **THE PROPOSED BONUS WARRANTS ISSUE OF UP TO 836,667,121 WARRANTS (THE "BONUS WARRANTS") FOR FREE, EACH BONUS WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE AT THE EXERCISE PRICE OF S\$0.37 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) BONUS WARRANT FOR EVERY ONE (1) EXISTING SHARE HELD BY THE COMPANY'S SHAREHOLDERS AS AT A BOOKS CLOSURE DATE TO BE DETERMINED BY THE DIRECTORS OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (4) **THE PROPOSED SHARE PURCHASE MANDATE.**

1. INTRODUCTION

The purpose of this Circular is to provide Shareholders with relevant information relating to, and explain the rationale of, the Proposed Transactions, as well as to seek the approval of the Shareholders for the Proposed Transactions.

The notice of the EGM relating to the Proposed Transactions is set out at pages 85 to 89 of this Circular.

LETTER TO SHAREHOLDERS

2. THE PROPOSED ACQUISITIONS

2.1 Background

On 5 October 2016, the Company announced that it had entered into the following agreements in respect of the Proposed Acquisitions:

- (a) the Berjaya SPA in relation to the proposed acquisition of 12,669,808 Taiga Shares held by Berjaya Forest representing approximately 39.09% of the capital of Taiga for a purchase consideration of C\$12,669,808 in cash;
- (b) the Berjaya NPA in relation to the proposed acquisition of C\$46,008,796.98 principal amount of Taiga Notes held by Berjaya Forest representing approximately 35.71% of the outstanding Taiga Notes for a purchase consideration of C\$52,910,116.53 in cash; and
- (c) the Genghis SPA in relation to the proposed acquisition of 6,238,400 Taiga Shares held by Genghis representing approximately 19.25% of the capital of Taiga for a purchase consideration of C\$6,238,400 in cash.

Completion of each of the abovementioned agreements is subject to and conditional upon various conditions, including, *inter alia*, the approval of Shareholders for the Proposed Acquisitions at the EGM.

The Proposed Genghis Acquisition referred to in Section 2.1(c) of the Circular above constitutes an interested person transaction as Genghis is an “interested person” and the Company is an “entity at risk” (both terms as defined in Chapter 9 of the Listing Manual). Please refer to Section 2.5 of the Circular for further details.

The Company intends to acquire a significant equity stake in Taiga to be able to at least equity account for its investment in Taiga. Assuming that Ordinary Resolution 1 (Proposed Berjaya Acquisition) is not approved by the Shareholders but Ordinary Resolution 2 (Proposed Genghis Acquisition) is passed, the Company will hold approximately 19.25% of the share capital of Taiga, which does not accord with the Company’s objective. Accordingly, Shareholders should note that the Ordinary Resolution 2 (the Proposed Genghis Acquisition) is subject to and contingent upon Ordinary Resolution 1 (the Proposed Berjaya Acquisition) being passed. This means that if Ordinary Resolution 1 is not passed, Ordinary Resolution 2 would not be passed.

In the event that Ordinary Resolution 1 (Proposed Berjaya Acquisition) is approved by the Shareholders but Ordinary Resolution 2 (Proposed Genghis Acquisition) is not passed, the Company will hold approximately 39.09% of the share capital of Taiga and approximately 35.71% of the outstanding Taiga Notes upon completion of the Proposed Berjaya Acquisition.

LETTER TO SHAREHOLDERS

2.2 The Proposed Acquisitions as a Major Transaction

The relative figures in relation to the Proposed Acquisitions computed on the applicable bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006 of the Listing Manual	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits.	245.27 ⁽¹⁾⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding Treasury Shares.	47.16 ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable

Notes:-

- (1) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items. The net profits attributable to the Taiga Shares and Taiga Notes being acquired are calculated based on Taiga's unaudited adjusted net profits of C\$17,752,000 (equivalent to S\$18,444,000) for the nine-month period ended 30 September 2016. Such net profits were adjusted based on the interest income attributable to the Company arising from the Company's acquisition of Taiga Notes. Taiga's unaudited net profits for the nine-month period ended 30 September 2016 was C\$14,186,000 (equivalent to approximately S\$14,739,000). The Group announced unaudited net profits of S\$7,520,000 for the nine month period ended 30 September 2016.
- (2) In relation to the relative figure under Rule 1006(b), Rule 1015(7) of the Listing Manual provides that Rule 1015 (which sets out the requirements in relation to very substantial acquisitions or reverse takeovers) does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b). Accordingly, since only the relative figure in Rule 1006(b) exceeds 100%, the Proposed Acquisitions do not constitute a very substantial acquisition.
- (3) The Company's market capitalisation is determined by multiplying the number of Shares in issue excluding Treasury Shares (836,667,121) by the weighted average price of the Shares on 4 October 2016 (being the market day immediately preceding the date of the Agreements) of S\$0.1897 per Share.

As the applicable relative figure computed under Rule 1006(c) of the Listing Manual exceeded 20%, the Proposed Acquisitions constitute a "major transaction" as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Acquisitions are conditional upon Shareholders' approval being obtained at the EGM.

LETTER TO SHAREHOLDERS

2.3 Information on Taiga

2.3.1 Background Information

Based on information publicly available in Canada and filed by Taiga on the System for Electronic Document Analysis and Retrieval (SEDAR) and/or as disclosed by Taiga on its corporate website:

- (a) Taiga was established in 1973 and is a public company incorporated in Canada and listed on the Toronto Stock Exchange since 1993. As at the Latest Practicable Date, it has (i) a total issued and paid-up ordinary share capital of C\$13,229,000 comprising 32,414,278 shares; and (ii) C\$128,834,000 principal amount of outstanding Taiga Notes, which are listed for trading on the Toronto Stock Exchange;
- (b) Taiga is a wholesale distributor of building materials. It also owns and operates 3 wood preservation plants that produce pressure-treated wood products. Taiga has 15 distribution centres in Canada and 2 distribution centres in California, USA. Taiga's products include panel products, mouldings, doors and other specialty products. It also exports its products to Pacific Rim countries, Central and South America, the Middle East and Europe. Its products are used to build homes and commercial installations;
- (c) the principal holders of the Taiga Shares (i.e. persons who beneficially owned, directly or indirectly, or exercised control or direction over Taiga Shares carrying more than 10% of the voting rights attached to all the Taiga Shares) as at the Latest Practicable Date are (i) Berjaya Forest, which holds 12,669,808 Taiga Shares representing approximately 39.09% of the capital of Taiga, and (ii) Genghis, which holds 6,238,400 Taiga Shares representing approximately 19.25% of the capital of Taiga; and
- (d) the principal holders of the Taiga Notes (i.e. persons who beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the outstanding Taiga Notes) as at 16 June 2016 are (i) Berjaya Forest, which holds C\$46,008,796.98 principal amount of Taiga Notes representing approximately 35.71% of the outstanding Taiga Notes, and (ii) Genghis, which holds C\$22,153,990 principal amount of Taiga Notes representing approximately 17.20% of the outstanding Taiga Notes.

2.3.2 Tax Audit Liability

The Canada Revenue Agency has issued a notice of reassessment to Taiga, seeking to increase withholding taxes paid by Taiga in relation to dividends paid or deemed to have been paid to Berjaya Forest and Genghis in connection with and subsequent to Taiga's corporate reorganization in 2005 (the "**Tax Audit Liability**"). The proposed reassessment for the Tax Audit Liability is up to approximately C\$41 million, including interest.

Taiga has formal written agreements with each of Berjaya Forest and Genghis that fully indemnify it from the Tax Audit Liability. As a consequence, the Tax Audit Liability is not expected to have any impact on Taiga's financial condition, results of operations or cash flows. Pursuant to the terms of the indemnities, Berjaya Forest and Genghis may elect to assume any action or defence of Taiga in connection with the foregoing. For the avoidance of doubt, no such indemnity is given by the Company to Taiga.

LETTER TO SHAREHOLDERS

2.3.3 Terms of the Taiga Notes

The Taiga Notes have been issued pursuant to the terms of a note indenture dated 1 September 2005 as amended by a first supplemental indenture dated 26 April 2006 and a second supplemental indenture dated 15 December 2006 (collectively, the “**Indenture**”). Taiga Notes are unsecured, bear interest at 14% per annum and mature on 1 September 2020. Interest on the Taiga Notes is payable on the 15th day following the end of each month as an annual interest sum divided by 12. The aggregate principal amount of the Taiga Notes that may be issued under the Indenture is unlimited.

Per the terms of the Indenture, payment of interest on the Taiga Notes may be deferred as follows:

- (a) prior to 1 September 2010, Taiga will be permitted, at its election, to defer interest payments on the Taiga Notes, if and for so long as certain conditions are met, unless a default in payment of interest, principal or premium, if any, on the Taiga Notes, has occurred and is continuing, or any other default event with respect to the Taiga Notes has occurred and is continuing and the Taiga Notes have been accelerated as a result of the occurrence of such default event (any such period, an “interest deferral period”). Interest payments deferred on the Taiga Notes prior to 1 September 2010 shall not be deferred for more than 24 months in the aggregate or beyond 1 September 2010; and
- (b) after 1 September 2010, Taiga may at its election defer interest payments on the Taiga Notes on not more than nine occasions for not more than eight months per occasion (each, an “interest deferral period”) if the Taiga’s board of directors determine in good faith that such deferral is reasonably necessary for bona fide cash management purposes, or to reduce the likelihood of or avoid a default on any indebtedness of Taiga or any Taiga subsidiary secured by a lien (which shall not include, as applicable, (i) any obligation of Taiga to any Taiga subsidiary, or of such subsidiary to Taiga or any other Taiga subsidiary, (ii) any liability for federal, state, provincial, local or other taxes owed or owing by Taiga or such Taiga subsidiary, (iii) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities), and (iv) any obligations with respect to any capital stock) (the “**Senior Indebtedness**”); provided no such deferral may be commenced and any ongoing deferral shall cease, if a default in payment of interest, principal or premium, if any, on the Taiga Notes has occurred and is continuing or any other default event with respect to the Taiga Notes has occurred and is continuing and the Taiga Notes have been accelerated as a result of the occurrence of such default event. No interest deferral period may commence unless and until all interest deferred pursuant to any preceding interest deferral period, together with interest thereon, has been paid in full.

Deferred interest on the Taiga Notes shall bear interest at the same rate as the stated rate on the Taiga Notes, compounded monthly, until paid in full. Following the end of any interest deferral period, Taiga shall resume monthly payments of interest on the Taiga Notes, including interest on deferred interest. All interest deferred prior to 1 September 2010, including interest accrued on deferred interest, must be repaid on or before 1 September 2010. All interest deferred after 1 September 2010, including interest accrued on deferred interest, must be repaid on or before the next to occur of the following dates: 1 September 2015 and 1 September 2020, provided that Taiga must pay all deferred interest and accrued

LETTER TO SHAREHOLDERS

interest thereon in full prior to deferring interest on a subsequent occasion. Taiga may prepay all or part of the deferred interest, at any time other than during an interest deferral period.

The Taiga Notes are subordinated in right of payment to the prior payment in full of all existing and future Senior Indebtedness of Taiga and termination of commitments with respect to the Senior Indebtedness.

Per Taiga's 2016 annual report, the terms, conditions and covenants of the Indenture were met during the year ended 31 March 2016. The Company has been informed by Taiga that Taiga has always met its obligations to the holders of the Taiga Notes.

As set out in the section "Creditworthiness" on page 28 of this Circular, the Taiga Notes are guaranteed by Taiga and its subsidiaries.

(a) Details of guarantee

Under the terms of the Indenture, the following Taiga subsidiaries jointly and severally irrevocably and unconditionally guaranteed to each holder of the Notes and to the trustee named in the Indenture and its successors and assigns (i) the full and punctual payment of all obligations of the Company under the Indenture and the Notes, whether for payment of principal of, premium (if any), or interest on, the Notes and all other monetary obligations of the Company under the Indenture and the Notes; and (ii) the full and punctual performance of all other obligations of the Company under the Indenture and the Notes:

- (i) Taiga Building Products (Sanger), LLC;
- (ii) Taiga Investment Company Ltd.;
- (iii) Taiga Distribution U.S.A. Limited Partnership;
- (iv) Taiga Building Products General Partnership;
- (v) 624858 B.C. Ltd;
- (vi) Taiga Building Products, LLC;
- (vii) Taiga Holdings, Inc;
- (viii) Taiga Building Products, Inc;
- (ix) 5488421 British Columbia Ltd; and
- (x) 548422 British Columbia Ltd.

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(b) Details of the Taiga subsidiaries

The details of the abovementioned Taiga subsidiaries (as provided by Taiga to the Company) are as follows:

- (i) Taiga Building Products (Sanger), LLC – it is wholly owned by Taiga Distribution USA Limited Partnership and runs Taiga’s Sanger California operations;
- (ii) Taiga Investment Company Ltd. – it is a 1% partner in Taiga Distribution U.S.A. Limited Partnership, and is wholly owned by Taiga;
- (iii) Taiga Distribution U.S.A. Limited Partnership – it is a partnership that is 99% owned by Taiga and 1% owned by Taiga Investment Company Ltd.;
- (iv) Taiga Building Products General Partnership – it is a partnership that runs the Canadian distribution operations. It is 99% owned by Taiga and 1% owned by 624858 B.C. Ltd which is a wholly-owned subsidiary of Taiga;
- (v) 624858 B.C. Ltd – it is a wholly owned subsidiary of Taiga;
- (vi) Taiga Building Products, LLC – it is a wholly owned subsidiary of Taiga;
- (vii) Taiga Holdings, Inc – it is a wholly owned subsidiary of Taiga Building Products, LLC;
- (viii) Taiga Building Products, Inc – it is a wholly-owned subsidiary of Taiga Holdings, Inc and operates Taiga’s Rocklin California operations;
- (ix) 5488421 British Columbia Ltd – it is an inactive shell company; and
- (x) 548422 British Columbia Ltd – it is an inactive shell company.

2.3.4 Key financial information on Taiga

(a) Key financial information for the past 3 financial years

The financial highlights in respect of Taiga as extracted from Taiga’s annual report for the financial years ended 31 March 2016, 31 March 2015 and 31 March 2014 are set out in the table below.

For the 12 months ended 31 March	2016 IFRS⁽¹⁾	2015 IFRS⁽¹⁾	2014 IFRS⁽¹⁾
Sales and Income (C\$000’s)			
Sales	1,364,322	1,348,718	1,194,259
Gross Margin	117,015	114,998	96,810
Cash flow from operations	67,155	22,634	27,006
Net earnings	11,720	11,080	5,076

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For the 12 months ended 31 March	2016 IFRS ⁽¹⁾	2015 IFRS ⁽¹⁾	2014 IFRS ⁽¹⁾
Common Share Data			
Weighted average number of Common Shares outstanding	32,414,278	32,414,278	32,414,278
Cash flow from operations per Common Share ⁽²⁾	\$2.07	\$0.70	\$0.83
Net earnings per Common Share ⁽²⁾	0.36	0.34	0.16
Financial Positions (C\$000's)			
Working capital	89,502	80,909	65,534
Total assets	305,612	347,383	315,840
Long term liabilities (excluding Subordinated Notes)	31,670	36,128	36,806
Subordinated Notes	128,834	128,834	128,834
Total capital expenditures	1,602	1,353	4,571
Shareholders' Deficiency	26,543	38,920	53,272
Other Data⁽³⁾			
Return on sales	0.86%	0.82%	0.43%
Ratio of current assets to current liabilities	1.52:1	1.37:1	1.32:1
Inventory turnover – times per year	8.58	7.82	7.16
Day sales outstanding	36.14	34.28	38.97
% of operating expense to sales	6.0%	6.1%	6.2%

Notes:-

- (1) The financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which is the required reporting framework for Canadian publicly accountable enterprises, and is expressed in Canadian dollars;
- (2) Calculated using the weighted average number of Common Shares outstanding.
- (3) For the purposes of the information provided under this heading:
 - (i) "Return on sales" represents net earnings divided by sales;
 - (ii) "Inventory turnover" represents cost of sales divided by average inventory;
 - (iii) "Day sales outstanding" represents 365 days divided by annual sales divided by average accounts receivable; and
 - (iv) "% of operating expense to sales" represents the total expenses excluding income tax, subordinated debt interest and other income or expense divided by sales.

(b) Latest interim results announced by Taiga

The unaudited condensed interim consolidated financial statements of Taiga for the three and six months ended 30 September 2016 are set out in **Appendix IV** of this Circular. Information to explain the key trends in the financial results for the three and six months ended 30 September 2016 is set out in **Appendix V** of this Circular, which contains Taiga's Management Discussion and Analysis for such period.

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2.4 Value of Taiga

Based on the audited accounts of Taiga for the financial year ended 31 March 2016, the negative net tangible asset value and the negative net asset value of Taiga are both C\$26,543,000. The Company understands that Taiga's net asset value is negative due to the deficit created when the Taiga Notes and Taiga Shares were issued as stapled units to Taiga's shareholders in 2005 as part of Taiga's corporate reorganisation, which involved a swap of Taiga's then outstanding common shares for such stapled units. Taiga did not raise any cash proceeds from such corporate reorganization as the valuation for the Taiga Notes was higher than shareholders' equity. The aggregate issue price of the Taiga Notes was accordingly charged to the retained earnings of Taiga to offset the liability generated by the Taiga Notes.

The price and the historical trading volume of (i) the Taiga Shares; and (ii) the Taiga Notes for the 1-month period, 3-month period, 6-month period and 12-month period on the Toronto Stock Exchange immediately prior to 5 October 2016 (being the date of the signing of the Berjaya SPA, the Berjaya NPA and the Genghis SPA) are as follows:

Taiga Shares

	Volume weighted average price (C\$)	Highest closing price (C\$)	Lowest closing price (C\$)	Total trading volume (No. of Taiga Shares)
Last 1 month	1.01	1.05	1.00	100,713
Last 3 months	0.97	1.06	0.85	580,837
Last 6 months	0.93	1.06	0.76	932,902
Last 12 months	0.89	1.06	0.75	1,312,454

Source: <https://tradingdata.tsx.com/>

Taiga Notes

	Volume weighted average price per C\$100 principal amount of Notes (C\$)	Highest closing price per C\$100 principal amount of Notes (C\$)	Lowest closing price per C\$100 principal amount of Notes (C\$)	Total trading volume per C\$100 principal amount of Notes
Last 1 month	114.50	115.50	111.50	936
Last 3 months	114.60	117.50	111.37	9,235
Last 6 months	111.80	117.50	109.00	25,030
Last 12 months	111.26	117.50	108.00	39,544

Source: <https://tradingdata.tsx.com/>

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The market value of Taiga's shares as at the day immediately preceding the Latest Practicable Date (as determined by the simple average of the closing market price of Taiga's shares traded on the Toronto Stock Exchange for each business day on which there was a closing price in the 20 business days preceding the Latest Practicable Date) was C\$1.02.

As at the Latest Practicable Date, the market value of Taiga Notes as determined by the closing market price of the Taiga Notes traded on the Toronto Stock Exchange on the day immediately preceding the Latest Practicable Date was C\$114.00 per C\$100 principal amount of Notes. Each Taiga Note was issued in 2005 in the principal amount of C\$5.32 based on an original issue of 32,205,680 Taiga Notes.

The purchase price of each Taiga Share that the Company proposes to acquire from Berjaya Forest and Genghis respectively is C\$1.00, and the purchase price for the Taiga Notes that the Company proposes to acquire from Berjaya Forest is C\$115.00 per C\$100.00 principal amount of outstanding Taiga Notes.

No valuation was conducted in relation to the Taiga Shares and/or the Taiga Notes.

2.5 Proposed Genghis Acquisition as an interested person transaction

Genghis has informed the Company that Genghis acquired the relevant Taiga Shares and Taiga Notes in late 2003 and 2005 respectively. Following from the Company's discussion to acquire the Taiga Shares and Taiga Notes from Berjaya Forest, the Company decided to explore the possibility of acquiring Taiga Shares from Genghis to enable the Company to own more than 50% of the share capital of Taiga.

The Company did not offer to acquire Genghis' Taiga Notes, and neither did Genghis offer its Taiga Notes for sale to the Company.

As disclosed by the Company in its announcement dated 5 October 2016 relating to the Proposed Acquisitions, Genghis is controlled by a trust of which Tong Kooi Ong, a director of the Company, is the sole beneficiary. Accordingly, Tong Kooi Ong is the beneficial owner of (i) 6,238,400 Taiga Shares representing approximately 19.25% of the capital of Taiga and (ii) C\$22,153,990 principal amount of the Taiga Notes representing approximately 17.20% of the outstanding Taiga Notes. Tong Kooi Ong is also the chairman and a director of Taiga. His son, Ian Tong, is a director of Taiga as well.

Genghis, being an associate of Tong Kooi Ong, is an "interested person" in relation to the Company, and the Company is an "entity at risk" (both terms as defined in Chapter 9 of the Listing Manual). As the Company will be acquiring Genghis' interest in Taiga, the Proposed Genghis Acquisition will involve a transaction between the Company (as an entity at risk) and Genghis (as an interested person).

Based on the latest audited consolidated financial statements of the Group for FY2015, the audited consolidated NTA attributable to the Shareholders was approximately S\$178,157,000. For the purposes of Rule 906 of the Listing Manual, the value of the Proposed Genghis Acquisition of C\$6,238,400 (equivalent to S\$6,487,936 based on the exchange rate of rate of C\$1 to S\$1.04, which is the exchange rate as at 5 October 2016) is approximately 3.6% of the latest audited consolidated NTA of the Group. As such, as the value of the Proposed Genghis Acquisition is less than 5% of the latest consolidated NTA of the Group, it is not subject to Shareholders' approval for the purposes of Chapter 9 of the

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Listing Manual. Nevertheless, for good governance, the Proposed Genghis Acquisition will be subject to the approval of Shareholders who are independent of Tong Kooi Ong and his associates (such Shareholders, the “**Independent Shareholders**”).

Pursuant to Rule 917(4) of the Listing Manual, the Audit and Risk Management Committee of the Company, having considered the terms of the Genghis SPA, is of the view that the Proposed Genghis Acquisition is on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders for the following reasons:

- (a) the Proposed Genghis Acquisition is on normal commercial terms as the purchase consideration for the relevant Taiga Shares was agreed to by the Company and Genghis;
- (b) the Proposed Genghis Acquisition is after negotiations on an arm’s length basis with reference to the market price of the Taiga Shares; and
- (c) the Proposed Genghis Acquisition is beneficial for Shareholders as such acquisition is earnings accretive and is expected to generate sustainable positive cashflow to the Company.

Save for the Proposed Genghis Acquisition, there were no transactions with any interested persons in the current financial year as at the Latest Practicable Date.

Tong Kooi Ong has informed the Company that Genghis will continue to hold Taiga Notes following the Proposed Genghis Acquisition.

2.6 Principal Terms of the Proposed Acquisitions

2.6.1 Purchase Consideration

The aggregate purchase consideration for the Proposed Berjaya Acquisition is C\$65,579,924.53. The purchase consideration for the Proposed Genghis Acquisition is C\$6,238,400. The aggregate consideration for the Proposed Acquisitions is C\$71,818,324.53.

The purchase consideration for each of the Proposed Acquisitions was arrived at based on arm’s length negotiations, taking into consideration, amongst others, the market value of Taiga Shares and Taiga Notes, as well as Taiga’s earnings.

The purchase consideration for the Taiga Shares represents an attractive net price/earnings ratio of 2.8 times based on the audited accounts of Taiga for the financial year ended 31 March 2016. The Company also took into account that for the amount of the purchase consideration it is paying for the Taiga Notes, the Taiga Notes will generate the Company a before tax yield of 12.2%.

Taiga’s negative net tangible asset value and negative net asset value of C\$26,543,000 (based on the audited accounts of Taiga for the financial year ended 31 March 2016) attributable to 58.34% of the share capital of Taiga to be purchased by the Company are both C\$15,485,000. The purchase price of C\$1.00 for each Taiga Share represents a discount of 0.99% over the closing price of C\$1.01 of each Taiga Share as at the day immediately preceding 5 October 2016. The purchase price of C\$115.00 per C\$100.00

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principal amount of outstanding Taiga Notes represents a premium of 1.77% over the closing price of C\$113.00 per C\$100.00 principal amount of outstanding Taiga Notes as at the day immediately preceding 5 October 2016.

The consideration payable to Berjaya Forest on completion of the acquisitions of Taiga Shares and Taiga Notes under each of the Berjaya SPA and the Berjaya NPA will be made in cash. The consideration payable to Genghis on completion of the proposed acquisition of Taiga Shares under the Genghis SPA will also be made in cash.

2.6.2 Source of Funds for the Proposed Acquisitions

The aggregate consideration for the Proposed Acquisitions is expected to be satisfied from the internal cash flows of the Company and external borrowings.

Approximately S\$30 million of the aggregate consideration is intended to be funded by external borrowings.

2.6.3 Guarantee

Berjaya Forest is an indirect wholly-owned subsidiary of Berjaya Corporation Berhad. Berjaya Corporation Berhad has agreed to guarantee all present and future obligations, liabilities, debts, payments and undertakings, direct or indirect, absolute or contingent, of Berjaya Forest to the Company arising under the Berjaya SPA and the Berjaya NPA, as the case may be, including the payment of any and all amounts which may become due or payable by Berjaya Forest to the Company under the Berjaya SPA or Berjaya NPA, as the case may be, for any reason.

2.6.4 Conditions Precedent for the Proposed Berjaya Acquisition

(a) Berjaya SPA

Pursuant to the terms of the Berjaya SPA, completion of the acquisition of Taiga Shares from Berjaya Forest is subject to and conditional upon, *inter alia*, the following conditions precedent being satisfied in full on or before the date that is the third Business Day following the satisfaction or waiver of the conditions precedent, as the case may be:

- (i) the Company having received the approval of the Shareholders authorizing the proposed acquisition of Taiga Shares from Berjaya Forest in accordance with the laws of the jurisdiction governing its corporate existence and the rules and policies of the SGX-ST;
- (ii) the requisite approval from the Canadian Competition Bureau in respect of the proposed acquisition of Taiga Shares from Berjaya Forest having been obtained;
- (iii) where required, approval of the proposed acquisition of Taiga Shares from Berjaya Forest by the SGX-ST, and where approval from SGX-ST is obtained subject to any conditions which may be imposed by the SGX-ST, such conditions being acceptable to the Company, acting reasonably;

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- (iv) the written consent of the syndicate of lenders led by JPMorgan Chase Bank pursuant to the Credit Agreement to the change of controlling shareholder of Taiga as contemplated under the Berjaya SPA;
 - (v) a written consent of Taiga pursuant to the tax indemnity agreement between Berjaya Forest and Taiga dated 9 March 2015 to the sale and transfer of the Taiga Shares by Berjaya Forest to the Company, and where Taiga's consent is obtained subject to any conditions which may be imposed by Taiga, such conditions being acceptable to the Company, acting reasonably; and
 - (vi) all third party consents, approvals, authorizations and waivers required by a change of control of Taiga, whether under the applicable law, contract or otherwise, and where the consent, approval, authorization or waiver of a third party is obtained by Taiga subject to any conditions which may be imposed by the third party, such conditions being acceptable to the Company, acting reasonably.
- (b) Berjaya NPA

Pursuant to the terms of the Berjaya NPA, completion of the acquisition of Taiga Notes from Berjaya Forest is subject to and conditional upon, *inter alia*, the following conditions precedent being satisfied in full on or before the date that is the third Business Day following the satisfaction or waiver of the conditions precedent, as the case may be:

- (i) the Company having received the approval of the Shareholders authorizing the proposed acquisition of Taiga Notes from Berjaya Forest in accordance with the laws of the jurisdiction governing its corporate existence and the rules and policies of the SGX-ST;
- (ii) where required, approval of the proposed acquisition of Taiga Notes from Berjaya Forest by the SGX-ST, and where approval from SGX-ST is obtained subject to any conditions which may be imposed by the SGX-ST, such conditions being acceptable to the Company, acting reasonably;
- (iii) the Company, Berjaya Forest and Berjaya Corporation Berhad shall have completed the transactions contemplated by the Berjaya SPA; and
- (iv) a written consent of Taiga pursuant to the tax indemnity agreement between Berjaya Forest and Taiga dated 9 March 2015 to the sale and transfer of Berjaya Forest's Taiga Notes to the Company, and where Taiga's consent is obtained subject to any conditions which may be imposed by Taiga, such conditions being acceptable to the Company, acting reasonably.

2.6.5 Conditions Precedent for the Proposed Genghis Acquisition

Pursuant to the terms of the Genghis SPA, completion of the Proposed Genghis Acquisition is subject to and conditional upon, *inter alia*, the following conditions precedent being satisfied in full on or before the date that is the third Business Day following the satisfaction or waiver of the conditions precedent, as the case may be:

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- (a) the Company having received the approval of the Shareholders authorizing the Proposed Genghis Acquisition in accordance with the laws of the jurisdiction governing its corporate existence and the rules and policies of the SGX-ST;
- (b) the requisite approval from the Canadian Competition Bureau in respect of the Proposed Genghis Acquisition having been obtained;
- (c) where required, approval of the Proposed Genghis Acquisition by the SGX-ST, and where approval from SGX-ST is obtained subject to any conditions which may be imposed by the SGX-ST, such conditions being acceptable to the Company, acting reasonably;
- (d) a written consent of Taiga pursuant to the tax indemnity agreement between Genghis and Taiga dated 9 March 2015 to the sale and transfer of the Taiga Shares by Genghis to the Company, and where Taiga's consent is obtained subject to any conditions which may be imposed by Taiga, such conditions being acceptable to the Company and Genghis, acting reasonably; and
- (e) the acquisition of Taiga Shares pursuant to the Berjaya SPA shall be completed prior to or simultaneously with the completion of the transactions contemplated by the Genghis SPA.

2.6.6 Completion

Completion of the acquisition of Taiga Notes pursuant to the Berjaya NPA is conditional upon the completion of the sale and purchase of the Taiga Shares under the Berjaya SPA.

Completion of the acquisition of Taiga Shares pursuant to the Genghis SPA is conditional upon the transactions contemplated by the Berjaya SPA being completed prior to or simultaneously with the completion of the transactions contemplated by the Genghis SPA.

It is envisaged that completion of the Proposed Acquisitions shall take place simultaneously. The Taiga Shares and Taiga Notes will be held directly by the Company or via a subsidiary of the Company upon completion of the Proposed Acquisitions.

2.7 **Rationale for the Proposed Acquisitions**

The Directors believe that the Proposed Acquisitions are beneficial to the Group as this is earnings accretive, and would enable the Group to undertake a separate line of business as well as expand its geographical presence beyond Southeast Asia.

The principal activities of the Company are investment holding and providing management services. The Group is principally engaged in the manufacturing and the selling of paper and paper/packaging products. It is also involved in a gas generating power plant project in Yangon (Ywama) Myanmar, to supply electricity to the national grid.

The Group's main assets are a pulp and paper mill in Malaysia and a power plant in Myanmar and it has geographical presence in Singapore, Malaysia and Myanmar.

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Taiga has been in the same business for 43 years, and has created a viable business as the largest wholesale distributor of building materials in Canada, with annual sales of over C\$1.3 billion. Taiga has 15 distribution centres in Canada and 2 distribution centres in the United States.

Based on Taiga's annual report for the financial year ended 31 March 2016, 90.1% of Taiga's consolidated net sales for the year, equivalent to C\$1,229,039,000, was derived from the Canadian market, while the remaining 9.9% of its consolidated net sales, equivalent to C\$135,283,000, came from the United States market. Taiga's consolidated net sales from the Canadian market also includes its export sales amount of C\$262,700,000, which were primarily to the United States and Asia. Taiga does not disclose the geographical breakdown of its profits in its annual reports.

2.8 Risk Factors

Shareholders should recognise that there are various risks relating to Taiga and the ownership by the Company of the Taiga Shares and the Taiga Notes. These risks, which are extracted from Taiga's Annual Information Form dated 17 June 2016 (which was filed on SEDAR), are set out below.

The risks described below are not intended to be exhaustive. There may be additional risks not presently known to Taiga, or that Taiga currently considers immaterial. If any of factors and/or uncertainties described below develops into actual events, the business, financial condition, or liquidity and results of operations of Taiga, and the ability of Taiga to make distributions on the Taiga Shares and Taiga Notes, or the value of the Taiga Shares and Taiga Notes, could be materially adversely affected.

For avoidance of doubt, references to the "the Company" in the extract below refers to Taiga.

"Dependence on market and economic conditions

Demand for Taiga's products depends significantly on the residential construction market and home improvement market. The level of activity in these markets depends on many factors, including the general demand for housing, interest rates, availability of financing, housing affordability, levels of unemployment, shifting demographic trends, gross domestic product growth, consumer confidence, changes in the rate of housing starts, and other general economic conditions, which are beyond Taiga's control. Also, since such markets are sensitive to cyclical changes in the economy, future downturns in the economy or lack of further improvement in the economy could have a material adverse effect on Taiga's financial condition and results of operations.

Liquidity risks

Taiga's ability to make scheduled payments of its obligations depends on its successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors, many of which are beyond Taiga's control.

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The Company's ability to maintain compliance with certain of its debt covenants under the Facility depends on the borrowing base connected to a defined percentage of accounts receivable and inventories, which is subject to the Company's future financial and operating performance.

The Company's ability to meet its future debt service and other obligations may depend in significant part on the extent to which the Company can successfully implement its business growth and cost management strategies. The Company cannot provide any assurance that it will be able to implement its strategy fully or that the anticipated results of its strategy will be realized. The Company expects to meet future cash requirements in part through the Facility.

In 2009, disruptions in the United States, Canada and other credit markets adversely affected the availability of credit and the financial markets in general. Although improving, housing starts and the residential housing markets have not yet returned to the pre-crisis level. Future financial disruptions affecting the United States and Canadian markets, both generally and the housing markets specifically, could have a material adverse effect on Taiga's operations, liquidity and financial results.

Tax risk

Taiga believes that it is in material compliance with all applicable federal, provincial and state income tax legislation in Canada and the United States. However income tax returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of Taiga, such reassessment may have an impact on current and future taxes payable.

Taiga is subject to ongoing examination by tax authorities in each jurisdiction in which it has operations. Taiga regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for current and deferred income taxes, as well as the provision for indirect, withholding and other taxes as well as related penalties and interest. This assessment relies on estimates and assumptions, which involves judgements about future events. It also relies on interpretations of tax law, including general anti-avoidance provisions (GAAR), and prior experience. New information may become available that causes Taiga to change its judgment regarding the adequacy of its provisions related to income and other taxes and other changes will be recorded prospectively in the period that such determinations are made. There is no assurance that adequate provisions have been or will be made by Taiga to fully cover its possible exposure to tax related liabilities, and any material tax reassessment may have a material adverse impact on Taiga's liquidity, financial condition and results of operation. Taiga has entered into indemnity agreements with its major shareholders in order to mitigate the risk of reassessments against Taiga in respect of certain withholding tax determinations. Although Taiga has no reason to believe that the terms of such agreements shall not be adhered to, any default or material delay in performance by the major shareholders could result in a material adverse effect on Taiga's cash flows, results of operations and financial condition in the event of a material tax reassessment.

Sales and Margin Risk and Fluctuations in Commodity Prices

Taiga's profitability depends on its ability to maintain and grow sales to its customers and to sustain its profit margins. If Taiga's operating costs increase or if the prices for which Taiga is able to sell its products fall, its sales or margins, or both, will be adversely affected.

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Taiga's sales volumes are affected by general economic conditions impacting the housing industry, competition as well as its relationships with customers and suppliers. Adverse changes in any one of these factors can significantly reduce Taiga's sales volumes.

Commodity prices fluctuate with market supply and demand and other factors, and these fluctuations can be volatile. Taiga's profitability is directly influenced by the cost of certain commodity products, such as plywood, oriented strand board, panel boards and dimension lumber. The prices of such commodity products are beyond the control of Taiga. Sudden changes in commodity prices may adversely impact Taiga's operating results. There can be no assurance that Taiga's producers or manufacturers will continue to have these commodity products available to them at reasonable prices or that significant increases in the costs of such commodities will not materially adversely affect Taiga's operations.

Supply of Commodities

Dimension lumber and panel products are important components of Taiga's product mix. Due to political and environmental restrictions on logging in North America, the availability of adequate lumber supply in the future could adversely affect Taiga's growth. Taiga's policy of buying from as many established producers as possible, and its practice of establishing a number of supply arrangements are both designed to ensure continued supply, but there can be no assurance that such measures will reduce the risk of limited supply in the future.

Supply-Side Risks

Taiga distributes building products produced or supplied by a number of major suppliers. Taiga currently does not have long term contracts with any of its major suppliers and many of its arrangements with its suppliers are not contained in written agreements. Although Taiga believes that it has access to similar products from competing suppliers, any disruption in Taiga's sources of supply, or any material fluctuation in the quality, quantity or cost of such supply, could have a material adverse effect upon Taiga's results of operations and financial condition.

In addition, many of Taiga's suppliers and other service providers have unionized work forces. If one or more of Taiga's suppliers or service providers experience a material work stoppage or slow down, it could materially adversely affect Taiga's ability to secure sufficient inventory and therefore could materially adversely affect its business, financial condition, results of operations and cash flows. Also, supply shortages occur at times as a result of unanticipated demand, production difficulties or delivery delays. In such cases, building material and commodity suppliers often allocate products among distributors. Therefore, future supply shortages may occur from time to time and may have a short term material adverse effect on Taiga's results of operations and financial conditions.

Commodity Price Risk

The wholesale building products distribution industry is characterized by large sales volumes and low gross margins. It is highly sensitive to price, quality, timeliness of delivery and continuity of supply. In addition, the demand for some of Taiga's products is cyclical and prices can change rapidly.

Taiga's buying practices are designed to minimize the risk of rapidly changing prices, although there can be no assurance that such practices will actually reduce risk. Generally, Taiga does not hedge its inventory risk through the purchase of lumber futures contracts.

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Substantially all purchases are made based on current orders and anticipated sales, and most sales are made from inventory or against product on order. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and anticipated customer demand. Although Taiga strives to reduce the risk associated with price changes by maximizing inventory turnover, Taiga maintains significant quantities of inventory, which is affected by fluctuating prices.

Currency Risk

The performance of the Canadian dollar compared to the US dollar presents a certain valuation risk for inventories purchased specifically for United States markets. Taiga does not generally hedge these inventories with United States exchange forwards, relying instead on rapid inventory turnover. Taiga continually monitors exchange trends and currently does not have a material economic foreign currency exposure, however, there can be no assurance that exchange rate fluctuations will not adversely affect Taiga's financial position and profitability going forward.

Credit Risk

Taiga extends to its customers credit, which is generally unsecured. Taiga has credit management procedures in place to mitigate the risk of losses due to the insolvency or bankruptcy of customers. The Company regularly reviews customer credit limits, monitors the financial status of customers, and assesses the collectibility of accounts receivable. However, risk exists that some customers may not be able to meet their obligations and the loss of a large receivable would have a significant negative impact on Taiga's profitability.

The Company is also exposed to credit risk from the potential default by any of its counterparties on the interest swap and lumber futures contracts. The Company mitigates this credit risk by dealing with counterparties who are established major financial institutions. Taiga evaluates potential counterparties in advance of entering into such agreements and deals only with parties it anticipates will satisfy their obligations under the contracts.

Environmental Risk

Taiga's operations are subject to a wide range of general and industry-specific environmental laws and regulations imposed by federal, provincial and local authorities in Canada and the United States, including those governing the use, storage, handling, generation, treatment, emission, release, discharge and disposal of certain hazardous materials and wastes, and the remediation of contaminated soil and groundwater. Taiga may be subject to liability for the investigation and remediation of environmental contamination (including contamination caused by other parties) at properties that it owns or operates and at other properties where it or its predecessors have operated or arranged for the disposal of hazardous substances. Failure to comply with applicable environmental requirements, including permits related thereto, could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of equipment or remedial actions, any of which could result in significant expenditures or reduced results of operations. Management believes that Taiga is in material compliance with all applicable environmental laws and regulations and Taiga incurs capital and operating expenditures in the ordinary course to maintain such compliance. However, future events such as any changes in these laws and regulations, or any change in their interpretation or enforcement,

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the discovery of currently unknown conditions, or future claims or remediation activities, may give rise to additional expenditures, liabilities or cleanup requirements beyond management's current expectations. Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Taiga has made provisions for known claims and expected remediation, but such costs are uncertain and there is a risk that Taiga's provisions will not be sufficient. These future events could have a material adverse effect on Taiga's business, financial condition, results of operations and cash flows.

Interest Risk

Taiga utilizes significant leverage to finance day-to-day operations. The interest cost of the Facility is predominately prime-based. Increased interest rates will increase Taiga's operating costs and may reduce net profit after income tax. Taiga monitors current interest rates and selectively utilizes interest rate swap agreements.

Competition

Taiga faces competition from one or more competitors in all geographic areas where it sells products. Taiga competes with many local, regional and national distributors as well as producers that engage in direct sales. Taiga's competition varies by product line, customer classification and geographic market.

The highly competitive market in which Taiga conducts its business may require it to reduce its prices from time to time. If competitors offer discounts on certain products or services in an effort to capture or gain market share or to sell other products, Taiga may lower prices or offer other favourable terms in order to compete successfully. Any such changes could reduce Taiga's margins and adversely affect operating results.

Competitors may provide price guarantees. This practice could, over time, limit the prices that Taiga charges for its products. If Taiga cannot offset price reductions with a corresponding increase in sales or with reduced expenses, then Taiga's margins and operating results would be adversely affected.

Some of the companies that compete with Taiga have greater financial and other resources than those of Taiga or may have access to government incentives, labour or products that are not available to Taiga. There can be no assurance that Taiga's principal competitors will not be successful in capturing, or that new competitors will not emerge and capture, a share of Taiga's present or potential customer base.

In addition, it is possible that some of Taiga's suppliers or customers could become competitors of Taiga if they decide to distribute their own building products and bypass distributors like Taiga. This risk could be increased as a result of the recent consolidation by both producers and retailers of building products, who may be encouraged to deal directly rather than through distributors. Furthermore, if one or more of Taiga's competitors were to merge or partner with another of its competitors, the change in the competitive landscape could adversely affect Taiga's ability to compete effectively. Competitors may also establish or strengthen relationships with parties with whom Taiga has relationships, thereby limiting Taiga's ability to distribute certain products. Disruptions in Taiga's business caused by these events could reduce its revenues.

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Seasonal and Cyclical Nature of Taiga's Business

The business of Taiga is, to a significant degree, seasonal and cyclical, and fluctuates in advance of the normal building season. Inventory is built up during the first and fourth quarters of the calendar year in anticipation of the building seasons, and the busy selling season begins in the last half of the first quarter and extends to the end of the third quarter of the calendar year. Additionally, Taiga is subject to the normal economic cycle, the housing cycle and to macroeconomic factors, such as interest rates. Although Taiga anticipates that these seasonal and cyclical fluctuations will continue in the foreseeable future, it is seeking to reduce their impact on its operations and sales.

Product Liability Claims

Taiga may from time to time be subject to claims for damages resulting from defects in products that it distributes. Product liability claims, even if unsuccessful, may result in significant litigation costs to defend such claims as well as other costs incurred to remedy the problem, which could substantially increase Taiga's expenses. Taiga believes that it maintains adequate insurance coverage for risks of product liability claims.

New Regulations

With the exception of the application of environmental regulations, in particular those affecting the treatment of Taiga's treated wood products, Taiga's business is currently subject to few laws and regulations. Generally, there are laws that regulate credit practices, transporting products, importing and exporting products and employment. Such laws, regulations and related rules and policies are administered by various federal, state, provincial, municipal, regional and local agencies and other governmental authorities. New laws affecting Taiga's business could be enacted or changes to existing laws could be implemented, each of which might have a significant impact on Taiga's business. Failure of Taiga to comply with applicable laws and regulations may subject Taiga to civil or regulatory proceedings which may have a material adverse effect on its financial condition and results of operations. As Taiga may expand its United States operations in the future, the potential for greater risk due to greater exposure of Taiga to United States regulations would also increase accordingly.

Dependence on Key Personnel

Taiga is dependent on the continued services of its senior management team, and its ability to retain other key personnel. Although Taiga believes that it could replace such key employees in a timely fashion should the need arise, the loss of such key personnel could have a material adverse effect on Taiga. Although Taiga does not have a unionized workforce, there can be no assurance that there will not be any labour disruptions, or that Taiga will not incur higher labour costs in the future, either of which could materially adversely affect Taiga's business, financial condition, results of operations and cash flows. Furthermore, as part of Taiga's growth strategy, Taiga may need to hire additional highly qualified individuals, including finance, sales and marketing personnel. There can be no assurance that Taiga will be able to attract, assimilate or retain qualified personnel in the future, which would adversely affect its ability to distribute new product lines and increase revenues.

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Information Systems Risk

Taiga's operations depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as expenses for the purpose of mitigating the risk of potential failures. Taiga operates an enterprise wide information system and accounting system that are designed to provide information to Taiga's management which is expected to be used to enhance financial controls and to develop sales and marketing strategies. The failure of such systems could adversely impact Taiga's results of operations. Taiga also relies on third party vendors to support, maintain and upgrade its ERP and other systems. Failure by such vendors to provide the necessary support could disrupt Taiga's operations. If Taiga were unable to convert to alternative systems in a timely manner, which could have a material adverse impact on Taiga's results of operations. There can therefore be no assurance that the new systems will provide the information and benefits expected by management.

Availability of Future Financing

Taiga expects that going forward its principal sources of funds will be cash generated from its operating activities, proceeds from the sale and leaseback transaction completed in February 2014 and borrowing capacity remaining under the Facility or future credit facilities. Taiga believes that these funds will provide it with sufficient liquidity and capital resources to meet its current and future financial obligations, as well as to provide funds for its financing requirements, capital expenditures and other needs for the foreseeable future. Despite its expectations, however, Taiga may require additional equity or, beyond the Facility, debt financing to meet its cash requirements and financial obligations. Such financing may not be available when required or may not be available on commercially favourable terms or on terms that are otherwise satisfactory to Taiga.

Level of Dividends

The board of directors of the Company may, in its discretion, amend or repeal the Company's dividend policy. The Company's board of directors may decrease the level of dividends provided for in the Company's dividend policy or entirely discontinue the payment of dividends.

While the Company is contractually obligated to make interest payments on the Notes, subject to certain deferral provisions, cash distributions by Taiga on the Common Shares are not guaranteed and will fluctuate with the performance of the business of Taiga at the discretion of the board of directors.

Creditworthiness

The perceived creditworthiness of the Company and its respective subsidiaries that have guaranteed the Notes may affect the market price or value and the liquidity of the common shares and subordinated notes."

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2.9 Financial Effects of the Proposed Acquisitions

The financial effects of the Proposed Acquisitions on the Group set out below are for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Acquisitions on the NTA per Share and the EPS, nor do they represent the actual financial position and/or results of the Group immediately after the completion of the Proposed Acquisitions.

The financial effects of the Proposed Acquisitions have been prepared based on the following assumptions:

- (a) the financial effects of the Proposed Acquisitions have been computed based on the audited consolidated financial statements of the Group for FY2015 and on Taiga's unaudited consolidated financial statements for the period from 1 January 2015 to 31 December 2015;
- (b) for the purpose of computing the financial effects of the Proposed Acquisitions on the NTA per Share, the Proposed Acquisitions are assumed to have been completed on 31 December 2015; and
- (c) for the purpose of computing the financial effects of the Proposed Acquisitions on the EPS, the Proposed Acquisitions are assumed to have been completed on 1 January 2015.

2.9.1 Earnings per Share

	Before the Proposed Acquisitions	After the Proposed Acquisitions
Net profit attributable to the shareholders of the Company (S\$'000)	12,785	20,954
Number of Shares	836,667,121	836,667,121
EPS (cents)	1.53	2.50

2.9.2 NTA per Share

	Before the Proposed Acquisitions	After the Proposed Acquisitions
NTA attributable to the shareholders of the Company (S\$'000)	178,157	143,733
Number of Shares	836,667,121	836,667,121
NTA per Share (cents)	21.29	17.18

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2.9.3 Gearing

For illustrative purposes only, the effect of the Proposed Acquisitions on the gearing ratio of the Group for FY 2015, assuming that the Proposed Acquisitions had been effected at the end of the financial year are as follows:

	Before the Proposed Acquisitions	After the Proposed Acquisitions
Total Borrowings (S\$'000)	–	168,467 ⁽¹⁾
Total Shareholders' Equity (S\$'000)	178,157	178,157
Gearing (times)	N.A.	0.95

Note:–

- (1) Includes the borrowings of approximately S\$23 million to be taken up by the Company to finance the Proposed Acquisitions (which would have been the amount to be borrowed if the Proposed Acquisitions had taken place on 31 December 2015) and the borrowings of Taiga (which will become a subsidiary of the Company upon completion of the Proposed Acquisitions) of approximately S\$145,248,000 as at 31 December 2015.

2.10 **No Service Contracts**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisitions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

3. **THE PROPOSED BONUS WARRANTS ISSUE**

3.1 **Background**

On 5 October 2016, the Company announced a Proposed Bonus Warrants Issue of up to 836,667,121 Bonus Warrants, each Bonus Warrant carrying the right to subscribe for one (1) New Share at the exercise price of S\$0.37 for each New Share, on the basis of one (1) Bonus Warrant for every one (1) existing Share in the capital of the Company held by the Shareholders as the Books Closure Date.

As at the Latest Practicable Date, the issued and paid-up share capital of the Company was S\$140,578,423 comprising 836,667,121 Shares (the “**Existing Issued Share Capital**”). The Company does not hold any Treasury Shares.

The Company has an option scheme, known as the “UPP Employee Share Option Scheme”. As at the Latest Practicable Date, no options have been granted under the option scheme.

Based on the Existing Issued Share Capital, the Proposed Bonus Warrants Issue will comprise up to 836,667,121 Bonus Warrants. Assuming that all the Bonus Warrants issued are exercised and 836,667,121 New Shares are issued and allotted, the share capital of the Company would increase to 1,673,334,242 Shares.

A tentative timetable in connection with the Proposed Bonus Warrants Issue is set out in **Appendix I** of this Circular.

The Company has not issued securities for cash in the past 24 months from the Latest Practicable Date.

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3.2 Terms of the Bonus Warrants

The Bonus Warrants will be issued free to Registered Shareholders.

Each of the Bonus Warrant will entitle the holder thereof to subscribe for one (1) New Share at the Exercise Price. Shareholders are to note that the Bonus Warrants are only exercisable during the period commencing on and including the date six (6) months from the listing of the Bonus Warrants on the SGX-ST and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Bonus Warrants, subject to adjustments under certain circumstances as provided for under the terms and conditions of the Bonus Warrants to be set out in the Deed Poll. Any Bonus Warrant which remains unexercised at the end of the Exercise Period shall thereafter lapse and cease to be valid for all purposes. In other words, the Bonus Warrants cannot be exercised during the first six (6) months immediately after the issue of such Bonus Warrants. This is in view of the exemption accorded under Regulation 24(1) of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005, which exempts the Company from issuing any prospectus, profile statement or offer information statement in relation to, and for the purpose of, the issue of Bonus Warrants structured in this manner.

The right to exercise the Bonus Warrants will not be extended beyond the Exercise Period. The Exercise Price for each Bonus Warrant is S\$0.37, representing a premium of approximately 94.7% to the last transacted price of S\$0.19 per Share on the SGX-ST on 4 October 2016, being the Market Day immediately preceding the date of the Announcement and a premium of approximately 29.8% to the last transacted price of S\$0.285 per Share on the SGX-ST as at the Latest Practicable Date.

The New Shares arising from the exercise of the Bonus Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares and with each other, except that the New Shares will not be entitled to any dividends, rights, allotments or other distributions the Record Date of which falls before the date of completion of the issue of the New Shares.

Based on the Proposed Bonus Warrants Issue, up to 836,667,121 Bonus Warrants will be issued and a full exercise of the said number of Bonus Warrants would result in the issue and allotment of 836,667,121 New Shares. The gross proceeds arising from the full exercise of 836,667,121 Bonus Warrants would be S\$309,566,834.

Fractional entitlements to the Bonus Warrants (if any) which are disregarded and not allotted to Registered Shareholders will be aggregated and sold on the SGX-ST for the benefit of the Company or otherwise dealt with in such manner as the Directors may, in their absolute discretion deem fit.

The principal terms of the Bonus Warrants are set out in **Appendix II** of this Circular.

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3.3 Eligibility of Shareholders to Participate in the Proposed Bonus Warrants Issue

(1) Registered Shareholders

Registered Shareholders, being Shareholders with registered addresses in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Company or CDP, as the case may be, with addresses in Singapore for the purpose of service of notices and documents will be eligible to participate in the Proposed Bonus Warrants Issue.

The Bonus Warrants will be offered to all Registered Shareholders whose names appear in the Register of Members of the Company or whose names appear in the Depository Register of CDP, as the case may be, as at the Books Closure Date. Registered Shareholders will be issued free Bonus Warrants on the basis of their shareholdings as at the Books Closure Date.

All dealings in and transactions of the Bonus Warrants will be effected under the book-entry (scripless) settlement system. Accordingly, the certificates for the Bonus Warrants to be issued to Registered Shareholders (not being Depositors) will not be valid for delivery pursuant to trades done on the SGX-ST.

Registered Shareholders (not being Depositors) are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the Bonus Warrants.

(2) Foreign Shareholders

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Bonus Warrants will not be issued to Shareholders with registered addresses outside Singapore and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**").

If practicable, the Company may, at its discretion, arrange for such Bonus Warrants, which would otherwise have been allotted to Foreign Shareholders, to be sold on the SGX-ST, and the net proceeds arising therefrom to be dealt with in such way as the Directors may in their absolute discretion deem fit.

3.4 Rationale for the Proposed Bonus Warrants Issue

The Directors believe that the Proposed Bonus Warrants Issue will reward Shareholders for their continued participation in and support for the Company by providing Shareholders with an opportunity to increase their equity participation in the Company and participate in the future growth of the Company. In addition, the proceeds arising from the exercise of the Bonus Warrants will potentially increase the Company's capital base, strengthen its balance sheet and provide additional financial flexibility to the Company and its subsidiaries.

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3.5 Use of Proceeds arising from the Exercise of the Bonus Warrants

Assuming that all the Bonus Warrants issued are exercised within the Exercise Period, the gross proceeds arising from the full exercise of 836,667,121 Bonus Warrants would be S\$309,566,834. The estimated net proceeds from the exercise of the Bonus Warrants, after deducting estimated expenses of the Proposed Bonus Warrants Issue, will amount to approximately S\$309,466,834. Such proceeds may, at the discretion of the Directors, be applied towards potential acquisitions, joint ventures, strategic alliances and/or working capital requirements of the Company and its subsidiaries.

As and when any significant amount of such proceeds is deployed, the Company will make the necessary announcements and subsequently provide a status report on the use of such proceeds in the Company's annual report. Pending the deployment of such proceeds for the uses identified above, such proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

3.6 Conditions for the Proposed Bonus Warrants Issue

The Company has obtained in-principle approval from the SGX-ST on 6 January 2017 for the listing of and quotation for up to 836,667,121 Bonus Warrants and up to 836,667,121 New Shares arising from the Proposed Bonus Warrants Issue on the SGX-ST, subject to, *inter alia*, the following conditions:

- (a) compliance with the listing requirements of the SGX-ST; and
- (b) Shareholders' approval for the Proposed Bonus Warrants Issue;
- (c) a written confirmation that the Proposed Bonus Warrants Issue is in compliance with the relevant provisions of the Companies Act;
- (d) a written confirmation from the Company that there is a satisfactory spread of warrant holders (at least 100) to provide an orderly market for the Bonus Warrants in compliance with Rule 826 of the Listing Manual;
- (e) a written undertaking from the Company that it will comply with Rule 704(30) of the Listing Manual in relation to the use of proceeds arising from the exercise of the Bonus Warrants and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in its annual report;
- (f) a written undertaking from the Company to announce any adjustment made pursuant to Rules 829(1), (2) and (3) of the Listing Manual;
- (g) a written undertaking from the Company that it will comply with Rules 830 and 831 of the Listing Manual; and
- (h) a written undertaking from the Company to disclose the restricted exercise period of the Bonus Warrants in all announcements made by the Company related to the Bonus Warrants and in all its financial results announcements until such time the restriction no longer applies.

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The Company had, by way of an undertaking letter to the SGX-ST dated 9 January 2017, complied with items (c), (d), (e), (f), (g) and (h) above.

The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Proposed Bonus Warrants Issue, the Bonus Warrants, the New Shares, the Company and/or its subsidiaries.

3.7 Financial effects of the Proposed Bonus Warrants Issue

Based on the unaudited financial statements of the Company and the Group for nine (9) months ended 30 September 2016 (“FP2016”), the financial effects of the Proposed Bonus Warrants Issue are as follows:–

(1) Share Capital

The effects of the Proposed Bonus Warrants Issue on the issued and paid-up share capital of the Company are set out below:–

	Number of Shares	S\$'000
Issued and paid-up share capital as at 30 September 2016	836,667,121	140,578
Issued and paid-up share capital as at the Latest Practicable Date	836,667,121	140,578
Issued and paid-up share capital before the Proposed Bonus Warrants Issue	836,667,121	140,578
Number of New Shares assuming full exercise of the Bonus Warrants	836,667,121	309,567
Enlarged issued and paid-up share capital assuming full exercise of the Bonus Warrants	1,673,334,242	450,145

(2) NTA

The effects of the Proposed Bonus Warrants Issue on the NTA per Share of the Group are as follows:–

NTA as at 30 September 2016 (S\$'000) (unaudited)	172,114
Add : Proceeds arising from the full exercise of the Bonus Warrants at the Exercise Price (S\$'000)	309,567
NTA adjusted pursuant to the issue of the Bonus Warrants and assuming full exercise of the Bonus Warrants at the Exercise Price (S\$'000)	481,681
Number of Shares as at the Latest Practicable Date	836,667,121
NTA per Share prior to the Proposed Bonus Warrants Issue (cents)	20.57
NTA per Share adjusted pursuant to the issue of the Bonus Warrants and assuming full exercise of the Bonus Warrants at the Exercise Price (cents)	28.78

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(3) EPS

The effects of the Proposed Bonus Warrants Issue on the EPS of the Group are as follows:–

Profit after tax attributable to Shareholders for 9 months ended 30 September 2016 (S\$'000) (unaudited)	7,099
Number of Shares as at the Latest Practicable Date	836,667,121
EPS prior to the Proposed Bonus Warrants Issue (cents)	0.84
Number of Shares adjusted pursuant to the issue of the Bonus Warrants and assuming full exercise of the Bonus Warrants	1,673,334,242
EPS adjusted pursuant to the issue of the Bonus Warrants and assuming full exercise of the Bonus Warrants (cents)	0.42

(4) Gearing

The effects of the issue of the Bonus Warrants on the gearing of the Group would have been as follows:–

	As at 30 September 2016 (S\$'000)	Assuming full exercise of the Bonus Warrants at the Exercise Price (S\$'000)
Total borrowings ⁽¹⁾	–	–
Cash and cash equivalents	51,336	360,903
Shareholders' funds ⁽¹⁾	172,114	481,681
Gross gearing ⁽¹⁾ (times)	–	–
Net gearing ⁽¹⁾ (times)	-0.298	-0.749

Note:–

- (1) The expression “total borrowings” means all interest-bearing debts of the Company. The expression “Shareholders' funds” refers to the aggregate of paid-up share capital and other reserves and share premium of the Company and excludes minority interests. “Gross gearing” is computed based on the ratio of “Total borrowings” to “Shareholders' funds” and “Net gearing” is computed based on the ratio of “Total borrowings” less “Cash and cash equivalents” to “Shareholders' funds”.

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4. THE PROPOSED SHARE PURCHASE MANDATE

4.1 The Share Purchase Mandate

The Companies Act allows companies to purchase their own shares, stocks and preference shares in the manner stated in the Companies Act if their constitutions allow them to do so. Article 17 of the constitution of the Company expressly permits the Company to purchase or otherwise acquire, *inter alia*, its issued Shares.

It is proposed that a general and unconditional mandate be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of the Share Purchase Mandate. Accordingly, the Company intends to table the proposal at the EGM to seek Shareholders' approval for the Share Purchase Mandate.

The Share Purchase Mandate, if approved by Shareholders at the EGM, will remain in force until (i) the date on which the next AGM of the Company is held or required by law to be held (when it will lapse unless it is renewed); or (ii) the date on which the Share Purchase is carried out to the full extent mandated, whichever is the earlier unless prior to that, it is varied or revoked by resolution of the Shareholders in general meeting.

4.2 Rationale for the Share Purchase Mandate

The proposed Share Purchase Mandate will give the Company the flexibility to undertake Share Purchases at any time, subject to market conditions, during its validity period. The Directors believe that the Share Purchase Mandate will provide the Company with a mechanism to facilitate the return of any surplus cash in excess of the Group's working capital requirements in an expedient and cost-efficient manner. The Directors further believe that Share Purchases may also buffer short-term share price volatility and offset the effects of share price speculation. Where Shares are purchased by the Company and are held as Treasury Shares, it will also enable the Company to transfer the Treasury Shares for the purposes of the Company's employees' share option scheme.

If and when circumstances permit, the Directors will decide whether to effect the Share Purchases via On-Market Share Purchases or Off-Market Share Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Share Purchases would be made only as and when the Directors consider it to be in the best interests of the Company and in appropriate circumstances which the Directors believe will not result in any material adverse effect on the liquidity and the orderly trading of the Shares, as well as the financial condition of the Group.

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4.3 Authority and Limits on the Share Purchase Mandate

The authority and limits placed on the Share Purchases under the proposed Share Purchase Mandate are set out below:–

4.3.1 Maximum number of Shares

- (a) Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. In accordance with Rule 882 of the Listing Manual, the total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares) as at the date of the EGM at which approval for the proposed Share Purchase Mandate is being sought (the “**Approval Date**”). Under the Companies Act, any Shares which are held as Treasury Shares will be disregarded for the purpose of computing the 10% limit.
- (b) For illustrative purposes only, on the basis of 836,667,121 issued Shares as at the Latest Practicable Date, and assuming that no further Shares are issued prior to the EGM, not more than 83,666,712 Shares (representing 10% of the total number of issued Shares as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in Section 4.3.2(a) below.

4.3.2 Duration of Authority

- (a) Share Purchases may be made, at any time and from time to time, on and from the Approval Date up to:–
 - (i) the date on which the next AGM is held or required by law to be held; or
 - (ii) the date on which the Share Purchases are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,whichever is the earliest.
- (b) The authority conferred on the Board by the Share Purchase Mandate to purchase Shares may be renewed at the next AGM or at an EGM to be convened immediately after the conclusion or adjournment of the next AGM.

4.3.3 Manner of Share Purchases

- (a) Share Purchases may be made by way of:–
 - (i) an On-Market Share Purchase; and/or
 - (ii) an Off-Market Share Purchase.

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- (b) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, an Off-Market Share Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:–
- (i) offers under the scheme are to 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 to them; and
 - (iii) the terms of all the offers shall be the same, except that there shall be disregarded:–
 - (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.
- (c) In addition, the Listing Manual provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:–
- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptance;
 - (iii) the reasons for the proposed Share Purchase;
 - (iv) the consequences, if any, of Share Purchases that will arise under the Take-over Code or other applicable take-over rules;
 - (v) whether the Share Purchase, if made, could affect the listing of the Shares on the SGX-ST;
 - (vi) details of any Share Purchases made by the Company during the previous 12 months (whether On-Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

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4.3.4 Maximum Purchase Price

- (a) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.
- (b) However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:–
 - (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
 - (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares,(the “**Maximum Price**”).
- (c) For the above purposes, “**Average Closing Price**” means the average of the closing market prices of a Share over the last 5 Market Days, on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Share Purchase and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days.

4.4 **Status of purchased Shares under the Share Purchase Mandate**

Under Section 76B of the Companies Act, any Share which is purchased shall, unless held as a Treasury Share, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on cancellation. All Shares purchased by the Company, unless held as Treasury Shares, will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. 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.

Some of the provisions on Treasury Shares under the Companies Act are summarised below:–

(a) Maximum Holdings

The number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of issued Shares; and the Company shall be entered in the Register of Members or the Depository Register, as the case may be, as the member holding those Shares.

(b) 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 in respect of Treasury Shares and the Treasury Shares shall be treated as having no voting rights.

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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 the Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Share into Treasury Shares of a greater or smaller number, as the case may be, is allowed so long as the total value of the Treasury Shares after the sub-division or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time:–

- (i) sell the Treasury Shares (or any of them) for cash;
- (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, whether for the Company's employees, directors or other persons;
- (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares (or any of them); or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

The Shares purchased under the Share Purchase Mandate will be held as Treasury Shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares, stating the following:–

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of Treasury Shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

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4.5 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve or renew the Share Purchase Mandate, as the case may be, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall lodge with the Registrar a notice of Share Purchase within 30 days of such Share Purchase. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Treasury Shares held, the Company's issued share capital before and after the purchases, the amount of consideration paid by the Company for the purchases, whether the Shares were purchased out of the profits or the capital of the Company and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the Companies Act, the Company shall lodge with the Registrar a notice of the cancellation or disposal of Treasury Shares with such particulars as may be required in the prescribed form.

4.6 Source of Funds

The Company may only apply funds for the Share Purchases in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash and in the case of an On-Market Share Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its Share Purchases.

The Companies Act stipulates that any purchases of Shares may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the Share Purchases is made out of profits, such consideration will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. However, where the consideration paid by the Company for the Share Purchases is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced. The Companies Act further stipulates that a payment for such purchase of shares shall include any expenses (including brokerage or commission) incurred directly in the purchase.

4.7 Financial Effects

The financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, whether the Share Purchases are made by way of On-Market Share Purchases or Off-Market Share Purchases, the price paid for such Shares and whether the Shares are held in treasury or cancelled.

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For illustrative purposes only, the financial effects on the Company and the Group arising from the Share Purchases, based on the audited financial statements of the Company and the Group for FY2015, are prepared assuming the following:–

- (a) the Share Purchases comprised 83,666,712 Shares (representing the maximum 10% allowed under the Share Purchase Mandate of the 836,667,121 issued Shares excluding Treasury Shares, as at the Latest Practicable Date);
- (b) in the case of On-Market Share Purchases, the Maximum Price was S\$0.286 (being 5% above the Average Closing Price prior to the Latest Practicable Date) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such On-Market Share Purchases would amount to approximately S\$23.9 million;
- (c) in the case of Off-Market Share Purchases, the Maximum Price was S\$0.326 (being 20% above the Average Closing Price prior to the Latest Practicable Date) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such Off-Market Share Purchases would amount to approximately S\$27.3 million;
- (d) the Share Purchases were made out of the Company's capital and profits as the Company has decided that any Share Purchases made under the Share Purchase Mandate for which approval is sought, will be made out of capital and profits;
- (e) the Share Purchases took place on 1 January 2016 and the Shares purchased were (i) cancelled; or (ii) held as Treasury Shares; and
- (f) the Share Purchases were financed by a combination of internal source of funds and external short-term bank borrowings.

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On-Market Share Purchases

	Group			Company		
	Before Share Purchases S\$'000	After Share Purchases		Before Share Purchases S\$'000	After Share Purchases	
		Share Purchases cancelled S\$'000	Share Purchases held by Treasury Shares S\$'000		Share Purchases cancelled S\$'000	Share Purchases held by Treasury Shares S\$'000
As at 31 December 2015						
Share capital	140,578	116,683	140,578	140,578	116,683	140,578
Other reserves	(17,576)	(17,576)	(17,576)	74	74	74
Retained earnings	55,155	55,155	55,155	5,759	5,759	5,759
Treasury shares	–	–	(23,895)	–	–	(23,895)
	178,157	154,262	154,262	146,411	122,516	122,516
Non-controlling interests	5,277	5,277	5,277	–	–	–
Total Equity	183,434	159,539	159,539	146,411	122,516	122,516
Current assets	96,750	72,855	72,855	104,841	80,946	80,946
Current liabilities	(4,851)	(4,851)	(4,851)	(804)	(804)	(804)
Non-current assets	92,220	92,220	92,220	42,374	42,374	42,374
Non-current liabilities	(685)	(685)	(685)	–	–	–
Net Asset Value (NAV)	183,434	159,539	159,539	146,411	122,516	122,516
Total borrowings	–	–	–	–	–	–
Less: Cash and cash equivalents	54,893	30,998	30,998	47,212	23,317	23,317
Less: Other deposits with financial institutions	–	–	–	–	–	–
Net debt ⁽¹⁾	(54,893)	(30,998)	(30,998)	(47,212)	(23,317)	(23,317)
Profit after tax and non-controlling interests	12,785	12,785	12,785	10,091	10,091	10,091
Number of Shares outstanding as at 31 December 2015 ('000)	836,667	753,000	753,000	836,667	753,000	753,000
Weighted average number of Shares as at 31 December 2015						
– Basic ('000)	836,667	753,000	753,000	836,667	753,000	753,000
– Diluted ('000)	836,667	753,000	753,000	836,667	753,000	753,000
Financial Ratios						
NAV per share ⁽²⁾ (cents)	21.29	20.49	20.49	17.50	16.27	16.27
Gross debt gearing ⁽³⁾ (times)	–	–	–	–	–	–
Net debt gearing ⁽⁴⁾ (times)	(0.31)	(0.20)	(0.20)	(0.32)	(0.19)	(0.19)
Current ratio ⁽⁵⁾ (times)	19.94	15.02	15.02	130.40	100.68	100.68
EPS ⁽⁶⁾ (cents)						
– Basic	1.53	1.70	1.70	1.21	1.34	1.34
– Diluted	1.53	1.70	1.70	1.21	1.34	1.34

Notes:-

- (1) "Net debt" represents total borrowings less cash & bank balances and other deposits with financial institutions.
- (2) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2015.
- (3) "Gross debt gearing" represents total borrowings divided by shareholders' funds.
- (4) "Net debt gearing" represents net debt divided by shareholders' funds.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) "Basic EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares as at 31 December 2015.

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Off-Market Share Purchases

	Group			Company		
	Before Share Purchases S\$'000	After Share Purchases		Before Share Purchases S\$'000	After Share Purchases	
		Share Purchases cancelled S\$'000	Share Purchases held by Treasury Shares S\$'000		Share Purchases cancelled S\$'000	Share Purchases held by Treasury Shares S\$'000
As at 31 December 2015						
Share capital	140,578	113,269	140,578	140,578	113,269	140,578
Other reserves	(17,576)	(17,576)	(17,576)	74	74	74
Retained earnings	55,155	55,155	55,155	5,759	5,759	5,759
Treasury shares	–	–	(27,309)	–	–	(27,309)
	178,157	150,848	150,848	146,411	119,102	119,102
Non-controlling interests	5,277	5,277	5,277	–	–	–
Total Equity	183,434	156,125	156,125	146,411	119,102	119,102
Current assets	96,750	69,441	69,441	104,841	77,532	77,532
Current liabilities	(4,851)	(4,851)	(4,851)	(804)	(804)	(804)
Non-current assets	92,220	92,220	92,220	42,374	42,374	42,374
Non-current liabilities	(685)	(685)	(685)	–	–	–
Net Asset Value (NAV)	183,434	156,125	156,125	146,411	119,102	119,102
Total borrowings	–	–	–	–	–	–
Less: Cash and cash equivalents	54,893	27,584	27,584	47,212	19,903	19,903
Less: Other deposits with financial institutions	–	–	–	–	–	–
Net debt ⁽¹⁾	(54,893)	(27,584)	(27,584)	(47,212)	(19,903)	(19,903)
Profit after tax and non-controlling interests	12,785	12,785	12,785	10,091	10,091	10,091
Number of Shares outstanding as at 31 December 2015 ('000)	836,667	753,000	753,000	836,667	753,000	753,000
Weighted average number of Shares as at 31 December 2015						
– Basic ('000)	836,667	753,000	753,000	836,667	753,000	753,000
– Diluted ('000)	836,667	753,000	753,000	836,667	753,000	753,000
Financial Ratios						
NAV per share ⁽²⁾ (cents)	21.29	20.03	20.03	17.50	15.82	15.82
Gross debt gearing ⁽³⁾ (times)	–	–	–	–	–	–
Net debt gearing ⁽⁴⁾ (times)	(0.31)	(0.18)	(0.18)	(0.32)	(0.17)	(0.17)
Current ratio ⁽⁵⁾ (times)	19.94	14.31	14.31	130.40	96.43	96.43
EPS ⁽⁶⁾ (cents)						
– Basic	1.53	1.70	1.70	1.21	1.34	1.34
– Diluted	1.53	1.70	1.70	1.21	1.34	1.34

Notes:–

- (1) “Net debt” represents total borrowings less cash & bank balances and other deposits with financial institutions.
- (2) “NAV per share” represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2015.
- (3) “Gross debt gearing” represents total borrowings divided by shareholders’ funds.
- (4) “Net debt gearing” represents net debt divided by shareholders’ funds.
- (5) “Current ratio” represents current assets divided by current liabilities.
- (6) “Basic EPS” represents profit after tax and non-controlling interests divided by the weighted average number of Shares as at 31 December 2015.

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The financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to buy back up to 10% of the total number of issued Shares (excluding Treasury Shares) as at the date that the Share Purchase Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the total number of issued Shares (excluding Treasury Shares) in full.

4.8 Tax implications arising from Share Purchases

Shareholders who are in doubt as to their respective tax positions or any tax implications of Share Purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

4.9 Listing Manual relating to Share Purchases

The Listing Manual specifies that a listed company shall notify the SGX-ST of any On-Market Share Purchases not later than 9.00 a.m. on the Market Day following the day on which the On-Market Share Purchase was made, and of any Off-Market Share Purchases not later than 9.00 a.m. on the second Market Day after the close of acceptance of the offer for the Off-Market Share Purchase. The notification of such Share Purchases to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

While the Listing Manual does not expressly prohibit purchase of shares by a listed company during any particular time or times, the Company will not undertake Share Purchases after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, the Company will not buy any Shares during the period commencing 2 weeks before the announcement of the Company's results for each of the first, second and third quarters of its financial year, or one month before the announcement of the Company's annual results, as the case may be, and ending on the date of announcement of the relevant results.

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued Shares excluding Treasury Shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company or its subsidiaries, as well as the associates of such persons. Based on the Registers of Directors' Shareholdings maintained by the Company and its subsidiaries and the Register of Substantial Shareholders maintained by the Company and the information received by the Company as at the Latest Practicable Date, there are 402,669,196 Shares held by public Shareholders, representing approximately 48.13% of the total number of issued Shares. Assuming the Company exercises the Share Purchase Mandate in full and purchases 10% of the total number of issued Shares excluding Treasury Shares through On-Market Share Purchases from the public, the number of Shares in the hands of the public would be reduced to approximately 319,002,484 Shares, representing approximately 42.36% of the total number of issued Shares excluding Treasury Shares. Accordingly, the Company is of the view 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

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its Shares up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. While the Share Purchase Mandate would authorise Share Purchases up to a maximum of 10% limit, Shareholders should note that Share Purchases may not be carried out up to the full 10% limit as authorised, or at all.

In undertaking any Share Purchases, the Directors will use their best efforts to ensure that, notwithstanding such Share Purchases, a sufficient float held by the public will be maintained so that the Share Purchases will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

4.10 Take-over Code implications arising from Share Purchases

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any Share Purchases, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”). Consequently, depending on the number of Shares purchased by the Company and the Company’s total number of issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make an offer under Rule 14.

Under the Take-over Code, persons acting in concert or concert parties comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely, (i) 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), and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with one another, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid for the purchase of voting rights. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

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

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such directors and their concert parties would increase to 30% or more, or, in the event that such directors and their concert parties hold between 30% and 50% of the voting rights in the Company, the voting rights of such directors and their concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such directors and their concert parties, Treasury Shares shall be excluded.

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Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the voting rights in the Company, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Shareholders and their concert parties will be subject to the provisions of Rule 14 if they acquire any Shares after the Company's Share Purchases. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of 6 months.

If the Company decides to cease the purchase of Shares before it has purchased in full such number of Shares authorised by its Shareholders at the EGM, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming (i) the Company purchases the maximum 10% of the total number of issued Shares (excluding Treasury Shares), and (ii) there is no change in the number of Shares held by the Directors and the substantial shareholders or which they are deemed interested in, are set out in Section 5 of this Circular.

Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory take-over offer under the Take-over Code would arise by reason of any Share Purchases by the Company.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in Section 2.5 of the Circular, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisitions.

None of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Bonus Warrants Issue or the proposed Share Purchase Mandate (other than through their respective shareholdings in the Company).

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5.1 Directors

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date as set out below:–

Director	← Before Share Purchases (No. of Shares) →			Before Share Purchases	After Share Purchases	Number of Shares comprised in outstanding Share Options
	Direct Interest	Deemed Interest	Total Interest	% ⁽¹⁾	% ⁽²⁾	
	Tong Kooi Ong	–	213,561,000	213,561,000	25.52	
Koh Wan Kai	–	–	–	–	–	–
Khoo Hsien Ming Kevin	–	–	–	–	–	–
Gary Ho Kuat Foong	–	–	–	–	–	–
Ng Shin Ein	–	–	–	–	–	–
Kalimullah Bin Masheerul Hassan	–	30,000,000	30,000,000	3.59	3.98	–
Ong Pang Liang	5,000,000	–	5,000,000	0.60	0.66	–

Notes:–

- (1) As a percentage of the total number of issued Shares as at the Latest Practicable Date, comprising 836,667,121 Shares (excluding Treasury Shares).
- (2) As a percentage of the total number of issued Shares, comprising 836,667,121 Shares (assuming that the Company purchases the maximum number of 83,666,712 Shares under the Share Purchase Mandate and excluding Treasury Shares).

5.2 Substantial Shareholders

The interests of the Substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out below:–

Substantial Shareholder	← Before Share Purchases (No. of Shares) →			Before Share Purchases	After Share Purchases	Number of Shares comprised in outstanding Share Options
	Direct Interest	Deemed Interest	Total Interest	% ⁽¹⁾	% ⁽²⁾	
	Lim Eng Hock	183,246,925	–	183,246,925	21.90	
Tong Kooi Ong	–	213,561,000 ⁽³⁾	213,561,000	25.52	28.36	–

Notes:–

- (1) As a percentage of the total number of issued Shares as at the Latest Practicable Date, comprising 836,667,121 Shares (excluding Treasury Shares).
- (2) As a percentage of the total number of issued Shares, comprising 836,667,121 Shares (assuming that the Company purchases the maximum number of 83,666,712 Shares under the Share Purchase Mandate and excluding Treasury Shares).
- (3) Issued Shares held in the name of the registered holder, Phileo Capital Limited.

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6. DIRECTORS' RECOMMENDATIONS

6.1 The Proposed Acquisitions

Tong Kooi Ong has requested to abstain from making a recommendation to the Shareholders in respect of the Proposed Acquisitions in light of him being the Chairman and a director of Taiga, and his interests in the Proposed Genghis Acquisition (see Section 2.5 of this Circular). Although Shareholders' approval is not required in respect of the Proposed Genghis Acquisition, for good governance, the Proposed Genghis Acquisition will nevertheless be subject to Independent Shareholders' approval. Tong Kooi Ong has abstained from making any recommendation to the Shareholders relating to the Proposed Acquisitions.

The members of the Audit and Risk Management Committee of the Company, comprising Gary Ho Kwat Foong, Ng Shin Ein and Ong Pang Liang, having reviewed and deliberated, *inter alia*, the rationale, terms and financial effects of the Proposed Acquisitions and for the reasons listed in Section 2.5 of the Circular, are satisfied that the Proposed Acquisitions are not prejudicial to the interests of the Company and its minority Shareholders, and recommend that Shareholders vote in favour of the Ordinary Resolutions 1 and 2 relating to the Proposed Acquisitions as set out in the notice of EGM on page 85 of this Circular.

The Directors having considered, *inter alia*, the recommendation of the Audit and Risk Management Committee of the Company and the terms, the financial effects and the rationale of the Proposed Acquisitions and after discussion with the management of the Company, are of the opinion that the Proposed Acquisitions are in the interests of the Company and the Shareholders. Accordingly, the Directors, save for Tong Kooi Ong, recommend that Shareholders vote in favour of the Ordinary Resolutions 1 and 2 relating to the Proposed Acquisitions as set out in the notice of EGM on page 85 of this Circular.

6.2 The Proposed Bonus Warrants Issue

The Directors, having fully considered the rationale of the Proposed Bonus Warrants Issue as set out in Section 3.4 of this Circular are of the opinion that the Proposed Bonus Warrants Issue is in the best interests of the Company and its Shareholders. The Directors accordingly recommend that Shareholders vote in favour of Ordinary Resolution 3 relating to the Proposed Bonus Warrants Issue as set out in the notice of EGM on pages 86 and 87 of this Circular.

6.3 The Proposed Share Purchase Mandate

The Directors are of the opinion that the proposed Share Purchase Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 4 as set out in the notice of EGM on pages 87 and 88 of this Circular.

7. CONDITIONALITY OF RESOLUTIONS

Shareholders should note that the Ordinary Resolution 2 (the Proposed Genghis Acquisition) is subject to and contingent upon Ordinary Resolution 1 (the Proposed Berjaya Acquisition) being passed. This means that if Ordinary Resolution 1 is not passed, Ordinary Resolution 2 would not be passed.

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As stated in Section 2.1 of this Circular, if the Proposed Berjaya Acquisition is not approved by the Shareholders, the Company will be unable to realise its objective of owning a significant equity stake in Taiga. In such an event, the Company will not proceed with the Proposed Genghis Acquisition.

8. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 on 31 January 2017 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the Ordinary Resolutions set out in the notice of EGM on pages 85 to 89 of this Circular.

As the Proposed Genghis Acquisition is an interested person transaction (see Section 2.5 of the Circular), Tong Kooi Ong and his associates shall abstain from voting in respect of Ordinary Resolution 2. As the Proposed Berjaya Acquisition is to be carried out on an arm's length basis between the Company and an independent third party, Tong Kooi Ong is not required to abstain from voting in respect of Ordinary Resolution 1. Nevertheless, given that Ordinary Resolution 2 is contingent upon Ordinary Resolution 1 being passed, for good governance, Tong Kooi Ong and his associates shall abstain from voting in respect of Ordinary Resolution 1 as well.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

9.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote at the EGM on their behalf, will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's share registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.

9.2 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP not less than 72 hours before the time fixed for the EGM.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

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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 Circular in its proper form and context.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 1 Kim Seng Promenade, #13-10 Great World City West Tower, Singapore 237994, during normal business hours from the date of this Circular up to the date of the EGM:–

- (a) the constitution of the Company;
- (b) the annual report of the Company for FY2015;
- (c) the Berjaya SPA;
- (d) the Berjaya NPA;
- (e) the Genghis SPA; and
- (f) the Deed Poll.

Yours faithfully
For and on behalf of the Board of Directors of
UPP Holdings Limited

Tong Kooi Ong
Executive Chairman and Chief Executive Officer

APPENDIX I – INDICATIVE TIMETABLE FOR THE PROPOSED BONUS WARRANTS ISSUE

The Books Closure Date for the Proposed Bonus Warrants Issue will be announced by the Company in due course following and subject to Shareholders' approval for the Proposed Bonus Warrants Issue to be obtained at the EGM.

The following are the indicative dates for the Proposed Bonus Warrants Issue (assuming that Shareholders' approval for the Proposed Bonus Warrants Issue has been obtained at the EGM):

Last date and time for lodgement of Proxy Form	:	29 January 2017 at 10.30 a.m.
Date and time of EGM	:	31 January 2017 at 10.30 a.m.
Last day for Shares to trade cum-rights to the Proposed Bonus Warrants Issue	:	1 February 2017
Shares trade ex-rights to the Proposed Bonus Warrants Issue	:	2 February 2017
Books Closure Date and time	:	6 February 2017 at 5.00 p.m.
Expected date for issuance of the Bonus Warrants	:	13 February 2017
Expected date and time for the listing and quotation of the Bonus Warrants on SGX-ST	:	16 February 2017 at 9.00 a.m.

APPENDIX II – PRINCIPAL TERMS OF THE BONUS WARRANTS

- Number of Bonus Warrants : Up to 836,667,121 Bonus Warrants will be allotted and issued under the Proposed Bonus Warrants Issue, each Bonus Warrant carrying the right to subscribe for one (1) New Share.
- Issue Price : The Bonus Warrants will be issued free of payment to the Registered Shareholders.
- Basis : One (1) free Bonus Warrant for every one (1) existing Share held by Registered Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.
- Exercise Price : The exercise price of S\$0.37 payable in cash, being the price at which a New Share may be subscribed for upon the exercise of a Bonus Warrant, subject to adjustments under certain circumstances pursuant to the terms and conditions of the Bonus Warrants to be set out in the Deed Poll.
- Trading : Subject to, *amongst others*, there being a sufficient spread of holdings for the Bonus Warrants, upon the listing of and quotation for the Bonus Warrants on the SGX-ST, the Bonus Warrants will be traded on the SGX-ST under the book-entry (scripless) settlement system.
- Listing of the Bonus Warrants and the New Shares : The SGX-ST has granted approval in-principle for the listing of the Bonus Warrants and the New Shares and quotation for the Bonus Warrants and the New Shares on the SGX-ST (subject to certain conditions as described in Section 3.6 of this Circular). The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Proposed Bonus Warrants Issue, the Bonus Warrants, the New Shares, the Company and/or its subsidiaries.
- Form and Subscription Rights : The Bonus Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Bonus Warrants to be set out in the Deed Poll, every one (1) Bonus Warrant shall entitle the Warranholder, at any time during the Exercise Period (as defined below), to subscribe for one (1) New Share at the Exercise Price in force on the relevant exercise date.
- Exercise Period : The Bonus Warrants may be exercised at any time during the period commencing on and including the date six (6) months from the listing of the Bonus Warrants on the SGX-ST and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Bonus Warrants, subject to the terms and conditions of the Bonus Warrants to be set out in the Deed Poll. The right to exercise the Bonus Warrants will not be extended beyond the Exercise Period.

APPENDIX II – PRINCIPAL TERMS OF THE BONUS WARRANTS

Notice of expiry of the Bonus Warrants shall be sent to all Warranholders of the Company not later than one (1) month before the expiration date, and the appropriate announcement of the expiration date shall also be made on the SGXNET.

- Payment of Exercise Price : Warranholders must pay the full amount of the Exercise Price in respect of the Bonus Warrants exercised, by way of:
- (a) a remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore for the credit of the Special Account for the full amount of the Exercise Price payable in respect of the Bonus Warrants exercised;
 - (b) subject to the Bonus Warrants being listed on the Main Board of the SGX-ST, by debiting the relevant Warranholder's CPF Investment Account with the specified CPF Approved Bank as specified in the Exercise Notice, for the credit of the Special Account (each term as defined in the Deed Poll); or
 - (c) subject to the Bonus Warrants being listed on the Main Board of the SGX-ST, partly in the form of remittance and/or partly by debiting such Warranholder's CPF Investment Account with the CPF Approved Bank for the credit of the Special Account such that the aggregate amount of such remittance and/or the amount credited to the Special Account by the CPF Approved Bank is equal to the full amount of the Exercise Price payable in respect of the Bonus Warrants exercised.

Without prejudice to any provision of the Deed Poll, any material alteration to the terms and conditions of the Bonus Warrants after the issue thereof to the advantage of the Warranholders and/or prejudicial to Shareholders must be approved by Shareholders in general meeting, except where the alterations are made pursuant to the terms and conditions of the Bonus Warrants as set out in the Deed Poll.

- Adjustments : The Exercise Price and/or the number of Bonus Warrants to be held by each Warranholder will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of Shares, capitalization issues, rights issues and certain capital distributions. Any further Bonus Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll shall rank *pari passu*

APPENDIX II – PRINCIPAL TERMS OF THE BONUS WARRANTS

with the Bonus Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll. Any such adjustments shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company to the SGX-ST.

The circumstances which may give rise to an adjustment to the Exercise Price and/or the number of Bonus Warrants to be held by each Warrantholder are set out in **Appendix III** of this Circular.

- Modification of Rights of Warrantholders : The Company may, without the consent of the Warrantholders but in accordance with the terms and conditions of the Deed Poll and subject to the approval of the SGX-ST, effect any modification to the Bonus Warrants, the Warrant Agency Agreement or the Deed Poll which, in the opinion of the Company is:
- (a) not materially prejudicial to the interests of the Warrantholders;
 - (b) of a formal, technical or minor nature;
 - (c) to correct a manifest error or to comply with mandatory provisions of Singapore law; or
 - (d) to vary or replace provisions relating to the transfer or exercise of the Bonus Warrants including the issuance of New Shares arising from the exercise thereof or meetings of the Warrantholders in order to facilitate trading in or the exercise of the Bonus Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-ST.
- Transfer and Transmission : The Bonus Warrants shall be transferable in lots entitling Warrantholders to subscribe for whole number of New Shares. A Bonus Warrant may only be transferred in the manner prescribed in the terms and conditions of the Bonus Warrants to be set out in the Deed Poll, including, *amongst others*, the following:
- (a) lodgement during normal business hours of the relevant Warrant Certificate(s) registered in the name of the Warrantholder at the specified office of the Warrant Agent together with an instrument of transfer in respect thereof (the "**Transfer Form**"), in the form approved by the Company, duly completed and signed by or on behalf of the Warrantholder and the transferee and duly stamped in accordance with any

APPENDIX II – PRINCIPAL TERMS OF THE BONUS WARRANTS

law for the time being in force relating to stamp duty provided that the Company and the Warrant Agent may dispense with requiring the Depository to sign as transferee any Transfer Form for the transfer of Bonus Warrants to it; and

- (b) the executors or administrators (or trustees) of the estate of a deceased registered Warrantheader (not being one of several joint holders) and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders shall be the only person(s) recognised by the Company as having any title to the Bonus Warrants registered in the name of the deceased Warrantheader. Such persons shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and payment of the fees and expenses set out in the Deed Poll be entitled to be registered as a holder of the Bonus Warrants or to make such transfer as the deceased Warrantheader could have made.

Status of the New Shares : The New Shares arising from the exercise of the Bonus Warrants, upon issue and allotment, will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before relevant Exercise Date of the Bonus Warrants.

Winding-up : If a resolution is passed for a members' voluntary winding up of the Company, then:

- (i) if such winding up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantheaders, or some person designated by them for such purpose by a resolution passed at a meeting of the Warrantheaders duly convened and held in accordance with the provisions contained in the Deed Poll by a majority consisting of not less than three-fourths of the votes cast thereon (the "**Extraordinary Resolution**"), shall be a party, the terms of such scheme of arrangement shall be binding on all the Warrantheaders and all persons having an interest in the Bonus Warrants; and
- (ii) if notice is given by the Company to its Members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every Warrantheader shall be entitled, no later than two (2) days (other than a Saturday, a Sunday or a gazetted public holiday) on which

APPENDIX II – PRINCIPAL TERMS OF THE BONUS WARRANTS

commercial banks in Singapore, the SGX-ST, the Depository and the Warrant Agent are open for business, prior to the proposed general meeting, by irrevocable surrender of his Warrant Certificate(s) to the Company with the Exercise Notice(s) duly completed, together with all relevant payments payable, to elect to be treated as if he had exercised the Bonus Warrants to the extent of the number of Bonus Warrants exercised and had on such date been the holder of the New Shares, Provided that the Warrant Agent may dispense with the production of the global Warrant Certificate deposited with the Depository where such Bonus Warrants are registered in the name of the Depository. The New Shares will be allotted to such Warrantheader as soon as possible and in any event no later than the day immediately prior to the date of the proposed general meeting.

Subject to the foregoing, if the Company is wound up for any other reason, all Bonus Warrants which have not been exercised at the date of the passing of such resolution for the winding-up of the Company shall lapse and cease to be valid for any purpose.

- Further Issues : Subject to the terms and conditions of the Bonus Warrants to be set out in the Deed Poll, the Company shall be at liberty to issue Shares to Members either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrantheaders shall not have any participating rights in such issue unless otherwise resolved by the Company in general meeting or in the event of a takeover offer to acquire Shares.
- Warrant Agent : M & C Services Private Limited
- Governing Law : Laws of Singapore

The above terms and conditions of the Bonus Warrants are subject to such changes as the Directors may deem fit.

The final terms and conditions of the Bonus Warrants will be set out in a Deed Poll to be executed by the Company and will be published by the Company via the SGXNET together with the Notice of Books Closure Date, subject to, *amongst others*, the approval of the Shareholders for the Proposed Bonus Warrants Issue at the EGM.

APPENDIX III – ADJUSTMENTS TO THE EXERCISE PRICE AND/OR THE NUMBER OF BONUS WARRANTS

The Exercise Price and/or the number of Bonus Warrants may be adjusted from time to time by the Company in accordance with the terms and conditions of the Deed Poll to be executed by the Company.

The final terms and conditions of the Bonus Warrants will be set out in a Deed Poll to be executed by the Company and will be published by the Company via the SGXNET together with the Notice of Books Closure Date, subject to, amongst others, the approval of the Shareholders for the Proposed Bonus Warrants Issue at the EGM. Condition 5 of the Deed Poll sets out the circumstances in which the Exercise Price and/or the number of Bonus Warrants held by a Warrantholder may be adjusted. For reference by Shareholders, an extract of Condition 5 is as set out below and term “Bonus Warrants” has been defined as “Warrants” in the Deed Poll:–

5. Adjustments of Exercise Price and Number of Bonus Warrants

- (A) The Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted by the Directors in consultation with an Approved Bank and/or the Auditors and certified to be in accordance with Condition 5(B) below by the Auditors. The Exercise Price and/or the number of Warrants held by each Warrantholder shall from time to time be adjusted as provided in these Conditions and the Deed Poll in all or any of the following cases:
- (i) any consolidation or subdivision of Shares (including a subdivision by way of a bonus issue by the Company of Shares without capitalisation of profits or reserves); or
 - (ii) an issue by the Company of Shares credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and other than an issue of Shares to its members (“**Members**”) who had an option to take cash or other dividend in lieu of the relevant Shares); or
 - (iii) a Capital Distribution (as defined below) made by the Company to its Members whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (iv) an offer or invitation made by the Company to its Members whereunder they may acquire or subscribe for Shares by way of rights; or
 - (v) an issue (otherwise than pursuant to a rights issue available to all Members, requiring an adjustment under Condition 5(A)(iv) above and other than an issue of Shares to Members who had an option to take cash or other dividend in lieu of the relevant Shares) by the Company of Shares, if the Total Effective Consideration (as defined below) for each Share is less than ninety per cent. (90.0%) of the Current Market Price (as defined below) for each Share (calculated as provided below).
- (B) Subject to these Conditions and the Deed Poll, the Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two (2) or more of Conditions 5(A)(i) to (v) above or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Approved Bank and/or Auditors shall determine):

APPENDIX III – ADJUSTMENTS TO THE EXERCISE PRICE AND/OR THE NUMBER OF BONUS WARRANTS

(i) Consolidation or Subdivision of Shares

If, and whenever, consolidation or subdivision (including a subdivision by way of a bonus issue by the Company of Shares without capitalisation of profits or reserves) of the Shares occurs, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{B} \times X$$

and the number of Warrants shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such consolidation or subdivision;

B = the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision;

X = the existing Exercise Price; and

W = the existing number of Warrants held.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision becomes effective.

(ii) Capitalisation Issues

If and whenever the Company shall make any issue of Shares to its Members credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and other than an issue of Shares to Members who had an option to take cash or other dividend in lieu of the relevant Shares), the Exercise Price and/or the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{A + B} \times X$$

$$\text{Adjusted number of Warrants} = \frac{A + B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

APPENDIX III – ADJUSTMENTS TO THE EXERCISE PRICE AND/OR THE NUMBER OF BONUS WARRANTS

B = the aggregate number of Shares to be issued pursuant to any allotment to Members credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and other than an issue of Shares to Members who had an option to take cash or other dividend in lieu of the relevant Shares);

X = as in X above; and

W = as in W above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the day next following the record date for such issue.

For the purpose of this Condition 5, “**record date**” in relation to the relevant transaction means the date as at the close of business (or such other time as may be notified by the Company) on which Members must be registered as such to participate therein.

(iii) Capital Distribution or Rights Issues

If and whenever the Company shall make:

- (a) a Capital Distribution (as defined below) to its Members whether on a reduction of capital or otherwise; or
- (b) any offer or invitation to Members by way of rights whereunder they may acquire or subscribe for Shares;

then the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{C - D}{C} \times X$$

and, in the case of Condition 5(B)(iii)(b), the number of Warrants held by each Warrantheholders shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{C}{(C - D)} \times W$$

where:

C = the Current Market Price on the Market Day immediately preceding the date on which the Capital Distribution is publicly announced to the SGX-ST or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;

D = (1) in the case of a transaction falling within Condition 5(B)(iii)(a), the fair market value, as determined by an Approved Bank and/or Auditors, of that portion of the Capital Distribution attributable to one (1) Share; and

APPENDIX III – ADJUSTMENTS TO THE EXERCISE PRICE AND/OR THE NUMBER OF BONUS WARRANTS

(2) in the case of a transaction falling within Condition 5(B)(iii)(b), the value of rights attributable to one (1) Share (as defined below) or of the nil paid rights attributable to one (1) Share;

X = as in X above; and

W = as in W above.

For the purpose of sub-paragraph (2) of D above, the “**value of the rights attributable to one (1) Share**” shall be calculated in accordance with the following formula:

$$\frac{C - E}{F + 1}$$

where:

C = as in C above;

E = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares under the terms of such offer or invitation; and

F = the number of Share(s) which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) Share.

For the purposes of Conditions 5(A)(iii) and 5(B)(iii), “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under Condition 5(B)(ii) above) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (but excluding any issue of Shares made where the Members had an option to take cash or other dividend in lieu of the relevant Shares). Any distribution out of profits or reserves shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries on or before the date of such distribution and any cancellation of capital which is lost or unrepresented by available assets shall not be deemed to be a Capital Distribution.

For the purpose of this Condition 5, the “**Current Market Price**” in relation to each Share for any relevant Market Day shall be the average of the last dealt prices (rounded down to the nearest S\$0.01 per Share) of Shares quoted on the Main Board of the SGX-ST for the five (5) consecutive Market Days (on each of which trading of the Shares on the Main Board of the SGX-ST has been transacted) immediately preceding that Market Day.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such Capital Distribution or such offer or invitation, as the case may be.

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(iv) Concurrent Capitalisation Issue and Rights Issue

If and whenever the Company makes any allotment to its Members as provided in Condition 5(B)(ii) above and also makes any offer or invitation to its Members as provided in Condition 5(B)(iii)(b) and the record date for the purpose of the allotment is also the record date for the purpose of the offer or invitation, the Exercise Price and/or the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{(I \times C) + (J \times E)}{(I + J + B) \times C} \times X$$

$$\text{Adjusted number of Warrants} = \frac{(I + J + B) \times C}{(I \times C) + (J \times E)} \times W$$

where:

B = as in B above;

C = as in C above;

E = as in E above;

I = the aggregate number of issued and fully paid-up Shares on the record date;

J = the aggregate number of new Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;

W = as in W above; and

X = as in X above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation.

For the purpose of this paragraph, “**closing date**” shall mean the date by which acceptance of and payment for the Shares are to be made under the terms of such offer or invitation.

(v) Issues at Discount other than by way of Rights Issue

If and whenever (otherwise than pursuant to a rights issue available to all Members alike and requiring an adjustment under Conditions 5(B)(iii)(b) or 5(B)(iv) above and other than an issue of Shares to Members who had an option to take cash or other dividend in lieu of the relevant Shares) the Company shall issue any Shares and the Total Effective Consideration for each Share (as defined below) is less than ninety per cent. (90.0%) of the Current Market Price for each Share on the SGX-ST on the date on which the issue price of such Shares is determined or, if such price is determined either before the close of business on the SGX-ST for that day or on a day which is not a Market Day, on the immediately preceding Market Day, the Exercise Price shall be adjusted in the following manner:

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$$\text{New Exercise Price} = \frac{K + L}{K + M} \times X$$

where:

- K = the number of Shares in issue at the close of business on the SGX-ST on the day immediately preceding the date on which the relevant adjustment becomes effective;
- L = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at such Current Market Price (exclusive of expenses);
- M = the aggregate number of Shares so issued; and
- X = as in X above.

Each such adjustment will be effective (if appropriate, retroactively) from the close of business on the SGX-ST on the Market Day immediately preceding the date on which the issue is announced, or (failing any such announcement) immediately preceding the date on which the Company determines the offering price of such Shares.

For the purposes of Conditions 5(A)(v) and 5(B)(v), the “**Total Effective Consideration**” shall be determined by the Directors with the concurrence of an Approved Bank and/or Auditors and shall be the aggregate consideration receivable by the Company on payment in full for such Shares without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**Total Effective Consideration for each Share**” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

- (C) Notwithstanding any of the provisions contained in Condition 5(A) and (B), no adjustment to the Exercise Price and the number of Warrants will be required in respect of:
- (i) an issue by the Company of Shares to officers, including directors or employees of the Company or any of its subsidiaries, related corporations and/or associated companies pursuant to any scheme approved by the Members in any general meeting; or
 - (ii) an issue by the Company of Shares or other securities convertible into or right to acquire or subscribe for Shares in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business; or
 - (iii) any issue by the Company of Shares pursuant to the exercise of any of the Warrants; or
 - (iv) any issue by the Company of securities convertible into Shares or rights to acquire or subscribe for Shares and the issue of Shares arising from the conversion or exercise of such securities or rights; or

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- (v) any purchase by the Company of Shares pursuant to any share purchase scheme approved by Shareholders in general meeting subsequent to the issue of Warrants, whether such Shares purchased pursuant to any such share purchase scheme are deemed cancelled or held in treasury.
- (D) Any adjustment to the Exercise Price will be rounded upwards to the nearest one (1) cent and in no event shall any adjustment involve an increase in the Exercise Price (other than upon the consolidation of Shares). No adjustments to the Exercise Price shall be made unless it has been certified to be in accordance with Condition 5(B) above by the Auditors. No adjustment will be made to the Exercise Price in any case in which the amount by which the same would be adjusted would be less than one (1) cent but any such adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.
- (E) Any adjustment to the number of Warrants held by each Warrantholder will be rounded downwards to the nearest whole Warrant. No adjustment to the number of Warrants shall be made unless (i) it has been certified to be in accordance with Condition 5(B) above by the Auditors and (ii) on the Market Day immediately before such adjustment, approval in-principle has been granted by the SGX-ST for the listing of and quotation for such additional Shares as may be issued on the exercise of any of such Warrants.
- (F) Notwithstanding the provisions referred to in this Condition 5, in any circumstance where the Directors consider that any adjustments to the Exercise Price and/or the number of Warrants provided under the said provisions should not be made or should be calculated on a different basis or date or should take effect on a different date or that an adjustment to the Exercise Price and/or the number of Warrants should be made notwithstanding that no such adjustment is required under the said provisions, the Company may appoint an Approved Bank and/or the Auditors to consider whether for any reason whatsoever the adjustment to be made (or the absence of an adjustment) or the adjustment to be made in accordance with the provisions of this Condition 5 is appropriate or inappropriate, as the case may be, and, if such Approved Bank and/or the Auditors shall consider the adjustment to be inappropriate, the adjustment shall be modified or nullified, or if such Approved Bank and/or Auditors shall consider an adjustment to be appropriate, an adjustment shall be made instead of no adjustment in such manner as shall be considered by such Approved Bank and/or Auditors to be in its opinion appropriate. Any adjustment made pursuant to this Condition 5 (unless otherwise provided under the rules of the SGX-ST from time to time) shall be announced as soon as practicable by the Company provided always that any adjustments or any modifications thereto (or the absence of an adjustment) pursuant to this Condition 5 shall be subject to Shareholders' approval if such adjustments or modifications (or the absence of adjustments) are, in the opinion of SGX-ST, prejudicial to Shareholders.
- (G) Whenever there is an adjustment as herein provided, the Company shall give notice to Warrantholders in accordance with Condition 13 below that the Exercise Price and/or the number of Warrants has/have been adjusted and setting forth the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or adjusted number of Warrants and the effective date of such adjustment and shall at all times thereafter so long as any of the Warrants remains exercisable make available for inspection at its registered office a signed copy of the certificate of the Auditors certifying the adjustment to the Exercise Price and/or the number of Warrants and a certificate signed by a Director setting forth brief particulars

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of the event giving rise to the adjustment, the Exercise Price and/or number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or number of Warrants and the effective date of such adjustment and shall, on request, send a copy thereof to any Warrantholder. Whenever there is an adjustment to the number of Warrants, the Company will, as soon as practicable but not later than five (5) Market Days after the effective date of such adjustment, despatch by ordinary post Warrant Certificates for the additional number of Warrants issued to each Warrantholder, at the risk and expense of that Warrantholder, to his address appearing in the Register or, in respect of Warrants registered in the name of the Depository, to the Depository.

- (H) If the Directors, the Approved Bank and/or the Auditors are unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to the decision of another Approved Bank and/or auditors acting as expert and not as arbitrator and whose decision as to such adjustment shall be final and conclusive and no certification by the Auditors shall in such circumstances be necessary.
- (I) If the Company shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire or subscribe for Shares, the Company shall appoint an Approved Bank and/or Auditors to consider whether any adjustment is appropriate and if such Approved Bank and/or Auditors and the Directors shall determine that any adjustment is appropriate, the Exercise Price and/or the number of Warrants shall be adjusted accordingly.
- (J) Any new Warrants which may be issued by the Company under this Condition 5 shall be part of the series of Warrants constituted by the Deed Poll, and shall be issued subject to and with the benefit of the Deed Poll and on such terms and conditions as the Directors may from time to time think fit including but not limited to the terms and conditions as set out herein for the Warrants.
- (K) In giving any certificate or making any adjustment hereunder, the Approved Bank and/or Auditors shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on all persons having an interest in the Warrants.
- (L) Notwithstanding anything herein contained, any adjustment to the Exercise Price and/or the number of Warrants other than in accordance with the provisions of this Condition 5 shall be subject to the approval of the SGX-ST (if required) and agreed to by the Company, the Approved Bank and/or the Auditors.
- (M) Any adjustments made pursuant to this Condition 5 shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on SGXNET.

**APPENDIX IV – CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) OF TAIGA**

Taiga Building Products Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three and six months ended September 30, 2016 and 2015
(in Canadian dollars)

APPENDIX IV – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) OF TAIGA

NOTICE TO SHAREHOLDERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Taiga Building Products Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**APPENDIX IV – CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) OF TAIGA**

TAIGA BUILDING PRODUCTS LTD.

**Condensed Consolidated Balance Sheets
(Unaudited)**

<i>(in thousands of Canadian dollars)</i>	September 30, 2016	September 30, 2015	March 31, 2016
Assets			
Current:			
Accounts receivable	\$ 170,567	\$ 135,087	\$ 135,746
Inventories (Note 3)	109,282	110,287	124,090
Prepaid expenses	1,042	941	1,317
	<u>280,891</u>	<u>246,315</u>	<u>261,153</u>
Property, plant and equipment	40,600	42,528	41,400
Long-term receivable	658	695	680
Deferred tax assets	2,192	2,093	2,379
	<u>\$ 324,341</u>	<u>\$ 291,631</u>	<u>\$ 305,612</u>
Liabilities and Shareholders' Deficiency			
Current:			
Revolving credit facility (Note 4)	\$ 59,788	\$ 51,593	\$ 81,346
Accounts payable and accrued liabilities	117,340	94,330	77,483
Income taxes payable	3,839	7,660	10,130
Current portion of long-term debt	256	260	253
Current portion of finance lease obligation	2,501	2,646	2,439
	<u>183,724</u>	<u>156,489</u>	<u>171,651</u>
Long-term debt	1,130	1,410	1,245
Finance lease obligation (Note 10)	23,906	25,774	25,024
Deferred gain	3,580	3,963	3,772
Provisions	1,534	1,907	1,629
Subordinated notes (Note 6)	128,834	128,834	128,834
	<u>342,708</u>	<u>318,377</u>	<u>332,155</u>
Shareholders' Deficiency:			
Share capital (Note 7)	13,229	13,229	13,229
Accumulated other comprehensive income (Note 7)	6,303	6,487	6,028
	<u>19,532</u>	<u>19,716</u>	<u>19,257</u>
Deficit	(37,899)	(46,462)	(45,800)
	<u>(18,367)</u>	<u>(26,746)</u>	<u>(26,543)</u>
	<u>\$ 324,341</u>	<u>\$ 291,631</u>	<u>\$ 305,612</u>

The accompanying notes are an integral part of these consolidated financial statements.

**APPENDIX IV – CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) OF TAIGA**

TAIGA BUILDING PRODUCTS LTD.

**Condensed Consolidated Statements of Earnings and Comprehensive Income
(Unaudited)**

	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
<i>(in thousands of Canadian dollars, except per share amounts)</i>				
Sales	\$ 335,052	\$ 387,991	\$ 660,518	\$ 791,964
Cost of sales	305,559	354,423	599,617	723,921
Gross margin	29,493	33,568	60,901	68,043
Expenses:				
Distribution	5,633	5,408	11,064	10,608
Selling and administration	13,668	16,412	27,287	30,944
Finance (Note 8)	1,228	1,311	2,547	2,901
Subordinated debt interest (Note 6)	4,088	4,088	8,175	8,175
Other income	(118)	(99)	(233)	(224)
	24,499	27,120	48,840	52,404
Earnings before income tax	4,994	6,448	12,061	15,639
Income tax expense (Note 5)	1,855	1,830	4,160	4,581
Net earnings for the period	\$ 3,139	\$ 4,618	\$ 7,901	\$ 11,058
Other comprehensive income for the period (Item that may be reclassified to net earnings)				
Exchange differences on translating foreign controlled entities	\$ 468	\$ 1,515	\$ 275	\$ 1,116
Total comprehensive income for the period	\$ 3,607	\$ 6,133	\$ 8,176	\$ 12,174
Basic and diluted net earnings per common share	\$ 0.10	\$ 0.14	\$ 0.24	\$ 0.34
Weighted average number of common shares outstanding	32,414	32,414	32,414	32,414

The accompanying notes are an integral part of these consolidated financial statements.

**APPENDIX IV – CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) OF TAIGA**

TAIGA BUILDING PRODUCTS LTD.

**Condensed Consolidated Statements of Changes in Shareholders' Deficiency
(Unaudited)**

For the six months ended September 30, 2015

<i>(in thousands of Canadian dollars)</i>	Share Capital	Deficit	Accumulated Other Comprehensive Income	Total
Balance at March 31, 2015	\$ 13,229	\$ (57,520)	\$ 5,371	\$ (38,920)
Net earnings	-	11,058	-	11,058
Other comprehensive income	-	-	1,116	1,116
Balance at September 30, 2015	\$ 13,229	\$ (46,462)	\$ 6,487	\$ (26,746)

For the six months ended September 30, 2016

<i>(in thousands of Canadian dollars)</i>	Share Capital	Deficit	Accumulated Other Comprehensive Income	Total
Balance at March 31, 2016	\$ 13,229	\$ (45,800)	\$ 6,028	\$ (26,543)
Net earnings	-	7,901	-	7,901
Other comprehensive income	-	-	275	275
Balance at September 30, 2016	\$ 13,229	\$ (37,899)	\$ 6,303	\$ (18,367)

The accompanying notes are an integral part of these consolidated financial statements.

**APPENDIX IV – CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) OF TAIGA**

TAIGA BUILDING PRODUCTS LTD.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>(in thousands of Canadian dollars)</i>	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Cash provided by (used in):				
Operating:				
Net earnings	\$ 3,139	\$ 4,618	\$ 7,901	\$ 11,058
Adjustments for non-cash items				
Amortization	1,019	1,056	2,037	2,098
Income tax expense	1,855	1,830	4,160	4,581
Mark-to-market adjustment on financial instruments	(19)	(108)	(296)	14
Change in provisions	(48)	(45)	(95)	(89)
Loss (gain) on asset disposal	(21)	-	(41)	10
Amortization of deferred gain	(96)	(96)	(192)	(191)
Finance and subordinated debt interest expense	5,316	5,399	10,722	11,076
Interest paid	(1,201)	(1,229)	(2,446)	(2,744)
Income tax paid	(9,752)	(4,022)	(10,237)	(4,203)
Changes in non-cash working capital (Note 11)	27,268	68,848	20,525	64,788
Cash flows from operating activities	27,460	76,251	32,038	86,398
Investing:				
Purchase of property, plant and equipment	(547)	(381)	(829)	(699)
Proceeds from disposition of property, plant and equipment	50	7	69	33
Cash flows used in investing activities	(497)	(374)	(760)	(666)
Financing:				
Repayment of long-term debt	(64)	(64)	(126)	(124)
Repayment of obligations under finance leases	(698)	(665)	(1,383)	(1,337)
Subordinated notes interest paid	(4,088)	(4,088)	(8,175)	(8,175)
Cash flows used in financing activities	(4,850)	(4,817)	(9,684)	(9,636)
Effect of changes in foreign currency on Revolving Credit Facility	(131)	(426)	(36)	(314)
Net decrease in Revolving Credit Facility	21,983	70,634	21,558	75,782
Revolving Credit Facility, beginning	(81,771)	(122,227)	(81,346)	(127,375)
Revolving Credit Facility, ending	\$ (59,788)	\$ (51,593)	\$ (59,788)	\$ (51,593)

The accompanying notes are an integral part of these consolidated financial statements.

APPENDIX IV – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) OF TAIGA

Taiga Building Products Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended September 30, 2016 and 2015 (in Canadian dollars)

1. Nature of Operations

Taiga Building Products Ltd. ("Taiga" or the "Company") is an independent wholesale distributor of building products in Canada and the United States. Taiga operates within two reportable geographic areas, Canada and the United States. The Company's shares and subordinated notes (the "Notes") are listed for trading on the Toronto Stock Exchange.

Taiga is a Canadian corporation and its registered and records office is located at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2.

2. Basis of Preparation

(a) Statement of compliance

These condensed interim consolidated financial statements (the "Financial Statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Therefore, these financial statements comply with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*.

These Financial Statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB. These Financial Statements were authorized for issue on November 3, 2016 by the board of directors of the Company.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of Taiga Building Products Ltd. and its subsidiaries. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. Inter-company transactions and balances have been eliminated.

(c) Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

(d) Revolving Credit Facility

Revolving credit facility consists of cash on hand less cheques issued and the Company's outstanding revolving credit facility balance. Taiga's cash flow statement reflects the net change in its revolving credit facility. The revolving credit facility forms an integral part of Taiga's cash management and fluctuates directly as a result of cash flows from operating, investing and financing activities.

3. Inventories

<i>(in thousands of dollars)</i>	September 30, 2016	September 30, 2015	March 31, 2016
Allied building products	25,047	32,142	31,547
Lumber products	64,601	59,478	70,019
Panel products	18,997	18,076	21,639
Production consumables	776	699	980
Inventory provision	(139)	(108)	(95)
Total	109,282	110,287	124,090

All of the Company's inventories are pledged as security for the revolving credit facility.

APPENDIX IV – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) OF TAIGA

Taiga Building Products Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended September 30, 2016 and 2015 (in Canadian dollars)

4. Revolving Credit Facility

<i>(in thousands of dollars)</i>	September 30, 2016	September 30, 2015	March 31, 2016
Revolving credit facility	60,434	52,540	82,140
Financing costs, net of amortization	(646)	(947)	(794)
Total	59,788	51,593	81,346

On November 25, 2013, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "Facility"). The Facility was increased from \$200 million to \$225 million, with an option to increase the limit by up to \$50 million. The Facility continues to bear interest at variable rates plus variable margins, is secured by a first perfected security interest in all personal property of the Company and certain of its subsidiaries, and will mature on November 25, 2018. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at September 30, 2016.

5. Income Taxes

Income tax expense is comprised of:

<i>(in thousands of dollars)</i>	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Current	2,015	2,542	3,928	7,609
Future	(160)	(712)	232	(3,028)
Total	1,855	1,830	4,160	4,581

6. Subordinated Notes

Under the terms of a notes indenture dated September 1, 2005 (the "Indenture") the Company's Notes are unsecured, bear interest at 14% per annum and mature on September 1, 2020. Interest on the Notes is payable on the 15th day following the end of each month as an annual interest sum divided by twelve. The aggregate principal amount of the Notes that may be issued under the Indenture is unlimited. The terms, conditions, and covenants of the Indenture have been met during the period ended September 30, 2016.

A company that is a significant shareholder holds 35.71% (2015 – 35.71%) of the outstanding Notes at September 30, 2016. An executive of this company is also a member of Taiga's Board of Directors. A discretionary trust whose beneficiary is a Taiga director indirectly holds 17.20% (2015 - 17.20%) of the outstanding Notes of Taiga at September 30, 2016.

During the three months ended September 30, 2016, the amount of interest incurred for these related parties was \$1,188,572 (2015 - \$1,188,572) and \$775,392 (2015 - 775,392), respectively. For the six months ended September 30, 2016, interest incurred for these related parties were \$2,377,144 (2015 - \$2,377,144) and \$1,550,784 (2015 - \$1,550,784), respectively.

7. Shareholders' Deficiency

(a) Authorized Share Capital

Unlimited common shares without par value, unlimited class A common shares without par value, and unlimited class A and class B preferred shares without par value.

APPENDIX IV – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) OF TAIGA

Taiga Building Products Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended September 30, 2016 and 2015 (in Canadian dollars)

(b) Common Shares Issued

<i>(in thousands of dollars, except number of shares)</i>	Number of Shares	Amount
Balance, September 30, 2016, September 30, 2015 and March 31, 2016	32,414,278	13,229

(c) Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of exchange differences arising on translation of entities that have a functional currency other than the Canadian dollar.

(d) Stock Options and Warrants

Taiga does not have stock options or warrants outstanding and has not granted or cancelled options or warrants during the current or prior period.

(e) Dividends

In accordance with Taiga's dividend policy set on October 15, 2008, the Company generally intends to pay dividends each year on its common shares equal to 25% of the prior fiscal year's net earnings. These dividends would be payable in two instalments of 12.5% on each July 15 (or first business day thereafter) and each January 15 (or first business day thereafter) to the shareholders of record on June 30 and December 31 (or first business day thereafter). The payment of any dividends by the Company is subject to the discretion of its board of directors and subject to its determination of the Company's capital and operational requirements, adequacy of reserves and compliance with contractual and legal requirements.

The board of directors have decided not to declare and pay the first instalment of dividend in respect of the 2016 fiscal year's net earnings. The decision to pay the second instalment dividend in respect of the 2016 fiscal year's net earnings will be addressed by the board of directors prior to the next scheduled dividend payment date of January 15, 2017.

8. Finance Expense

The finance expense is comprised of:

<i>(in thousands of dollars)</i>	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Interest on revolving credit facility and other short term liabilities	679	736	1,439	1,734
Interest on finance leases and long-term debt	476	510	960	1,026
Amortization of financing costs	73	65	148	141
Total	1,228	1,311	2,547	2,901

9. Canada Revenue Agency Reassessment

Taiga has received a notice of reassessment from the Canada Revenue Agency (CRA) relating to Taiga's 2005 to 2013 taxation years. The notice of reassessment is consistent with the previously disclosed proposal received by the Company, which was received in 2015. In issuing the reassessment in the amount of \$41 million (which includes interest), the CRA is seeking to increase withholding taxes paid by the Company in relation to dividends paid or deemed to have been paid to the Company's two largest shareholders in connection with and subsequent to the Company's corporate reorganization in 2005 involving a swap of then outstanding common shares for stapled units. The Company will be required to either immediately pay the full amount owed or post security. The Company disagrees with the CRA's proposal and intends to challenge the reassessment and vigorously defend its tax filings and to seek a resolution as soon as practical. Any amounts

APPENDIX IV – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) OF TAIGA

Taiga Building Products Ltd.

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paid to the CRA in connection with such reassessments would be refunded, plus interest, on a successful appeal of the reassessments.

The Company has formal written agreements with its two major shareholders that fully indemnify it from such potential liability and as a consequence, any such potential liability is not expected to have any impact on the Company's financial condition, results of operations or cash flows. Pursuant to the terms of the indemnities, the shareholders may elect to assume any action or defence of Taiga in connection with the foregoing.

The amount payable to the CRA by the Company has been included in accounts payable with a corresponding amount included in accounts receivable that is due from the Company's two major shareholders.

10. Financial Instruments

Accounting for financial instruments

The following table summarizes the carrying values of the Company's financial instruments:

<i>(in thousands of dollars)</i>	September 30, 2016	March 31, 2016
Held for trading	(83)	(379)
Loans and receivables	171,225	136,426
Other financial liabilities	(333,672)	(316,245)

The carrying amounts of accounts receivable and accounts payable approximate their fair values due to the short term to maturity of these instruments. The carrying amounts of the revolving credit facility and long-term debt approximate their fair values as these liabilities bear interest at variable market rates.

The carrying amount and fair values of finance lease obligations are as follows:

<i>(in thousands of dollars)</i>	September 30, 2016	March 31, 2016
Carrying amount	26,407	27,463
Fair value	26,283	27,317

The fair value of the finance lease obligations was determined using current borrowing rates for similar debt instruments.

The carrying amount and fair values of the subordinated notes are as follows:

<i>(in thousands of dollars)</i>	September 30, 2016	March 31, 2016
Carrying amount	128,834	128,834
Fair value	148,159	140,442

The fair value of the subordinated notes was determined based on closing price of the notes which are traded on the Toronto Stock Exchange.

The carrying amount of derivative financial instrument assets and liabilities are equal to their fair values as these instruments are re-measured to their fair values at each reporting date as follows:

<i>(in thousands of dollars)</i>	September 30, 2016	March 31, 2016
Lumber futures	(14)	(270)
Interest swap	(69)	(109)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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Taiga Building Products Ltd.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended September 30, 2016 and 2015 (in Canadian dollars)

Level 1 – based on quoted prices in active markets for identical assets or liabilities;

Level 2 – based on inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – applies to assets and liabilities for inputs that are not based on observable market data, which are unobservable inputs.

Derivative financial instrument assets and liabilities are classified as level 2.

11. Changes in Non-Cash Working Capital

<i>(in thousands of dollars)</i>	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Decrease (Increase) in accounts receivable	(26,501)	28,224	(34,525)	(704)
Decrease in inventories	6,146	31,948	14,808	56,220
Decrease in prepaid expenses and other	120	469	91	377
Effect of foreign exchange on working capital	754	1,476	422	1,051
Increase in AP & accrued liabilities	46,749	6,731	39,729	7,844
Total	27,268	68,848	20,525	64,788

12. Seasonality

The Company operates in a seasonal industry that generally experiences higher sales in the first and second quarters and reduced sales in the late fall and winter during its third and fourth quarters of each fiscal year.

13. Segmented Information

Taiga operates within one business segment and has two reportable geographic areas as follows:

	Revenue by Point of Sale							
	Three months ended September 30,				Six months ended September 30,			
	2016		2015		2016		2015	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
Canada	293,762	88.6	352,108	90.8	582,060	88.1	724,124	91.4
United States	41,290	12.3	35,883	9.2	78,458	11.9	67,840	8.6

During the three months ended September 30, 2016, Taiga's Canadian operations had export sales of \$65.9 million (2015 - \$64.4 million). For the six month period ended September 30, 2016, Canadian operations had export sales of \$131.0 million (2015 - \$133.1 million). These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.



Management's Discussion and Analysis

For the three and six months ended September 30, 2016 and 2015

This Management's Discussion and Analysis ("MD&A") of Taiga Building Products Ltd. ("Taiga" or the "Company") has been prepared based on information available as at November 3, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the corresponding notes thereto for the three and six months ended September 30, 2016 and 2015. This discussion and analysis provides an overview of significant developments that have affected Taiga's performance during the three and six months ended September 30, 2016.

The financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which is the required reporting framework for Canadian publicly accountable enterprises, and is expressed in Canadian dollars.

Taiga's consolidated financial statements and the accompanying notes included within this report include the accounts of Taiga and its subsidiaries. Unless otherwise noted, all references in this MD&A to "dollars" or "\$" are to Canadian dollars.

Unless otherwise noted, there are no material changes to the Company's contractual obligations and risks and uncertainties as described in its management's discussion and analysis for the year ended March 31, 2016.

Additional information relating to the Company including the Company's Annual Information Form dated June 17, 2016 can be found on SEDAR at www.sedar.com.

APPENDIX V – MANAGEMENT DISCUSSION AND ANALYSIS OF TAIGA



Forward-Looking Information:

This MD&A contains certain forward-looking information relating, but not limited, to future events or performance and strategies and expectations of Taiga. Forward-looking information typically contains statements with words such as "consider", "anticipate", "believe", "expect", "plan", "intend", "likely", "may", "will", "should", "predict", "potential", "continue" or similar words suggesting future outcomes or statements regarding expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Examples of such forward-looking information within this document include statements relating to: the Company's perception of the building products industry and markets in which it participates and anticipated trends in such markets in any of the countries in which the Company does business; the Company's anticipated business operations, inventory levels and ability to meet order demand; the Company's anticipated ability to procure products and its relationship with suppliers; sufficiency of cash flows; and outcome of litigation or other legal and regulatory proceedings. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information. Forward-looking information reflects management's current expectations or beliefs and is based on information currently available to Taiga and although Taiga believes it has a reasonable basis for providing the forward-looking information included in this document, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information of Taiga involves numerous assumptions and inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts and other forward-looking information will not occur. These factors include, but are not limited to: changes in business strategies; the effects of litigation, competition and pricing pressures; changes in operational costs; changes in laws and regulations, including tax, environmental, employment, competition, anti-terrorism and trade laws and Taiga's anticipation of and success in managing the risks associated with the foregoing; and other risks detailed in this MD&A and Taiga's filings with the Canadian securities regulatory authorities available at www.sedar.com. Forward-looking information speaks only as of the date of this discussion and analysis. Taiga does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Non-IFRS Financial Measure:

In this MD&A, reference is made to EBITDA, which represents earnings before interest, taxes, and amortization. As there is no generally accepted method of calculating EBITDA, the measure as calculated by Taiga might not be comparable to similarly titled measures reported by other issuers. EBITDA is presented as management believes it is a useful indicator of the Company's ability to meet debt service and capital expenditure requirements and because management interprets trends in EBITDA as an indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS. Reconciliations of EBITDA to net earnings reported in accordance with IFRS are included in this MD&A.

Market and Industry Data:

Unless otherwise indicated, the market and industry data contained in this MD&A is based upon information of independent industry and government publications and management's knowledge of, and experience in, the markets in which the Company operates. While management believes this data to be reliable, market and industry data is subject to variation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third party sources referred to in this MD&A and no representation is given as to the accuracy of any of the data referred to in this MD&A obtained from third party sources.

APPENDIX V – MANAGEMENT DISCUSSION AND ANALYSIS OF TAIGA



1. Business Overview

Taiga is the largest independent wholesale distributor of building products in Canada. Taiga distributes building products in Canada, the United States and overseas. As a wholesale distributor, Taiga maintains substantial inventories of building products at fifteen strategically located distribution centres throughout Canada and two distribution centres in California. In addition, Taiga regularly distributes through the use of third party reload centres. Taiga also owns and operates three wood preservation plants that produce pressure-treated wood products. Factors that affect Taiga's year-over-year profitability include, among others, sales levels, price fluctuations and product mix.

Taiga's primary market is Canada. Taiga expects the Canadian housing market in calendar year 2016 to decline compared to calendar year 2015.

Taiga's secondary market, the United States, continues to show signs of recovery from the US housing depression. The Company expects the United States housing market to continue to improve in the 2016 calendar year. See Item 10 "Outlook".

2. Results of Operations

Sales

The Company's consolidated net sales for the quarter ended September 30, 2016 were \$335.1 million compared to \$388.0 million over the same period last year. The decrease in sales by \$52.9 million or 14% was largely due to the ceased operations relating to one of the Company's business units.

Consolidated net sales for the six months ended September 30, 2016 were \$660.5 million compared to \$792.0 million over the same period last year. The decrease in sales by \$131.5 million or 17% was largely due to the ceased operations relating to one of the Company's business units.

Sales by segments are as follows:

	Revenue by Point of Sale							
	Three months ended September 30,				Six months ended September 30,			
	2016		2015		2016		2015	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
Canada	293,762	88.6	352,108	90.8	582,060	88.1	724,124	91.4
United States	41,290	12.3	35,883	9.2	78,458	11.9	67,840	8.6

For the quarter ended September 30, 2016, export sales totalled \$65.9 million compared to \$64.4 million over the same period last year. For the six month period ended September 30, 2016 export sales were \$131.0 million (2015 – \$133.1 million). These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.

The Company's sales of dimension lumber and panel, as a percentage of total sales, was 64.2% for the six months ended September 30, 2016, compared to 56.6% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, was 35.8% for the six month period ended September 30, 2016, compared to 43.4% over the same period last year.

Gross Margin

Gross margin for the quarter ended September 30, 2016 decreased to \$29.5 million from \$33.6 million over the same period last year. Gross margin percentage increased to 8.8% in the current quarter compared to 8.7% in the same

APPENDIX V – MANAGEMENT DISCUSSION AND ANALYSIS OF TAIGA



quarter last year. The increase in gross margin percentage was primarily due to higher commodity prices in the current quarter compared to the same quarter last year. The decrease in gross margin dollars of \$4.1 million was primarily due to lower sales because of the ceased operations relating to one of the Company's business units.

Gross margin for the six months ended September 30, 2016 decreased to \$60.9 million from \$68.0 million over the same period last year. Gross margin percentage for the six months ended September 30, 2016 increased to 9.2% compared to 8.6% over the same period last year. The gross margin percentage was higher in the current period due to an increase in commodity prices. The decrease in gross margin dollars of \$7.1 million was primarily due to lower sales because of the ceased operations relating to one of the Company's business units.

Expenses

Distribution expense for the quarter ended September 30, 2016 increased to \$5.6 million compared to \$5.4 million over the same period last year. For the six month period ended September 30, 2016, distribution expenses increased to \$11.1 million compared to \$10.6 million over the same period last year. These increases were mainly due to higher delivery and warehouse expenses.

Selling and administration expense for the quarter ended September 30, 2016 decreased to \$13.7 million compared to \$16.4 million over the same period last year. Selling and administration expense for the six months ended September 30, 2016 decreased to \$27.3 million compared to \$30.9 million for the same period last year. These changes were mainly due to lower compensation costs.

Finance expense for the quarter ended September 30, 2016 decreased to \$1.2 million compared to \$1.3 million over the same period last year. Finance expense for the six months ended September 30, 2016 decreased to \$2.5 million compared to \$2.9 million for the same period last year. Lower borrowing levels helped to reduce interest costs.

Subordinated debt interest expense was \$4.1 million for both quarters ended September 30, 2016 and 2015. Subordinated debt interest expense was \$8.2 million for the six months ended September 30, 2016 and 2015.

Other income was \$0.1 million for both quarters ended September 30, 2016 and 2015. Other income was \$0.2 million for the six months ended September 30, 2016 and 2015.

Net Earnings

Net earnings for the quarter ended September 30, 2016 was \$3.1 million compared to \$4.6 million over the same period last year. Net earnings for the six month period ended September 30, 2016 were \$7.9 million compared to \$11.1 million for the same period last year.

EBITDA

EBITDA for the quarter ended September 30, 2016 was \$11.3 million compared to \$12.9 million for the same period last year. For the six month period ended September 30, 2016, EBITDA was \$24.8 million compared to \$28.8 million for the same period last year. Reconciliation of net income to EBITDA is as follows:

Reconciliation of net earnings to EBITDA:

<i>(in thousands of dollars)</i>	Three months ended September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Net earnings	3,139	4,618	7,901	11,058
Income taxes	1,855	1,830	4,160	4,581
Finance and subordinated debt interest expense	5,316	5,399	10,722	11,076
Amortization	1,019	1,056	2,037	2,098
EBITDA	11,329	12,903	24,820	28,813

APPENDIX V – MANAGEMENT DISCUSSION AND ANALYSIS OF TAIGA



3. Cash Flows

Operating Activities

Cash flows from operating activities for the quarter ended September 30, 2016 decreased to \$27.5 million from \$76.3 million for the same period last year primarily due to changes in non-cash working capital and lower earnings. Cash flows from operating activities for the six months ended September 30, 2016 decreased to \$32.0 million from \$86.4 million during the same period last year primarily due to changes in non-cash working capital and lower earnings.

Investing Activities

Investing activities used cash of \$0.5 million during the three months ended September 30, 2016 compared to \$0.4 million for the same period last year. Investing activities used cash of \$0.8 million for the six months ended September 30, 2016 compared to \$0.7 million during the same period last year.

Financing Activities

Financing activities used cash of \$4.9 million for during the three months ended September 30, 2016 compared to \$4.8 million for the same period last year. Financing activities used cash of \$9.7 million during the six months ended September 30, 2016 compared to \$9.6 million during the same period last year.

4. Summary of Quarterly Results

	Fiscal 2017		Fiscal 2016				Fiscal 2015	
<i>(in thousands of dollars, except per share amount in dollars)</i>	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales	335,052	325,466	279,882	292,476	387,991	403,973	294,321	296,072
Net earnings (loss)	3,139	4,762	715	(53)	4,618	6,440	(566)	408
Earnings (loss) per share ⁽¹⁾	0.10	0.15	(0.02)	0.00	0.14	0.20	(0.02)	0.01
EBITDA	11,329	13,491	8,566	7,656	12,903	15,910	6,703	7,504

Notes:

(1) The amounts are identical on a basic and fully-diluted per share basis. Earnings per share is calculated using the weighted-average number of shares.

Seasonality

Taiga's sales are subject to seasonal variances that fluctuate in accordance with the normal home building season. Taiga generally experiences higher sales in the first and second quarters and reduced sales in the late fall and winter during its third and fourth quarters of each fiscal year.

5. Liquidity and Capital Resources

Revolving Credit Facility

On November 25, 2013, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "Facility"). The Facility was increased from \$200 million to \$225 million, with an option to increase the limit by up to \$50 million. The Facility continues to charge interest at variable rates plus variable margins, is secured by a first perfected security interest in all personal property of the Company and certain of its subsidiaries, and will mature on November 25, 2018. Taiga's ability to borrow under the Facility is based upon a defined

APPENDIX V – MANAGEMENT DISCUSSION AND ANALYSIS OF TAIGA



percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at September 30, 2016.

Taiga expects to meet its future cash requirements through a combination of cash generated from operations and its credit facilities. However, any severe weakening of the Canadian housing market driving reduced product demand or a significant increase in bad debts in accounts receivable could adversely impact the Company's liquidity in the short term.

Working Capital

Working capital as at September 30, 2016 increased to \$97.2 million from \$89.5 million as at March 31, 2016 due to an increase in current assets and a decreased in the revolving credit facility. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

<i>(in thousands of dollars)</i>	September 30, 2016	September 30, 2015	March 31, 2016
Current Assets	280,891	246,315	261,153
Current Liabilities (excluding Revolving Credit Facility)	(123,936)	(104,896)	(90,305)
Revolving Credit Facility	(59,788)	(51,593)	(81,346)
Working Capital	97,167	89,826	89,502
Long Term Assets	43,450	45,316	44,459
Long Term Liabilities (excluding Subordinated Notes)	(30,150)	(33,054)	(31,670)
Subordinated Notes	(128,834)	(128,834)	(128,834)
Shareholders' Deficiency	(18,367)	(26,746)	(26,543)

Assets

Total assets were \$324.3 million as at September 30, 2016 compared to \$305.6 million as at March 31, 2016. The increase was primarily the result of increased accounts receivable, partially offset by decreased inventories.

Accounts receivable increased to \$170.6 million as at September 30, 2016 from \$135.7 million as at March 31, 2016 primarily as the result of an accrual for the amounts owed to the Company by two of its shareholders in relation to a notice of reassessment from the Canada Revenue Agency (CRA). The CRA is seeking to increase withholding taxes paid in relation to dividends paid or deemed to have been paid to the Company's two largest shareholders.

Inventories decreased to \$109.3 million as at September 30, 2016 compared to \$124.1 million as at March 31, 2016 primarily due to seasonal drawdown of products.

Liabilities

Total liabilities increased to \$342.7 million as at September 30, 2016 from \$332.2 million as at March 31, 2016. The increase was primarily due to the receipt of a notice of reassessment from the Canada Revenue Agency (CRA). The CRA is seeking to increase withholding taxes paid in relation to dividends paid or deemed to have been paid to the Company's two largest shareholders.

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On November 3, 2016, there were 32,414,278 common shares outstanding.

APPENDIX V – MANAGEMENT DISCUSSION AND ANALYSIS OF TAIGA



Dividend Policy

In accordance with Taiga's dividend policy set on October 15, 2008, the Company generally intends to pay dividends each year on its common shares equal to 25% of the prior fiscal year's net earnings. These dividends would be payable in two instalments of 12.5% on each July 15 (or first business day thereafter) and each January 15 (or first business day thereafter) to the shareholders of record on June 30 and December 31 (or first business day thereafter). The payment of any dividends by the Company is subject to the discretion of its board of directors and subject to its determination of the Company's capital and operational requirements, adequacy of reserves and compliance with contractual and legal requirements.

The board of directors have decided not to declare and pay the first instalment of dividend in respect of the 2016 fiscal year's net earnings. The decision to pay the second instalment dividend in respect of the 2016 fiscal year's net earnings will be addressed by the board of directors prior to the next scheduled dividend payment date of January 15, 2017.

History of Retained Earnings (Deficit)

The following table shows Taiga's history of net earnings, dividends payouts, the impact of transition to IFRS, and the impact of the Stapled Unit conversion since fiscal year 2006:

	September 30, 2016	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011	FY2010	FY2006 to FY2010 CGAAP
<i>(in thousands of dollars)</i>	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	
Retained earnings (deficit), beginning	(45,800)	(57,520)	(68,600)	(73,676)	(83,180)	(86,904)	(90,590)		88,527
Net earnings	7,901	11,720	11,080	5,076	10,434	3,724	4,001		22,054
Common share dividends	-	-	-	-	(930)	-	(2,995)		(29,837)
Transition to IFRS	-	-	-	-	-	-	2,680		-
Issuance of Subordinated Notes	-	-	-	-	-	-	-		(171,334)
Deficit, ending	(37,899)	(45,800)	(57,520)	(68,600)	(73,676)	(83,180)	(86,904)		(90,590)

6. Canada Revenue Agency Reassessment

Taiga has received a notice of reassessment from the Canada Revenue Agency (CRA) relating to Taiga's 2005 to 2013 taxation years. The notice of reassessment is consistent with the previously disclosed proposal received by the Company, which was received in 2015. In issuing the reassessment in the amount of \$41 million (which includes interest), the CRA is seeking to increase withholding taxes paid by the Company in relation to dividends paid or deemed to have been paid to the Company's two largest shareholders in connection with and subsequent to the Company's corporate reorganization in 2005 involving a swap of then outstanding common shares for stapled units. The Company will be required to either immediately pay the full amount owed or post security. The Company disagrees with the CRA's proposal and intends to challenge the reassessment and vigorously defend its tax filings and to seek a resolution as soon as practical. Any amounts paid to the CRA in connection with such reassessments would be refunded, plus interest, on a successful appeal of the reassessments.

The Company has formal written agreements with its two major shareholders that fully indemnify it from such potential liability and as a consequence, any such potential liability is not expected to have any impact on the Company's financial condition, results of operations or cash flows. Pursuant to the terms of the indemnities, the shareholders may elect to assume any action or defence of Taiga in connection with the foregoing.

The amount payable to the CRA by the Company has been included in accounts payable with a corresponding amount included in accounts receivable that is due from the Company's two major shareholders.



7. Critical Accounting Policies and Estimates

The significant accounting policies of Taiga are described in Note 3 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2016.

The preparation of financial statements in conformity with IFRS requires management to make assumptions and estimates that affect the amounts reported in the financial statements and notes thereto. Financial results as determined by actual events could be different from those estimates. These estimates are described in the management's discussion and analysis for the year ended March 31, 2016 and there have been no material changes to such policies and estimates since that time.

8. Off-Balance Sheet Arrangements

Taiga does not have off-balance sheet arrangements except for commitments under operating leases as discussed under "Commitments and Contingencies" in the Management's Discussion and Analysis for the fiscal year ended March 31, 2016.

For a detailed description of financial instruments and their associated risks, see Note 20 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2016.

9. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Taiga's management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS.

The CEO and CFO of Taiga acknowledge responsibility for the design of ICFR and confirm that there were no changes in these controls that occurred during the quarter ended September 30, 2016 which materially affected, or are reasonably likely to materially affect the Company's ICFR.

10. Outlook

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets. These markets are affected by the strength or weakness in the general economy and as such are influenced by interest rates and other general market indicators.

In Canada, according to the Canada Mortgage and Housing Corporation ("CMHC") Housing Market Outlook, Canadian Edition for the fourth quarter 2016, housing starts are forecasted to range from 185,100 to 192,900 units in the 2016 calendar year. CMHC is reporting that housing starts will range from 174,500 to 184,300 units in the 2017 calendar year.

In the United States, the National Association of Home Builders reported in September 2016 that housing starts are forecasted to total 1,164,000 units in the 2016 calendar year compared to 1,108,000 units in calendar year 2015. NAHB expects housing starts to continue to improve to 1,256,000 in calendar year 2017.

NOTICE OF EXTRAORDINARY GENERAL MEETING

UPP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 196700346M)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of UPP Holdings Limited (the “**Company**”) will be held at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 on 31 January 2017 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following ordinary resolutions:

ORDINARY RESOLUTION 1:

Acquisition of (i) 12,669,808 Common Shares in the Capital of Taiga Building Products Ltd (“Taiga”) And (ii) C\$46,008,796.98 Principal Amount of 14% Unsecured Subordinated Notes Issued by Taiga (The “Proposed Berjaya Acquisition”)

That:

- (a) approval be and is hereby given for the Company to acquire 12,669,808 common shares in the capital of Taiga on the terms and subject to the conditions of the share purchase agreement dated 5 October 2016 entered into between the Company, Berjaya Forest Products (Luxembourg) S.A.R.L. and Berjaya Corporation Berhad (the “**Berjaya SPA**”);
- (b) approval be and is hereby given for the Company to acquire C\$46,008,796.98 principal amount of 14% unsecured subordinated notes issued by Taiga on the terms and subject to the conditions of the note purchase agreement dated 5 October 2016 entered into between the Company, Berjaya Forest Products (Luxembourg) S.A.R.L. and Berjaya Corporation Berhad (the “**Berjaya NPA**”); and
- (c) any of the directors of the Company (the “**Directors**”) be and is hereby authorized to complete and do all acts and things as he may consider necessary or expedient for the purposes of or in connection with the Proposed Berjaya Acquisition and the Berjaya SPA and the Berjaya NPA and to give effect to this resolution as he shall think fit in the interests of the Company.

ORDINARY RESOLUTION 2

Acquisition of 6,238,400 Common Shares in the Capital of Taiga (The “Proposed Genghis Acquisition”)

That subject to and contingent upon Ordinary Resolution 1 being passed:

- (a) approval be and is hereby given for the Company to acquire 6,238,400 common shares in the capital of Taiga on the terms and subject to the conditions of the share purchase agreement dated 5 October 2016 entered into between the Company and Genghis S.a.r.l. (the “**Genghis SPA**”);
- (b) any of the Directors be and is hereby authorized to complete and do all acts and things as he may consider necessary or expedient for the purposes of or in connection with the Proposed Genghis Acquisition and the Genghis SPA and to give effect to this resolution as he shall think fit in the interests of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 3:

Proposed Bonus Warrants Issue

That the proposed bonus warrants issue of up to 836,667,121 free warrants (the “**Bonus Warrants**”), each Bonus Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**New Share**”) at the exercise price of S\$0.37 (the “**Exercise Price**”) for each New Share, on the basis of one (1) Bonus Warrant for every one (1) existing ordinary share (the “**Share**”) in the capital of the Company held by the shareholders of the Company (the “**Shareholders**”) as at a date to be determined by the Directors for the purpose of determining the Shareholders’ entitlement (the “**Books Closure Date**”), (the “**Proposed Bonus Warrants Issue**”), be and is hereby approved and authority be and is hereby given to the Directors to:

(A) create and issue:

- (i) up to 836,667,121 Bonus Warrants in registered form to be issued free, each Bonus Warrant to entitle the holder thereof to subscribe for one (1) New Share at the Exercise Price for each New Share at any time during the period commencing on and including the date six (6) months from the date of listing of the Bonus Warrants on the SGX-ST and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Bonus Warrants subject to the terms and conditions of the deed poll (the “**Deed Poll**”) constituting the Bonus Warrants to be executed by the Company on such terms and conditions as the Directors may think fit; and
- (ii) such further Bonus Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Bonus Warrants to rank *pari passu* with the Bonus Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);

(B) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:

- (i) up to 836,667,121 New Shares upon the exercise of the Bonus Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such New Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the relevant exercise date of the Bonus Warrants; and
- (ii) on the same basis as paragraph (B)(i) above, such further New Shares as may be required to be allotted and issued on the exercise of any of the Bonus Warrants issued in accordance with paragraph (A)(ii) above,

on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:

- (a) the issue of Bonus Warrants shall be made to Shareholders whose names appear in the Register of Members of the Company or the records of the Central Depository (Pte) Limited (the “**CDP**”) as at the Books Closure Date with registered addresses in

NOTICE OF EXTRAORDINARY GENERAL MEETING

Singapore or who have, at least three (3) market days prior to the Books Closure Date, provided to CDP or the share registrar of the Company (the “**Share Registrar**”), as the case may be, addresses in Singapore for the service of notices and documents, on the basis of one (1) Bonus Warrant for every one (1) existing Share or in such other proportions as the Directors may think fit;

- (b) no allotment of Bonus Warrants shall be made in favour of Shareholders with registered addresses outside Singapore as at the Books Closure Date or who have not, at least three (3) market days prior thereto, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”); and
- (c) the allotment of Bonus Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the provisional allotments relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be retained or dealt with for the sole benefit of the Company,

and the Directors be and are hereby authorized to take such steps, do all such acts and things, make such amendments to the terms of the Bonus Warrants and exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or necessary in connection with all or any of the above matters.

ORDINARY RESOLUTION 4:

Proposed Adoption of the Share Purchase Mandate

That:

- (a) for the purposes of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire from time to time the issued and fully-paid ordinary shares in the capital of the Company (the “**Shares**”) (excluding treasury shares) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) on-market purchases transacted on the SGX-ST through the ready market, and through one or more duly licensed stockbrokers appointed by the Company for the purpose (each an “**On-Market Share Purchase**”); and/or
 - (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme shall satisfy all the conditions prescribed by the Listing Manual (each an “**Off-Market Share Purchase**”),

NOTICE OF EXTRAORDINARY GENERAL MEETING

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act (Cap. 50) (as modified, supplemented or amended from time to time) and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
 - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting;

- (c) in this Ordinary Resolution:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last 5 market days, on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Share Purchase and deemed to be adjusted for any corporate action that occurs after the relevant 5 market days;

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares; and

“**Prescribed Limit**” means that number of issued Shares representing ten per cent. (10%) of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

- (d) the Directors and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may in their/his absolute discretion expedient or necessary to give effect to the transactions contemplated and/or authorized by this Ordinary Resolution.

BY ORDER OF THE BOARD
UPP HOLDINGS LIMITED

Tong Kooi Ong
Executive Chairman and Chief Executive Officer

16 January 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:–

1. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

“Relevant intermediary” means:

- (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
2. A proxy need not be a Member of the Company.
 3. If the appointor is a corporation, the proxy form must be executed under seal or the hand of its attorney or officer duly authorised.
 4. The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company’s registrar, **M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902** not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting in order for the proxy to be entitled to attend and vote at the Extraordinary General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

UPP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 196700346M)

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy UPP Holdings Limited shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their CPF Approved Nominees if they have any queries regarding their appointment as proxies (Please see Note 3).

PROXY FORM

I/We _____ (Name) _____ (NRIC/Passport No./Co Reg Number)
of _____ (Address)

being a member/members of UPP Holdings Limited (the “**Company**”), hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%
and/or (please delete as appropriate)				

or failing him/her, the Chairman of the Extraordinary General Meeting of the Company (“**EGM**”) as my/our proxy/proxies to vote for me/us on my/our behalf at the EGM to be held at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 on 31 January 2017 at 10.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion.

No.	Resolution	Number of votes For*	Number of votes Against*
1.	Ordinary Resolution To approve the Proposed Berjaya Acquisition		
2.	Ordinary Resolution To approve the Proposed Genghis Acquisition		
3.	Ordinary Resolution To approve the Proposed Bonus Warrants Issue		
4.	Ordinary Resolution To approve the adoption of the Proposed Share Purchase Mandate		

* If you wish to use all your votes “For” or “Against”, please indicate with an “X” within the box provided. Otherwise, please indicate number of votes “For” or “Against” for each resolution within the box provided.

Dated this _____ day of _____ 2017

Total Number of Shares Held (see Note 1)

Signature(s) of Member(s) or Common Seal

IMPORTANT – Please read notes overleaf

NOTES TO PROXY FORM:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

"Relevant intermediary" means:

- (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. CPF/SRS investors whose names have been given by their CPF Approved Nominees to the Company or the Company's share registrar, as the case may be, pursuant to a blanket proxy form may attend and vote in person at the meeting. In the event that such CPF/SRS investors are unable to attend the meeting but would like to vote, they should inform their CPF Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case they shall be precluded from attending the meeting.
 4. A proxy need not be a member of the Company.
 5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's registrar, **M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902** not less than 48 hours before the time appointed for holding the meeting.
 6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
 8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.