

**CIRCULAR DATED 11 OCTOBER 2016**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**This Circular is issued by Sin Heng Heavy Machinery Limited (the "Company"). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should at once hand this Circular, the Notice of AGM (as defined herein) and the Proxy Form (as defined herein) to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund ("**CPF**") monies to buy shares in the capital of the Company, this Circular is forwarded to them at the request of their CPF-approved nominees and is sent solely for information only.

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



**SIN HENG HEAVY MACHINERY LIMITED**

(Incorporated in the Republic of Singapore on 30 March 1981)

(Company Registration No. 198101305R)

**CIRCULAR TO SHAREHOLDERS ACCOMPANYING THE NOTICE OF  
ANNUAL GENERAL MEETING DATED 11 OCTOBER 2016**

**IN RELATION TO**

- (I) THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTION MANDATE; AND**
- (II) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

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## DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"2015 AGM"	:	The AGM held on 28 October 2015
"2015 Circular"	:	The circular in relation to the proposed renewal of the IPT Mandate and the Share Buy-Back Mandate sent by the Company to Shareholders dated 13 October 2015
"2016 AGM"	:	The AGM to be held on 26 October 2016, or any adjournment thereof
"Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"AGM"	:	The annual general meeting of the Company or any adjournment thereof
"Approved Exchange"	:	A stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual
"Articles"	:	The articles of association of the Company, as amended or modified from time to time
"Associate"	:	(a) In relation to any Director, chief executive officer, a Substantial Shareholder or a Controlling Shareholder (being an individual) means:  (i) his immediate family;  (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  (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) 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
"Associated Company"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
"Audit and Risk Committee"	:	The audit and risk committee of the Company, currently comprising Mr. Yeo Yun Seng, Bernard, Mr. Renny Yeo Ah Kiang, Mr. Tan Keh Yan, Peter, Mr. Soh Sai Kiang and Mr. Hideyuki Morita
"Average Closing Price"	:	As defined in Paragraph 2.4 of Appendix 2 of this Circular

"Board"	:	The board of directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 11 October 2016
"Company"	:	Sin Heng Heavy Machinery Limited
"Controlling Shareholder"	:	A person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15% or more of the total number of issued Shares in the Company (excluding treasury shares), unless otherwise determined by the SGX-ST; or</li> <li>(b) in fact exercises control over the Company</li> </ul>
"Directors"	:	The directors of the Company as at the date of this Circular
"Entity at Risk"	:	In relation to the IPT Mandate means: <ul style="list-style-type: none"> <li>(a) the Company;</li> <li>(b) a subsidiary of the Company that is not listed on the SGX-ST or an Approved Exchange; or</li> <li>(c) an Associated Company that is not listed on the SGX-ST or an Approved Exchange, provided that the Group or the Group and its Interested Person(s), has control over the Associated Company</li> </ul>
"Equipment"	:	As defined in Paragraph 5 of Appendix 1 of this Circular
"Executive Director"	:	A Director who is an executive of the Company and is responsible for the day-to-day operations of the Company
"General Transactions"	:	As defined in Paragraph 5 of Appendix 1 of this Circular
"Group"	:	The Company and its subsidiaries and in the context of the IPT Mandate, each of the Entity at Risk
"Head of Finance Team"	:	Includes the chief financial officer or financial controller or such person that is in charge of the Company's Finance and Accounts Department
"Interested Person"	:	In general, bears the same meaning as that set out in Chapter 9 of the Listing Manual where in the case of a company, the director, chief executive officer, or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder, and where specific reference is made to the Company, means the classes of interested persons set out in Paragraph 4 of Appendix 1 of this Circular
"Interested Person Transaction"	:	The categories of transactions with Interested Persons, as that set out in Chapter 9 of the Listing Manual and where specific reference is made to the Company, means the categories of transactions set out in Paragraph 5 of Appendix 1 of this Circular

"Interested Person Transaction Mandate" or "IPT Mandate"	:	The general mandate for Interested Person Transactions proposed for renewal in this Circular for Shareholders' approval
"Latest Practicable Date"	:	20 September 2016, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"Market Day"	:	A day on which the SGX-ST is open for securities trading
"Maximum Price"	:	As defined in Paragraph 2.4 of Appendix 2 of this Circular
"Memorandum"	:	The memorandum of association of the Company, as amended or modified from time to time
"Non-interested Directors"	:	The Directors who are deemed to be independent for the purposes of making a recommendation to Shareholders in respect of the IPT Mandate, as defined in Paragraph 6.1 of this Circular
"Notice of AGM"	:	The notice of the 2016 AGM dated 11 October 2016
"NTA"	:	Net tangible assets
"Off-Market Share Buy-Back"	:	As defined in Paragraph 2.3 of Appendix 2 of this Circular
"On-Market Share Buy-Back"	:	As defined in Paragraph 2.3 of Appendix 2 of this Circular
"Proxy Form"	:	The proxy form enclosed to the Notice of AGM
"Purchase Price"	:	As defined in Paragraph 4 of Appendix 2 of this Circular
"Relevant Period"	:	In relation to the Share Buy-Back Mandate, the period in which the Share Buy-Back Mandate is valid and as defined in Paragraph 2.2 of Appendix 2 of this Circular
"Resolution 10"	:	The ordinary resolution relating to the renewal of the IPT Mandate
"Resolution 11"	:	The ordinary resolution relating to the renewal of the Share Buy-Back Mandate
"Rule 14"	:	Rule 14 of the Take-over Code
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose securities accounts are credited with those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective securities accounts
"Shares"	:	Ordinary shares in the issued share capital of the Company

"Share Buy-Back"	:	The purchase or acquisition by the Company of its own Shares pursuant to the Share Buy-Back Mandate
"Share Buy-Back Mandate"	:	The share buy-back mandate proposed in this Circular for Shareholders' approval
"SIC"	:	The Securities Industry Council
"Substantial Shareholder"	:	A person who holds directly or indirectly 5% or more of the total issued share capital of the Company
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers
"TAL"	:	TAL Holdings Pte. Ltd.
"Toyota Tsusho Group"	:	Collectively, TTC and the other companies set out in Paragraph 4 of Appendix 1 of this Circular
"TTC"	:	Toyota Tsusho Corporation
"S\$" and "cents"	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore
"%" or "per cent."	:	Per centum or percentage

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

The term "treasury shares" shall have the meaning ascribed to it in Section 76H of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall 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 defined under the Act or any statutory modification thereof and not otherwise defined in this Circular, shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be. Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

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

## LETTER TO SHAREHOLDERS

### SIN HENG HEAVY MACHINERY LIMITED

(Incorporated in the Republic of Singapore on 30 March 1981)  
(Company Registration No. 198101305R)

#### Directors:

Tan Ah Lye (*Executive Chairman and Interim CEO*)  
Tan Cheng Guan (*Executive Director*)  
Tan Cheng Kwong (*Executive Director*)  
Hideki Okada (*Executive Director*)  
Atsushi Shimizu (*Non-Executive Director*)  
Hideyuki Morita (*Non-Executive Director*)  
Soh Sai Kiang (*Lead Independent Director*)  
Tan Keh Yan, Peter (*Independent Director*)  
Yeo Yun Seng, Bernard (*Independent Director*)  
Renny Yeo Ah Kiang (*Independent Director*)

#### Registered Office:

26 Gul Road  
Singapore 629346

11 October 2016

To: The Shareholders of Sin Heng Heavy Machinery Limited

Dear Sir/Madam,

#### 1. INTRODUCTION

The Company has, on even date, issued a Notice of AGM for the 2016 AGM, being the forthcoming AGM to be held on 26 October 2016.

Item 8 appearing under the heading "Special Business" in the Notice of AGM dated 11 October 2016 is an ordinary resolution ("**Resolution 10**") for the renewal of the general mandate for Interested Person Transactions (the "**IPT Mandate**") as approved by Shareholders at the 2015 AGM.

Item 9 appearing under the heading "Special Business" in the Notice of AGM dated 11 October 2016 is an ordinary resolution ("**Resolution 11**") for the renewal of the general and unconditional mandate to be given for the purchase or acquisition by the Company of its issued Shares (the "**Share Buy-Back Mandate**") as approved by Shareholders at the 2015 AGM.

The purpose of this Circular is to provide Shareholders with relevant information pertaining to and to seek their approval for Resolution 10 and Resolution 11 at the 2016 AGM. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

#### 2. THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTION MANDATE

The Company had, at the 2015 AGM, sought and obtained the approval of Shareholders for the renewal of the IPT Mandate to enable the Group to enter into certain types of transactions of a revenue or trading nature or those necessary for its day-to-day operations with its Interested Persons.

The IPT Mandate is subject to annual renewal and its validity period will expire at this 2016 AGM. Accordingly, it is proposed that the renewal of the IPT Mandate be tabled to Shareholders for approval at the 2016 AGM.

The rationale and benefits for the renewal of the IPT Mandate is set out in Paragraph 2 of Appendix 1 of this Circular.

Further details of the IPT Mandate, such as the review procedures implemented by the Group to ensure that the transactions covered by the IPT Mandate are undertaken with the Interested Persons on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders are set out in Appendix 1 of this Circular.

The rationale of the IPT Mandate, its scope, the benefits to Shareholders, the classes and particulars of the Interested Persons and the Interested Person Transactions as well as the review procedures for the Interested Person Transactions remain largely unchanged since the IPT Mandate was last renewed at the 2015 AGM.

### 3. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

The Company had, at the 2015 AGM, sought and obtained the approval of Shareholders for a share buy-back mandate to enable the Company to purchase or otherwise acquire its Shares.

The said share buy-back mandate was expressed to take effect on the date of the passing of the ordinary resolution approving the same at the 2015 AGM and will expire on the date of the forthcoming 2016 AGM. Accordingly, the Company is now seeking Shareholders' approval for the renewal of the Share Buy-Back Mandate on the same terms as the last share buy-back mandate approved by Shareholders at the 2015 AGM.

Further details of the Share Buy-Back Mandate including the rationale for, the authority and limitations on, and the financial effects of, the Share Buy-Back Mandate are set out in Appendix 2 of this Circular.

The Company has purchased 150,000 Shares by way of On-Market Share Buy-Backs pursuant to the last share buy-back mandate approved by Shareholders at the 2015 AGM.

As at the Latest Practicable Date, 270,180 Shares purchased or acquired by the Company are held as treasury shares.

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

- 4.1 The interests of Directors and Substantial Shareholders as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Tan Ah Lye	304,000	0.27	32,273,200 <sup>(2)</sup>	28.16
Tan Cheng Guan	—	—	—	—
Tan Cheng Kwong	—	—	—	—
Hideki Okada	—	—	—	—
Atsushi Shimizu	—	—	—	—
Hideyuki Morita	—	—	—	—
Soh Sai Kiang	—	—	—	—
Tan Keh Yan, Peter	—	—	—	—
Yeo Yun Seng, Bernard	—	—	—	—
Renny Yeo Ah Kiang	—	—	—	—
<b>Substantial Shareholders</b>				
TAL Holdings Pte. Ltd.	32,273,200	28.16	—	—
Toyota Tsusho Corporation	30,950,000	27.00	—	—
Tan Ah Lye	304,000	0.27	32,273,200 <sup>(2)</sup>	28.16
Toyota Motor Corporation	—	—	30,950,000 <sup>(3)</sup>	27.00



Notes:-

- (1) The above percentages are calculated based on the Company's share capital comprising 114,888,980 Shares less 270,180 Shares held as treasury shares.
- (2) Mr. Tan Ah Lye owns more than 20% of the issued and fully paid-up capital of TAL. Pursuant to Section 7 of the Act, Mr. Tan Ah Lye is deemed to have an interest in the Shares held by TAL.
- (3) Daiwa Capital Markets Singapore Ltd is holding Shares as a nominee on behalf of TTC. Pursuant to Section 7 of the Act, Toyota Motor Corporation by virtue of its holdings of more than 20% of the votes attached to the voting shares in the capital of TTC, is deemed to have an interest in the Shares held by TTC.

4.2 TTC is an Interested Person and currently holds a 27.00% interest in the Company.

4.3 For further details on the effect of the Share Buy-Back Mandate on the shareholdings of the Directors and Substantial Shareholders, please refer to Appendix 2 of this Circular.

## 5. ABSTENTION FROM VOTING

### 5.1 *IPT Mandate*

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, TTC will abstain, and has undertaken to ensure that its Associates will abstain from voting on Resolution 10 relating to the renewal of the IPT Mandate.

Further, TTC undertakes to decline, and shall ensure that its Associates shall decline to accept appointment as proxies to vote and attend at the forthcoming 2016 AGM in respect of Resolution 10 for other Shareholders unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast at the 2016 AGM.

Save for the Non-interested Directors, the Directors shall decline to accept appointment as proxies to vote at the forthcoming 2016 AGM in respect of Resolution 10.

### 5.2 *Share Buy-Back Mandate*

In compliance with the conditions of the exemption granted to the relevant parties and persons acting in concert with them (as set out in Paragraph 11.2 of Appendix 2 of this Circular) and in accordance with the Take-over Code, TAL and its Associates will abstain from voting at the forthcoming 2016 AGM in relation to Resolution 11 relating to the renewal of the Share Buy-Back Mandate.

In this regard, Mr. Tan Ah Lye, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong shall decline to accept appointment as proxies to vote and attend at the forthcoming 2016 AGM in respect of Resolution 11 for other Shareholders unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast at the 2016 AGM.

## 6. DIRECTORS' RECOMMENDATION

### 6.1 *IPT Mandate*

The Directors who are deemed to be non-interested for the purposes of making a recommendation to Shareholders in respect of the renewal of the IPT Mandate are Mr. Tan Ah Lye, Mr. Tan Cheng Guan, Mr. Tan Cheng Kwong, Mr. Soh Sai Kiang, Mr. Tan Keh Yan, Peter, Mr. Yeo Yun Seng, Bernard and Mr. Renny Yeo Ah Kiang (collectively, the "**Non-interested Directors**").

Having considered the rationale and benefits for the renewal of the IPT Mandate in Paragraph 2 of Appendix 1 of this Circular, the Non-interested Directors are unanimously of the opinion that the renewal of the IPT Mandate is in the best interests of the Company. The Non-interested Directors unanimously agree that the review procedures for determining the terms of the Interested Person Transactions as stated in Paragraph 6 of Appendix 1 of this Circular as well as the quarterly reviews to be made by the Audit and Risk Committee in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the Group on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, the Non-interested Directors unanimously recommend that Shareholders vote in favour of Resolution 10 relating to the renewal of the IPT Mandate as set out in the Notice of AGM.

#### 6.2 Share Buy-Back Mandate

The Directors, save for Mr. Tan Ah Lye, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong who are abstaining from making any recommendation to Shareholders pursuant to the conditions under Appendix 2 of the Take-over Code, having carefully considered, *inter alia*, the terms and rationale of the Share Buy-Back Mandate, are of the view that the Share Buy-Back Mandate is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of Resolution 11.

### 7. **ANNUAL GENERAL MEETING**

The 2016 AGM, notice of which is circulated together with this Circular, will be held at Raffles Marina, No. 10, Tuas West Drive, Singapore 638404 on 26 October 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without any modification, the resolutions set out in the Notice of AGM.

### 8. **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 IPT Mandate, the Share Buy-Back Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information contained in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

### 9. **ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the 2016 AGM and wish to appoint a proxy to attend and vote at the 2016 AGM on their behalf should complete, sign and return the Proxy Form enclosed to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for holding the 2016 AGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2016 AGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the 2016 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the 2016 AGM.

### 10. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company at 26 Gul Road Singapore 629346, during normal business hours from the date of this Circular up to and including the date of the 2016 AGM:

- (a) the Memorandum and Articles of the Company; and
- (b) the annual report of the Company for the financial year ended 30 June 2016.

Yours faithfully,

Tan Ah Lye  
Executive Chairman and Interim CEO  
For and on behalf of the Board of Directors of  
**Sin Heng Heavy Machinery Limited**

## **APPENDIX 1**

### **1. Chapter 9 of the Listing Manual**

Chapter 9 of the Listing Manual applies to transactions between a party that is an entity at risk as defined in Chapter 9 of the Listing Manual and a counter party that is an Interested Person. The objective of Chapter 9 of the Listing Manual is to safeguard against the risk that Interested Persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with Interested Persons that may adversely affect the interests of the listed company or its shareholders.

In particular, an immediate announcement, or an immediate announcement and shareholders' approval is required in respect of the Interested Person Transaction if the value of such transaction is equal to or exceeds certain thresholds set out in Chapter 9 of the Listing Manual.

An immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, 3% of the group's latest audited NTA; or
- (b) the aggregate value of all transactions entered into with the same Interested Person during the same financial year amounts to 3% or more of the group's latest audited NTA;

and shareholders' approval (in addition to an immediate announcement) is required where:

- (i) the transaction is of a value equal to, or more than, 5% of the group's latest audited NTA; or
- (ii) the transaction, when aggregated with other transactions entered into with the same Interested Person during the same financial year, is of a value equal to, or more than, 5% of the group's latest audited NTA.

The above requirements for immediate announcement and/or shareholders' approval do not apply to any transaction below S\$100,000 as well as certain transactions set out in Chapter 9 of the Listing Manual, which by reason of the nature of such transactions, are not considered to put the entity at risk to its Interested Person and are thus excluded from the ambit of Chapter 9 of the Listing Manual. For the purpose of aggregation, an Interested Person Transaction that is below S\$100,000 is also excluded.

Rule 920 of the Listing Manual also provides that the Company may seek a general mandate from its Shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials that may be carried out with Interested Persons. It should be noted that no such mandate can be sought for the purchase or sale of assets, undertakings or businesses. A general mandate is also subject to annual renewal.

For illustration purposes, based on the audited consolidated statements of the Group for the financial year ended 30 June 2016, the audited NTA of the Group was approximately S\$122,820,000. Accordingly, in relation to the Group and for the purposes of Chapter 9 of the Listing Manual for the current financial year, Shareholders' approval is required where:

- (1) the Interested Person Transaction is of a value equal to, or more than, approximately S\$6,141,000, being 5% of the latest audited NTA value of the Group; or
- (2) the Interested Person Transaction, when aggregated with other transactions entered into with the same Interested Person during the same financial year, is of a value equal to, or more than, approximately S\$6,141,000.

## **2. Rationale and benefits of the IPT Mandate**

Pursuant to Chapter 9 of the Listing Manual, the IPT Mandate will enable the Group, in the ordinary course of business, to enter into the Interested Person Transactions with the Toyota Tsusho Group, provided that such transactions are made at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The General Transactions would enable the Group to gain greater access to a wider customer base and product range as well as allowing the Group to tap on TTC's goodwill, market share, expertise and resources in the industry.

The Group is engaged mainly in the business of providing comprehensive lifting solutions to the infrastructure and geotechnic, construction, offshore and marine as well as oil and gas industries. Our core business activities are the trading and rental of cranes, aerial lifts, and other heavy lifting equipment as well as the sale and distribution of parts. In this regard, when a prospective trade transaction arises for the Group, it is also the ordinary course of business of the Group to trade (i.e. sale) those Equipment that are available for rent. For the avoidance of doubt, any purchase and sale of the Equipment available for rent will not be treated as an acquisition and/or disposal of fixed assets. Such transactions will be treated as an acquisition and/or disposal of inventory in accordance with the Company's accounting practices for ordinary course of trading business.

Owing to the time sensitive nature of the General Transactions, the renewal of the IPT Mandate will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant Entity at Risk into such Interested Person Transactions. This will facilitate the Group in its execution of critical commercial decisions. In particular, the time taken and the speed in which the Group is able to engage in potential transactions will be shortened and enhanced respectively hence allowing the Group to take advantage of and benefit from the qualities of fresh business opportunities as and when they arise. Furthermore, the IPT Mandate will also ensure confidentiality for price sensitive and strategic transactions. Other benefits of having the IPT Mandate also include significantly reducing the costs associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an ad hoc basis and improving administrative efficacy considerably.

The IPT Mandate is intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. The Group will benefit from having access to competitive quotes from its Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons.

## **3. Duration of the IPT Mandate**

The IPT Mandate will take effect from the date of the passing of Resolution 10, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit and Risk Committee of its continued application to the transactions with the Interested Persons.

## **4. Classes of Interested Persons**

The Group intends to enter into recurrent Interested Person Transactions (described in Paragraph 5 below) with the following Interested Persons:

- (a) Toyota Tsusho Corporation

The main business of TTC is in general trading.

As TTC is a Controlling Shareholder with 27.00% interest in the Company, TTC is considered an Interested Person for the purposes of Chapter 9 of the Listing Manual. As such, the Company is seeking the approval for the IPT Mandate so as to maintain an efficient and stable working relationship with TTC and the Toyota Tsusho Group.

(b) Toyota Tsusho Asia Pacific Pte. Ltd.

Toyota Tsusho Asia Pacific Pte. Ltd. is a company incorporated in Singapore and is principally engaged in the business of trading, investment and wholesale of products in industries such as automotive, parts and after-sales marketing, automotive parts, metal and non-ferrous metal, IT and electronics, chemical, plastic and food and produce.

Toyota Tsusho Asia Pacific Pte. Ltd. is a wholly owned subsidiary of TTC and accordingly, is an Interested Person.

(c) TAS Corporation

TAS Corporation is a company incorporated in Japan and is principally engaged in the business of trading in automotive parts and second hand cars.

TAS Corporation is a wholly owned subsidiary of TTC and accordingly, is an Interested Person.

(d) PT Toyota Tsusho Indonesia

PT Toyota Tsusho Indonesia is a company incorporated in Indonesia and is principally engaged in export and import trading services. As a wholly owned subsidiary of TTC, it is an Interested Person.

(e) Toyota Tsusho (Malaysia) Sdn. Bhd.

Toyota Tsusho (Malaysia) Sdn. Bhd. is a company incorporated in Malaysia and is principally engaged in the business of trading, investment and wholesale of TTC's business and products.

TTC currently holds 70% of the issued share capital in Toyota Tsusho (Malaysia) Sdn. Bhd. which deems the latter an Associate of TTC for the purposes of Chapter 9 of the Listing Manual. Accordingly, Toyota Tsusho (Malaysia) Sdn. Bhd. is an Interested Person.

(f) Toyota Tsusho (Thailand) Co., Ltd.

Toyota Tsusho (Thailand) Co., Ltd is a company incorporated in Thailand and is principally engaged in the business of trading, investment and wholesale.

TTC currently holds 49% of the issued share capital in Toyota Tsusho (Thailand) Co., Ltd which deems the latter an Associate of TTC for the purposes of Chapter 9 of the Listing Manual. Accordingly, Toyota Tsusho (Thailand) Co., Ltd is an Interested Person.

(g) Toyota Tsusho Vietnam Company Ltd.

Toyota Tsusho Vietnam Company Ltd. is a company incorporated in Vietnam and is principally engaged in the business of import, export, wholesale distribution and investment consultation.

Toyota Tsusho Vietnam Company Ltd. is a wholly owned subsidiary of TTC and accordingly, is an Interested Person.

## 5. Categories of Interested Person Transactions

It is intended that the IPT Mandate will apply in respect of general transactions entered into by the Group relating to the provision to, and the obtaining from, Interested Persons of the following products and services in the normal course of business of the Group ("**General Transactions**"):

- (a) sale and purchase of cranes, aerial lifts, other lifting equipment and parts and/or other logistical or construction related products (the "**Equipment**") and services;
- (b) rental of the Equipment; and
- (c) committing to agency relationships and/or rights in respect of the Equipment.

The IPT Mandate will not cover any Interested Person Transaction that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transaction.

Transactions with the Toyota Tsusho Group that do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

## 6. Review Procedures for Interested Person Transactions

### 6.1 *Review Procedures*

To ensure that the Interested Person Transactions are undertaken on an arm's length basis on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the following procedures will be implemented for the review and approval of such Interested Person Transactions under the IPT Mandate:

- (a) all Interested Person Transactions shall be conducted in accordance with the Group's usual business practices and policies, consistent with the usual margins or prices extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms are not more favourable to the Interested Person compared to those extended to or received from unrelated third parties and/or are in accordance with published or prevailing rates/prices or are otherwise in accordance with prevailing applicable industry norms. The Group will use its reasonable endeavours to make comparisons with at least two other quotes from unrelated third parties for the same or substantially similar type of transactions;
- (b) subject to and in accordance with Paragraph 6.1(a) above, in the case of sale or rental of Equipment in the ordinary course of business of the Group, the prices and rates shall be such that the Group obtains a positive gross margin on said transaction. Other considerations include quantity, customer requirement, product specifications, delivery time, past records of dealings with the customer, credit standing, and fluctuations in foreign exchange rates;
- (c) when in an adverse economic situation, the Group, considers it necessary to enter into a transaction which will result in no or a negative gross margin, such transaction shall be subject to and in accordance with Paragraph 6.1(a) above and may only be entered into with approval from at least one of the Executive Directors of the Company with no interest, direct or indirect, in the proposed Interested Person Transaction who will then, subject to the approval thresholds as set out in Paragraph 6.2 of Appendix 1 of this Circular, evaluate and weigh the benefits of, and rationale for transacting with such Interested Persons, taking into account factors such as, but not limited to, the nature of the services, delivery schedules, order quantities, customer requirements and specifications, duration of contract, and preferential rates. An adverse economic situation, such as a recession, occurs when there are two (2) consecutive quarters

of negative growth in the specific markets that the Group is trading in. For the sake of completeness, the Group shall ensure that the transaction as referred to in this Paragraph 6.1(c) shall be transacted at such prices that are fair and reasonable and that the terms of sales extended to such Interested Persons are in accordance with industry norms;

- (d) subject to and in accordance with Paragraph 6.1(a) above, in the case of purchase or rental of Equipment in the ordinary course of business of the Group from an Interested Person, comparisons will be made against the quotations obtained from at least two (2) other comparative offers from unrelated third parties taking into account the prices and terms (if possible) that are contemporaneous in time. Comparisons will be made taking into consideration, *inter alia*, the purchase price or rates, quantity, quality, customer requirements, product specifications, delivery time, potential for future repeat business, age of product, credit standing, and fluctuations in foreign exchange rates, are no less favourable than that offered by the unrelated third parties, when compared to at least two (2) latest similar transactions between the Group and unrelated third parties; and
- (e) in the event where it is impractical or impossible to obtain comparable prices of contemporaneous transactions of similar goods or services due to the nature of the goods or services to be sold, purchased or rented, such transaction may only be entered into with approval from at least one (1) of the Executive Directors of the Company with no interest, direct or indirect, in the proposed Interested Person Transaction who will then, subject to the approval thresholds as set out in Paragraph 6.2 of Appendix 1, evaluate and weigh the benefits of, and rationale for transacting with such Interested Persons, taking into account factors such as, but not limited to, the nature of the services, delivery schedules, order quantities, customer requirements and specifications, duration of contract, and preferential rates. For the avoidance of doubt, such event as referenced in this Paragraph 6.1(e) relates to special situations involving the transaction of Equipment that has very specific and unique specifications such that it is unable to obtain a comparative quote. Such equipment may involve, for example, very specific hydraulic and/or lifting capabilities with certain manoeuvrability configurations. Given the sensitivity of such transaction whereby there is no comparative quote, the Group shall ensure that the prices and terms offered to such Interested Persons are fair and reasonable and are in accordance with industry norms.

The considerations in Paragraphs 6.1(a) to 6.1(e) above will allow for variation from prices and terms of the comparative offers or sales so long as the volume of trade, credit-worthiness of the buyer, differences in service, reliability or other relevant factors justify the variation and so long as the contemporaneous comparative offer or sale incorporates modifications that account for volatility of the market for the goods and services in question.

## 6.2 Approval Thresholds

In addition to the guidelines and review procedures set out in Paragraph 6.1 above, the following approval procedures will be implemented to supplement existing internal control procedures for the Interested Person Transactions to ensure that such transactions are undertaken on an arms' length basis on normal commercial terms and are not be prejudicial to the interests of the Company and its minority Shareholders:

- (a) a Category 1 Interested Person Transaction is one where the value thereof is in excess of or equal to 5% of the latest audited NTA of the Group; and
- (b) a Category 2 Interested Person Transaction is one where the value thereof is below 5% of the latest audited NTA of the Group.

All Category 1 Interested Person Transactions must be approved by the Audit and Risk Committee prior to entry whereas Category 2 Interested Person Transactions need not be approved by the Audit and Risk Committee prior to entry but shall be reviewed on a quarterly basis by the Audit and Risk Committee.

Any member of the Audit and Risk Committee may, as he deems fit, request for additional information pertaining to such Interested Person Transaction under review from independent sources or advisers, including obtaining of valuations from independent professional valuers.

### 6.3 *Register of Interested Person Transactions*

The Executive Directors are all obliged to inform the Head of Finance Team of any Interested Person Transactions. All relevant information on which the Interested Person Transactions are entered into will be duly documented and the records thereof will be prepared and maintained by the Head of Finance Team as a register of Interested Person Transactions (the "**IPT Register**"). For the avoidance of doubt, all Interested Person Transactions, including Interested Person Transactions that are below S\$100,000 in value, shall be recorded in the IPT Register.

The IPT Register shall be consolidated monthly by the Head of Finance Team and he shall report his findings to the Audit and Risk Committee on a quarterly basis.

The IPT Register will also be reviewed by an independent professional firm to be appointed by the Audit and Risk Committee or by independent internal audit resources of the Company on an annual basis to ascertain that the guidelines and procedures established to monitor Interested Person Transactions (including the guidelines and review procedures set out in Paragraph 6.1 above) have been complied with.

### 6.4 *Quarterly Review by Audit and Risk Committee*

The Audit and Risk Committee shall have the overall responsibility of reviewing the Interested Person Transactions and determining the sufficiency of the review procedures to ensure that Interested Person Transactions will be on an arm's length basis on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Audit and Risk Committee shall also review, on a quarterly basis, to ensure that the guidelines and review procedures for Interested Person Transactions under the IPT Mandate have been complied with, remain adequate and commercially practicable in ensuring that the Interested Person Transactions will be carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. Further, if during these periodic reviews, the Audit and Risk Committee is of the view that the guidelines and review procedures set out in Paragraph 6.1 above are not sufficient to ensure that Interested Person Transactions under the IPT Mandate will be on an arm's length basis on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, it will in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and will direct the Company to revert to the Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the Interested Persons.

If a member of the Audit and Risk Committee has an interest in an Interested Person Transaction to be reviewed by the Audit and Risk Committee, he will abstain from voting on any resolution, and/or any decision and/or any review of the established review procedures in respect of that Interested Person Transaction. Approval of that Interested Person Transaction will be undertaken by the remaining members of the Audit and Risk Committee.

In addition, the Board will also ensure that all disclosures, approvals and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with.

The IPT Mandate will take effect from the date of the passing of Resolution 10 and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM. Approval from the Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit and Risk Committee of its continued application to the Interested Persons Transactions.



## 7. Disclosure in Financial Statements and Annual Report

As required by the Listing Manual, the Company will announce the aggregate value (as determined by the Board) of transactions entered into with the Interested Persons for the quarterly financial periods which it is required to disclose and within the time required for the announcement of such disclosure.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Interested Persons during the relevant financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues to be in force.

The name of the Interested Person and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
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## 8. The Board's and Audit and Risk Committee's Confirmation

The Audit and Risk Committee comprises of Mr. Yeo Yun Seng, Bernard, Mr. Renny Yeo Ah Kiang, Mr. Tan Keh Yan, Peter, Mr. Soh Sai Kiang and Mr. Hideyuki Morita.

The Audit and Risk Committee (save for Mr. Hideyuki Morita) having considered the terms of the IPT Mandate and the review procedures for the Interested Person Transactions confirms that:

- (a) the methods and procedures for determining the prices of the Interested Person Transactions have not changed since last Shareholders' approval; and
- (b) the methods and procedures are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the established review procedures are inadequate or inappropriate to ensure that the Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will, in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.

The Board (save for Mr. Hideki Okada, Mr. Hideyuki Morita and Mr. Atsushi Shimizu) having considered the terms of the IPT Mandate and the review procedures for Interested Person Transactions, confirms that the methods and procedures are sufficient to ensure that such Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

## **APPENDIX 2**

### **1. Rationale for the Share Buy-Back Mandate**

The rationale for the Share Buy-Back Mandate is substantially the same as that stipulated in the 2015 Circular and is summarised below:

- (a) share purchases may be considered as part of the Company's continuous drive and one of the ways through which Shareholder value may be increased by enhancing the earnings and/or NTA per Share;
- (b) buying back Shares provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner;
- (c) share purchases help to mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholder confidence; and
- (d) the Share Buy-Back Mandate allows for greater control and flexibility over the Company's share capital structure, dividend payout and cash reserves.

The Share Buy-Back Mandate will give the Directors flexibility to purchase or acquire Shares if and when circumstances permit, via either On-Market Share Buy-Backs or Off-Market Share Buy-Backs, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. Whilst the Share Buy-Back Mandate would authorize a purchase or acquisition of Shares up to the 10% limit described in Paragraph 2.1 below, the Directors do not propose to carry out Share Buy-Backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity, orderly trading of the Shares and/or financial position of the Company or the Group or result in the Company being delisted from the SGX-ST.

### **2. Authority and Limits of the Share Buy-Back Mandate**

The authority and limitations placed on the Share Buy-Backs by the Company under the Share Buy-Back Mandate, if renewed at the 2016 AGM, are substantially the same as previously approved by Shareholders at the 2015 AGM and are summarised below:

#### ***2.1 Maximum number of Shares***

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate shall not exceed 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at the date on which the resolution authorising the renewal of the Share Buy-Back Mandate is passed, being the date of the 2016 AGM. As at the Latest Practicable Date, 270,180 Shares purchased or acquired by the Company are held as treasury shares.

**Purely for illustrative purposes**, based on the existing issued and paid-up share capital of the Company (excluding treasury shares) as at the Latest Practicable Date, comprising 114,618,800 Shares and assuming that no further Shares are issued or repurchased and held as treasury shares on or prior to the 2016 AGM, not more than 11,461,880 Shares (representing 10%) of the issued and paid-up share capital of the Company (excluding treasury shares) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate within the duration referred to in Paragraph 2.2 below.

#### ***2.2 Duration of Authority***

The authority conferred on the Directors pursuant to the Share Buy-Back Mandate, unless varied or revoked by the Company in a general meeting, may be exercised by the Directors at any time and from time to time during the "**Relevant Period**", which is the period commencing from the date of the passing of Resolution 11 and expiring on the earliest of:

- (a) the date of the next AGM or the date by which such AGM is required by law to be held;
- (b) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in a general meeting.

### 2.3 Manner of Share Buy-Backs

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

- (a) an on-market purchase, transacted on the SGX-ST through the ready market on the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for such purpose ("**On-Market Share Buy-Back**"); and/or
- (b) an off-market purchase effected pursuant to an equal access scheme in accordance with Section 76C of the Act ("**Off-Market Share Buy-Back**").

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

- (i) offers for the Share Buy-Backs shall be made to every person who holds Shares to purchase or acquire the same percentage of his Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
  - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
  - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Share Buy-Back, the Company shall, as required by the Listing Manual, issue an offer document to all Shareholders. The offer document shall contain, *inter alia*, the following information:

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

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

#### 2.4 Purchase Price

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

- (a) in the case of an On-Market Share Buy-Back, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (b) in the case of an Off-Market Share Buy-Back, 120% of the Average Closing Price of the Shares,

in either case, excluding related expenses of such Share Buy-Back (the "**Maximum Price**").

For the purposes of this Paragraph 2.4:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which the Shares were transacted on the SGX-ST, immediately preceding the date of the On-Market Share Buy-Back or, as the case may be, the date of the making of the offer pursuant to the Off-Market Share Buy-Back, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) day period; and

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of the Shares from holders of the Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back.

### 3. **Status of Purchased Shares**

#### 3.1 Cancellation of Purchased Shares

Shares when purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to such Shares will expire on such cancellation. All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Act) will be automatically delisted by the SGX-ST and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

#### 3.2 Treasury Shares

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

- (a) Maximum holdings

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

(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 Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller or larger amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

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

- (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 an employees' share scheme;
- (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.

Under the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares held by it stating the following:

- (A) date of such 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.

#### **4. Source of Funds**

In buying back Shares, the Company may only apply funds legally available for such purchase in accordance with its Memorandum and Articles and the applicable laws of Singapore. The Company may not buy Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The buy-back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for such Shares (excluding brokerage, commission, applicable goods and services tax and other related expenses) (the "**Purchase Price**");
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits available for the distribution of cash dividends by the total amount of the Purchase Price; or
- (c) if the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits available for the distribution of cash dividends proportionately by the total amount of the Purchase Price.

The Company intends to use internal resources of funds and/or external borrowings to finance its Share Buy-Backs.

The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that would materially affect the working capital requirements or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

## 5. Financial Effects

The financial effects on the audited consolidated accounts of the Group arising from a purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate on the Company and the Group will depend on, *inter alia*, the number of Shares purchased or acquired, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the consideration paid for such Shares, whether the Shares purchased or acquired are held in treasury or cancelled and whether the purchase or acquisition is an On-Market Share Buy-Back or an Off-Market Share Buy-Back.

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate are based on the assumptions set out below.

### 5.1 Number of Shares Acquired or Purchased

Based on 114,618,800 issued Shares (excluding treasury shares) as at the Latest Practicable Date, the purchase by the Company of up to the maximum limit of 10% of its issued Shares (excluding treasury shares) will result in the purchase or acquisition of 11,461,880 Shares.

### 5.2 Based on Maximum Price Paid for Shares Acquired or Purchased

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

- (a) in the case of an On-Market Share Buy-Back by the Company and assuming that the Company purchases or acquires the 11,461,880 Shares at the Maximum Price of S\$0.29715 for one (1) Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 11,461,880 Shares is approximately S\$3,406,000 (excluding brokerage, commission, applicable goods and services tax and other related expenses).
- (b) in the case of an Off-Market Share Buy-Back by the Company and assuming that the Company purchases or acquires the 11,461,880 Shares at the Maximum Price of S\$0.3396 for one (1) Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the five (5) consecutive Market Days

on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 11,461,880 Shares is approximately S\$3,892,000 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

### 5.3 Illustrative Financial Effects

For illustrative purposes only, based on the above assumptions and the assumption that the purchase of Shares was financed by the internal resources within the Group and/or external borrowings, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited accounts of the Company and the Group as at 30 June 2016, as if the Share Buy-Back Mandate had been effective on 1 July 2015 are presented below:

#### **Scenario 1:**

On-Market Share Buy-Back of up to the maximum of 10% out of profits and/or capital and the Shares so purchased are cancelled:

As at 30 June 2016	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	41,846	38,440	41,846	38,440
Retained Earnings and other Reserves	79,806	79,806	49,543	49,543
Treasury shares	106	106	106	106
Shareholders' Equity	121,546	118,140	91,283	87,877
Net Tangible Assets (NTA)	122,820	119,414	91,283	87,877
Current Assets	93,203	89,797	91,475	88,069
Current Liabilities	66,219	66,219	55,419	55,419
Total Borrowings	45,489	45,489	26,288	26,288
Cash and Cash Equivalents	33,358	29,952	14,368	10,962
(Loss)/Profit Attributable to Shareholders	(4,059)	(4,059)	6,345	6,345
Number of Shares ('000)	114,889	103,427	114,889	103,427
Treasury shares ('000)	270	270	270	270
Number of Shares (excluding treasury shares) ('000)	114,619	103,157	114,619	103,157
<b>Financial Ratios</b>				
NTA per Share (cents) <sup>(1)</sup>	107.16	115.76	79.64	85.19
Gearing Ratio (times) <sup>(2)</sup>	0.37	0.39	0.29	0.30
Current Ratio (times) <sup>(3)</sup>	1.41	1.36	1.65	1.59
(Loss)/Earnings per Share (cents) <sup>(4)</sup>	(3.54)	(3.93)	5.53	6.14

Notes:-

- (1) NTA per Share equals to NTA divided by the number of Shares (excluding treasury shares).
- (2) Gearing Ratio equals to total borrowings divided by total equity.
- (3) Current Ratio equals to current assets divided by current liabilities.
- (4) Earnings per Share equals to profits attributable to Shareholders divided by the weighted average number of Shares.

### **Scenario 2:**

Off-Market Share Buy-Back of up to the maximum of 10% out of profits and/or capital and the Shares so purchased are cancelled:

As at 30 June 2016	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	41,846	37,954	41,846	37,954
Retained Earnings and other Reserves	79,806	79,806	49,543	49,543
Treasury shares	106	106	106	106
Shareholders' Equity	121,546	117,654	91,283	87,391
Net Tangible Assets (NTA)	122,820	118,928	91,283	87,391
Current Assets	93,203	89,311	91,475	87,583
Current Liabilities	66,219	66,219	55,419	55,419
Total Borrowings	45,489	45,489	26,288	26,288
Cash and Cash Equivalents	33,358	29,466	14,368	10,476
(Loss)/Profit Attributable to Shareholders	(4,059)	(4,059)	6,345	6,345
Number of Shares ('000)	114,889	103,427	114,889	103,427
Treasury shares ('000)	270	270	270	270
Number of Shares (excluding treasury shares) ('000)	114,619	103,157	114,619	103,157
<b>Financial Ratios</b>				
NTA per Share (cents) <sup>(1)</sup>	107.16	115.29	79.64	84.72
Gearing Ratio (times) <sup>(2)</sup>	0.37	0.39	0.29	0.30
Current Ratio (times) <sup>(3)</sup>	1.41	1.35	1.65	1.58
(Loss)/Earnings per Share (cents) <sup>(4)</sup>	(3.54)	(3.93)	5.53	6.14

Notes:-

- (1) NTA per Share equals to NTA divided by the number of Shares (excluding treasury shares).
- (2) Gearing Ratio equals to total borrowings divided by total equity.
- (3) Current Ratio equals to current assets divided by current liabilities.
- (4) Earnings per Share equals to profits attributable to Shareholders divided by the weighted average number of Shares.



**Scenario 3:**

On-Market Share Buy-Back of up to the maximum of 10% out of profits and/or capital and the Shares so purchased are held as treasury shares:

As at 30 June 2016	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	41,846	41,846	41,846	41,846
Retained Earnings and other Reserves	79,806	79,806	49,543	49,543
Treasury shares	106	3,512	106	3,512
Shareholders' Equity	121,546	118,140	91,283	87,877
Net Tangible Assets (NTA)	122,820	119,414	91,283	87,877
Current Assets	93,203	89,797	91,475	88,069
Current Liabilities	66,219	66,219	55,419	55,419
Total Borrowings	45,489	45,489	26,288	26,288
Cash and Cash Equivalents	33,358	29,952	14,368	10,962
(Loss)/Profit Attributable to Shareholders	(4,059)	(4,059)	6,345	6,345
Number of Shares ('000)	114,889	114,889	114,889	114,889
Treasury shares ('000)	270	11,732	270	11,732
Number of Shares (excluding treasury shares) ('000)	114,619	103,157	114,619	103,157
<b>Financial Ratios</b>				
NTA per Share (cents) <sup>(1)</sup>	107.16	115.76	79.64	85.19
Gearing Ratio (times) <sup>(2)</sup>	0.37	0.39	0.29	0.30
Current Ratio (times) <sup>(3)</sup>	1.41	1.36	1.65	1.59
(Loss)/Earnings per Share (cents) <sup>(4)</sup>	(3.54)	(3.93)	5.53	6.14

Notes:-

- (1) NTA per Share equals to NTA divided by the number of Shares (excluding treasury shares).
- (2) Gearing Ratio equals to total borrowings divided by total equity.
- (3) Current Ratio equals to current assets divided by current liabilities.
- (4) Earnings per Share equals to profits attributable to Shareholders divided by the weighted average number of Shares.

#### **Scenario 4:**

Off-market Share Buy-Back of up to the maximum of 10% out of profits and/or capital and the Shares so purchased are held as treasury shares:

As at 30 June 2016	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	41,846	41,846	41,846	41,846
Retained Earnings and other Reserves	79,806	79,806	49,543	49,543
Treasury shares	106	3,998	106	3,998
Shareholders' Equity	121,546	117,654	91,283	87,391
Net Tangible Assets (NTA)	122,820	118,928	91,283	87,391
Current Assets	93,203	89,311	91,475	87,583
Current Liabilities	66,219	66,219	55,419	55,419
Total Borrowings	45,489	45,489	26,288	26,288
Cash and Cash Equivalents	33,358	29,466	14,368	10,476
(Loss)/Profit Attributable to Shareholders	(4,059)	(4,059)	6,345	6,345
Number of Shares ('000)	114,889	114,889	114,889	114,889
Treasury shares ('000)	270	11,732	270	11,732
Number of Shares (excluding treasury shares) ('000)	114,619	103,157	114,619	103,157
<b>Financial Ratios</b>				
NTA per Share (cents) <sup>(1)</sup>	107.16	115.29	79.64	84.72
Gearing Ratio (times) <sup>(2)</sup>	0.37	0.39	0.29	0.30
Current Ratio (times) <sup>(3)</sup>	1.41	1.35	1.65	1.58
(Loss)/Earnings per Share (cents) <sup>(4)</sup>	(3.54)	(3.93)	5.53	6.14

Notes:-

(1) NTA per Share equals to NTA divided by the number of Shares (excluding treasury shares).

(2) Gearing Ratio equals to total borrowings divided by total equity.

(3) Current Ratio equals to current assets divided by current liabilities.

(4) Earnings per Share equals to profits attributable to Shareholders divided by the weighted average number of Shares.

**Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Buy-Back Mandate on the NTA per Share and earnings/(loss) per Share as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical numbers as at 30 June 2016, and is not necessarily representative of future financial performance.**

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

## 6. Listing Rules

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

- (a) in the case of an On-Market Share Buy-Back, on the Market Day following the day of purchase or acquisition of any of its Shares; and
- (b) in the case of an Off-Market Share Buy-Back under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in compliance with Appendix 8.3.1 of the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

While the Listing Manual does not expressly prohibit a listed company from purchasing its own shares during any particular time because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under Rule 1207(19)(c) of the Listing Manual, the Company will not purchase or acquire any Shares through an On-Market Share Buy-Back or an Off-Market Share Buy-Back during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one (1) month immediately preceding the announcement of the Company's annual (full-year) results respectively.

A listed company must ensure that at least 10% of any class of its listed securities must be held by public shareholders. As at the Latest Practicable Date, 44.57% of the issued share capital of the Company (excluding treasury shares) is held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its issued share capital (excluding treasury shares) as at the Latest Practicable Date from public Shareholders by way of an On-Market Share Buy-Back, the percentage of Shares held by the public Shareholders would be 38.42%. Accordingly, the Company is of the view that there is a sufficient number of Shares held by public Shareholders that would permit the Company to undertake purchases or acquisitions of its Shares through On-Market Share Buy-Backs up to the maximum 10% limit pursuant to the Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the resulting number of Shares remaining in the hands of the public Shareholders will not fall to such a level as to cause market illiquidity or to affect orderly trading.

## 7. Tax Implications

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

## 8. Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to renew the Share Buy-Back Mandate, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority ("ACRA"). The Company shall also lodge a notice with ACRA within 30 days of a Share Buy-Back. Such notification shall include details of the Share Buy-Back, including the date of the purchase, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchases, whether the Shares are purchased out of profits and/or the capital of the Company and such other particulars that might be prescribed by the Act.

## 9. Details of Share Buy-Backs in the Last 12 Months

Information pertaining to purchases of Shares made by the Company during the previous 12 months preceding the date of this Circular is set out below.

Date of purchase	Type of purchase	Number of Shares purchased	Highest price per Share paid (S\$)	Lowest price per Share paid (S\$)	Total consideration paid for the purchase (S\$)
24 February 2016	Market Purchase	50,000	0.45	0.45	22,552.97
18 July 2016	Market Purchase	100,000	0.35	0.35	35,082.39

## 10. Take-over Code Obligations Arising from the Share Buy-Backs

### 10.1 *Obligation to Make a Take-Over Offer*

If, as a result of any Share Buy-Backs by the Company, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14. If such increase results in a change of control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14.

Under Rule 14, a Shareholder and persons acting in concert with such Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increases their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increasing their voting rights in the Company by more than 1% in any period of six (6) months.

### 10.2 *Persons Acting in Concert*

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

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert with each other:

- (a) the following companies:-
  - (i) a company;
  - (ii) the parent company of (i);

- (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of any of (i), (ii), (iii) or (iv). For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the total voting rights of the first-mentioned company;
  - (vi) companies whose associated companies include any of (i), (ii), (iii), or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
  - (c) a company with any of its pension funds and employee share schemes;
  - (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
  - (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of:-
    - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
    - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
  - (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
  - (g) partners; and
  - (h) the following persons and entities:-
    - (i) an individual;
    - (ii) the close relatives of (i);
    - (iii) the related trusts of (i);
    - (iv) any person who is accustomed to act in accordance with the instructions of (i); and
    - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
    - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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

### **10.3 *Effect of Rule 14 and Appendix 2 of the Take-over Code***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

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

However, Shareholders will be subject to the provisions of Rule 14 if they acquire Shares after the Company's Share Buy-Backs. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Buy-Backs 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 six (6) months.

Shareholders (including Directors) and their concert parties who hold more than 50% of the Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares pursuant to the Share Buy-Back Mandate.

If the Company decides to cease the Share Buy-Backs before the expiration of the Relevant Period and before it has purchased in full such number of Shares authorised by the Shareholders pursuant to the Share Buy-Back Mandate, the Company will promptly inform the Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14.

## **11. Directors' and Substantial Shareholders' Interests And Obligations to Make Take-Over Offer**

### **11.1 *Directors' and Substantial Shareholders' Interests***

As at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders in the Company before and after the purchase of Shares (in the event the Company undertakes Share Buy-Backs under the Share Buy-Back Mandate up to the maximum 10% and assuming that the purchased Shares are cancelled and not held as treasury shares) pursuant to the Share Buy-back Mandate, based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, are as follows:

	Before Share Buy-Back (No. of Shares)			Before Share Buy-Back <sup>(1)</sup> %	After Share Buy-Back <sup>(2)</sup> %
	Direct Interest	Deemed Interest	Total Interest		
<b>Directors</b>					
Tan Ah Lye	304,000	32,273,200	32,577,200	28.42	31.58
Tan Cheng Guan	–	–	–	–	–
Tan Cheng Kwong	–	–	–	–	–
Hideki Okada	–	–	–	–	–
Atsushi Shimizu	–	–	–	–	–
Hideyuki Morita	–	–	–	–	–
Soh Sai Kiang	–	–	–	–	–
Tan Keh Yan, Peter	–	–	–	–	–
Yeo Yun Seng, Bernard	–	–	–	–	–
Renny Yeo Ah Kiang	–	–	–	–	–
<b>Substantial Shareholders</b>					
TAL Holdings Pte. Ltd.	32,273,200	–	32,273,200	28.16	31.29
Toyota Tsusho Corporation	30,950,000	–	30,950,000	27.00	30.00
Tan Ah Lye	304,000	32,273,200	32,577,200	28.42	31.58
Toyota Motor Corporation	–	30,950,000	30,950,000	27.00	30.00

Notes:-

- (1) The above percentages are calculated based on the Company's share capital comprising 114,888,980 Shares less 270,180 Shares held as treasury shares.
- (2) As a percentage of the issued share capital of the Company comprising 103,156,920 Shares (excluding treasury shares) (assuming that the Company purchases the maximum number of 11,461,880 Shares under the Share Buy-Back Mandate).

**Shareholders should note that the figures in the above table are set out for illustrative purposes only and calculated on the assumptions that (i) the maximum amount of 10% of the Shares of the Company (excluding treasury shares) purchased under the Share Buy-Back Mandate will be cancelled and not held as treasury shares and (ii) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders from the Latest Practicable Date to the date of the 2016 AGM.**

#### 11.2 Application of the Take-over Code – Exemption from the requirement to make a general offer

As at the Latest Practicable Date, TAL holds 32,273,200 Shares in the Company representing 28.16% of the issued share capital of the Company.

Mr. Tan Ah Lye is the Executive Chairman and an interim Chief Executive Officer of the Company as well as a director of TAL. As at the Latest Practicable Date, he holds more than 20% of the issued and fully paid-up share capital of TAL. Accordingly, he is deemed to have an interest in the Shares held by TAL pursuant to Section 7 of the Act.

Each of Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong is an Executive Director of the Company as well as a director of TAL. Mr. Tan Cheng Soon Don is a director of TAL. Each of Mr. Tan Cheng Soon Don, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong holds 16.92% of the issued and fully paid-up share capital of TAL. Accordingly, under Section 7 of the Act, they are not deemed to have an interest in the Shares held by TAL. Mr. Tan Cheng Soon Don, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong are the sons of Mr. Tan Ah Lye.

Save for Mr. Tan Ah Lye, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong, none of the Directors is related to one another.

The other shareholders of TAL comprise of Mdm. Tan Hwee Keow and Mdm. Tan Bee Choo who are respectively, the wife and daughter of Mr. Tan Ah Lye, and Mr. Tan Ah Huat, Mr. Tan Seng Chong and Mr. Tan Seng Kiat who are the relatives of Mr. Tan Ah Lye.

A summary of the shareholders of TAL as well as the shareholding details of the aforesaid parties in the Company as at the Latest Practicable Date are set out below.

Name	Age (Yrs)	Relationship to Mr. Tan Ah Lye	TAL Holdings Pte. Ltd.		Company	
			No. of Shares held	Approximate Percentage Shareholding (%)	Direct Interest (%)	Deemed Interest (%)
Tan Ah Lye	76	–	4,160,672	28.94	0.27	28.16
Tan Cheng Soon Don	49	Son	2,432,432	16.92	–	–
Tan Cheng Guan	46	Son	2,432,432	16.92	–	–
Tan Cheng Kwong	43	Son	2,432,432	16.92	–	–
Tan Hwee Keow	73	Wife	1,167,568	8.12	–	–
Tan Bee Choo	47	Daughter	875,676	6.09	–	–
Tan Ah Huat	62	Nephew	291,892	2.03	–	–
Tan Seng Chong	52	Nephew	291,892	2.03	–	–
Tan Seng Kiat	48	Nephew	291,892	2.03	–	–

In the event that the proposed Share Buy-Back Mandate is exercised to its maximum 10%, the interest of TAL in the Company (and the deemed interest of Mr. Tan Ah Lye) will increase from 28.16% to 31.29% as shown below:-

**Before Buy-Back of 11,461,880 Shares**

Shares held by TAL Holdings	32,273,200
Total issued Shares (excluding treasury shares) =	$114,618,800 \times 100\% = 28.16\%$

**After Buy-Back of 11,461,880 Shares**

Shares held by TAL Holdings	32,273,200
Total issued Shares (excluding treasury shares) =	$103,156,920 \times 100\% = 31.29\%$

It may well be the case that the Share Buy-Back Mandate will be exercised on more than one occasion by the Company as the Company may effect the Share Buy-Backs on different dates. Staggered Share Buy-Backs may also result in Mr. Tan Ah Lye's direct and deemed interest in the Company increasing to more than 30% of the total share capital of the Company.

Accordingly, Mr. Tan Ah Lye, who has a direct and deemed interest in the Shares held by TAL, will be required to make a general offer under Rule 14.

The persons who will be presumed to be persons acting in concert with Mr. Tan Ah Lye pursuant to the concert-party presumption in the Take-over Code and will be required to make a general offer under Rule 14 include:

- (i) TAL, as it is controlled by Mr. Tan Ah Lye and his Associates;



- (ii) Mdm. Tan Hwee Keow, as the wife of Mr. Tan Ah Lye;
- (iii) Mr. Tan Cheng Soon Don, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong, as the sons of Mr. Tan Ah Lye and the directors of TAL;
- (iv) Mdm. Tan Bee Choo, as the daughter of Mr. Tan Ah Lye; and
- (v) Mr. Tan Ah Huat, Mr. Tan Seng Chong and Mr. Tan Seng Kiat, as the relatives of Mr. Tan Ah Lye.

Mr. Tan Ah Lye and parties acting in concert with him will be exempted from the requirement to make a general offer under Rule 14 if the aggregate shareholding of Mr. Tan Ah Lye and parties acting in concert with him increases to more than 30% of the total share capital of the Company, subject to the following conditions:

- (i) the circular to Shareholders seeking their approval for the renewal of the Share Buy-Back Mandate will contain:
  - (a) advice to the effect that by voting in favour of the resolution to approve the renewal of the Share Buy-Back Mandate, Shareholders are waiving their rights to a general offer at the Required Price (as defined below) from Mr. Tan Ah Lye and parties acting in concert with him; and
  - (b) the names and voting rights of Mr. Tan Ah Lye and parties acting in concert with him as at the date of the said resolution and after a Share Buy-Back;
- (ii) the resolution to authorise the renewal of the Share Buy-Back Mandate is approved by a majority of those Shareholders present and voting at the 2016 AGM on a poll who could not become obliged to make an offer as a result of the Share Buy-Back under the Share Buy-Back Mandate;
- (iii) Mr. Tan Ah Lye and/or parties acting in concert with him abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Share Buy-Back Mandate;
- (iv) within seven (7) days after the passing of the resolution to authorise the Share Buy-Back Mandate, each of Mr. Tan Ah Lye, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong submits to the SIC a duly signed form as prescribed by the SIC;
- (v) Mr. Tan Ah Lye and/or parties acting in concert with him not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back Mandate is imminent and the earlier of:
  - (a) the date on which the authority of the Share Buy-Back Mandate expires; and
  - (b) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase to 30% or more.

**Shareholders should note that by voting for the Share Buy-Back Mandate, they are waiving their rights to a take-over offer by Mr. Tan Ah Lye and persons acting in concert with him in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the Required Price.**

**"Required Price"** means in relation to the offer required to be made under the provisions of Rule 14, the highest of the price paid by the offerors and/or person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding six (6) months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six (6) months of the offer and during the offer period, or (iii) acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six (6) months of the offer or during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-over Code.

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

Appendix 2 of the Take-over Code requires that the resolution to authorise the Share Buy-Back Mandate be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer under the Take-over Code as a result of the Share Buy-Back. Accordingly, Resolution 11 is proposed to be taken on a poll.

**Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Share Buy-Back Mandate is in force.**

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