CIRCULAR DATED 14 OCTOBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by **PARKSON RETAIL ASIA LIMITED** (the "**Company**").

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

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately forward this Circular together with the Notice of Annual General Meeting and the accompanying Proxy Form to the purchaser or the transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

Incorporated in the Republic of Singapore
Company Registration No.: 201107706H

CIRCULAR TO SHAREHOLDERS
IN RELATION TO

(1) THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND

(2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

This page has been intentionally left blank.

TABLE OF CONTENTS

DEFINITIONS 2

1. INTRODUCTION 6

2. THE PROPOSED RENEWAL OF THE IPT MANDATE 6

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE 7

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY 8

5. ABSTENTION FROM VOTING 8

6. DIRECTORS' RECOMMENDATIONS 9

7. ANNUAL GENERAL MEETING 9

8. ACTION TO BE TAKEN BY SHAREHOLDERS 9

9. DIRECTORS' RESPONSIBILITY STATEMENT 10

APPENDIX I – THE IPT MANDATE 11

APPENDIX II – THE SHARE PURCHASE MANDATE 18

DEFINITIONS

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

Companies

"**Bonuskad**"	:	Bonuskad Loyalty Sdn Bhd
"**Brands Pro**"	:	Brands Pro Management Sdn Bhd
"**Company**"	:	Parkson Retail Asia Limited
"**Group**"	:	The Company and its Subsidiaries
"**LCB Group**"	:	Lion Corporation Berhad, its wholly-owned subsidiaries and Megasteel Sdn Bhd, ACB Resources Berhad, Bonuskad and Secom (Malaysia) Sdn Bhd
"**LFIB Group**"	:	Lion Forest Industries Berhad, its wholly-owned subsidiaries, Posim EMS Sdn Bhd and Brands Pro
"**LICB Group**"	:	Lion Industries Corporation Berhad, its wholly-owned subsidiaries and Amsteel Mills Marketing Sdn Bhd and Amsteel Mills Sdn Bhd
"**MHL**"	:	PT Monica Hijaulestari
"**PHB**"	:	Parkson Holdings Berhad
"**PHB Group**"	:	PHB, its wholly-owned subsidiaries and the Relevant PHB Companies
"**Relevant PHB Companies**"	:	Corporations in which PHB has (directly or indirectly) an interest of 30% or more
"**TBS**"	:	PT Tozy Bintang Sentosa
"**Visionwell**"	:	Visionwell Sdn Bhd
"**WatchMart**"	:	WatchMart (M) Sdn Bhd

General

"**2015 EGM**"	:	The extraordinary general meeting of the Company held on 27 October 2015
"**2016 AGM**"	:	The forthcoming annual general meeting of the Company to be held on 31 October 2016
"**Audit Committee**"	:	The audit committee of the Company
"**Board**"	:	The board of Directors of the Company

"**CDP**"	:	The Central Depository (Pte) Limited
"**CFO**"	:	The Chief Financial Officer of the Company
"**CIA**"	:	The chief internal auditor of the Company
"**Circular**"	:	This circular to Shareholders dated 14 October 2016
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act (Chapter 50 of Singapore)
"**Company Secretary**"	:	The duly appointed secretary of the Company
"**Control**"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the company
"**Controlling Shareholder**"	:	In relation to a listed company, a person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of the total number of issued shares in the company, excluding treasury shares. The SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder; or (b) in fact exercises Control over the company
"**Director**"	:	A director of the Company as at the date of this Circular
"**EPS**"	:	Earnings per Share
"**Executive Director**"	:	A Director who is an employee of, and performs an executive function for, the Company
"**FY**"	:	Financial year ended or ending on 30 June
"**Higher Approval Authority**"	:	The level of authority being one (1) approval level higher than the approving authority for Mandated IPTs within the relevant threshold limits as set out in paragraph 3.4.2 of **Appendix I** to this Circular. Should an Interested Person Transaction be equal to or greater than five per cent. (5%) of the latest audited NTA, then the relevant Higher Approval Authority shall remain the Board
"**Independent Directors**"	:	The independent Directors of the Company as at the date of this Circular
"**Interested Person Transactions**"	:	Transactions entered into and/or proposed to be entered into between members of the Group and the Interested Persons

"**Interested Persons**"	:	Members of each of the LCB Group, the LFIB Group, the LICB Group and the PHB Group, and Visionwell, WatchMart, MHL and TBS
"**IPT Mandate**"	:	The Shareholders' general mandate pursuant to Chapter 9 of the Listing Manual permitting the Company, its Subsidiaries and associated companies who are considered to be "entities at risk" under Chapter 9 of the Listing Manual or any of them, to enter into Interested Person Transactions with the Interested Persons, proposed to be renewed at the 2016 AGM
"**Latest Practicable Date**"	:	The latest practicable date prior to the printing of this Circular, being 16 September 2016
"**Listing Manual**"	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
"**Listing Rules**"	:	The listing rules of the SGX-ST set out in the Listing Manual
"**Mandated IPT**"	:	Interested Person Transactions between the Group and the Interested Persons that have been approved by Shareholders in general meeting
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Maximum Price**"	:	Has the meaning ascribed to it in paragraph 3.4 of **Appendix II** to this Circular
"**Non-Executive Director**"	:	A Director (including an Independent Director) who is not an Executive Director
"**NTA**"	:	Net tangible assets
"**Off-Market Purchases**"	:	Has the meaning ascribed to it in paragraph 3.3 of **Appendix II** to this Circular
"**On-Market Purchases**"	:	Has the meaning ascribed to it in paragraph 3.3 of **Appendix II** to this Circular
"**Relevant Period**"	:	The period commencing from the date of the 2016 AGM, being the date on which the Share Purchase Mandate is passed, if approved by Shareholders, and expiring on the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier
"**ROE**"	:	Return on equity
"**Securities Account**"	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent
"**Securities and Futures Act**"	:	The Securities and Futures Act (Chapter 289 of Singapore)

"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Purchase Mandate**"	:	Shareholders' mandate to authorise the Directors to make purchases of Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
"**Shareholders**"	:	The registered holders of Shares, except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to those Shares, mean the depositors whose Securities Accounts are credited with Shares
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Subsidiaries**"	:	Companies which are for the time being subsidiaries of the Company as defined in the Companies Act and "**subsidiary**" means each of them
"**Substantial Shareholder**"	:	A substantial shareholder of the Company as defined under Section 2(6) of the Securities and Futures Act
"**per cent.**" or "**%**"	:	Per centum or percentage
"**S$**" and "**cents**"	:	Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore

The terms "**depositor**", "**depository agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term "**Constitution**" shall have the meaning ascribed to it in the Companies Act.

The terms "**associate**", "**associated company**", "**entity at risk**", "**interested person**", "**chief executive officer**" and "**approved exchange**" shall have the meanings ascribed to them respectively in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing any one (1) gender shall, where applicable, include the other genders where applicable. References to persons shall, where applicable, include corporations.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, Securities and Futures Act or the Listing Manual and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, Securities and Futures Act or the Listing Manual, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date.

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

PARKSON RETAIL ASIA LIMITED

Incorporated in the Republic of Singapore
Company Registration No.: 201107706H

Board of Directors:		**Registered Office:**
Tan Sri Cheng Heng Jem	(Executive Director and Chairman)	80 Robinson Road #02-00 Singapore 068898
Cheng Hui Yuen, Vivien	(Executive Director)	
Tan Siang Long	(Non-Independent and Non-Executive Director)	
Datuk Lee Kok Leong	(Non-Independent and Non-Executive Director)	
Wee Kheng Jin	(Non-Executive Independent Director)	
Tan Soo Khoon	(Non-Executive Independent Director)	

14 October 2016

To: The Shareholders of Parkson Retail Asia Limited

Dear Sir/Madam

(1) THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND

(2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

The purpose of this Circular is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval at the forthcoming 2016 AGM for:

(a) the renewal of the IPT Mandate; and

(b) the renewal of the Share Purchase Mandate,

as further explained in paragraphs 2 and 3 respectively below.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Background

Shareholders had, at the 2015 EGM, approved the renewal of the IPT Mandate. Particulars of the IPT Mandate were set out in the circular dated 12 October 2015 issued by the Company. The IPT Mandate, as renewed at the 2015 EGM will continue to be in force until the conclusion of the 2016 AGM.

2.2 Proposed Renewal of the IPT Mandate

It is proposed that the IPT Mandate be renewed at the 2016 AGM, without any amendments. The rationale and benefit of the IPT Mandate to the Group, the classes of Interested Persons, the categories of Interested Person Transactions and the guidelines and review procedures for Interested Person Transactions are set out in **Appendix I** to this Circular.

2.3 Audit Committee's Statements

The Audit Committee, comprising Mr Wee Kheng Jin, Mr Tan Soo Khoon and Mr Tan Siang Long, confirms that:

(a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 2015 EGM; and

(b) the methods or procedures in (a) above 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.

2.4 Validity Period of the IPT Mandate

If approved by Shareholders at the 2016 AGM, the IPT Mandate will take effect from the date of the passing of the resolution for the renewal of the IPT Mandate, to be proposed at the 2016 AGM, and shall apply in respect of Interested Person Transactions entered, or to be entered, into from the date of the 2016 AGM until the conclusion of the next annual general meeting of the Company or the date on which the next annual general meeting of the Company is required to be held, whichever is the earlier, unless revoked or varied by the Company in a general meeting.

2.5 Disclosure

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions entered into under the IPT Mandate, as renewed and amended, during the financial year under review, and in the annual reports of subsequent financial years during which the IPT Mandate, as renewed and amended, for the financial periods which it is required to report pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 Background

Shareholders had, at the 2015 EGM, approved the renewal of the Share Purchase Mandate. Particulars of the Share Purchase Mandate were set out in the circular dated 12 October 2015 issued by the Company. The authority conferred under the Share Purchase Mandate, as renewed at the 2015 EGM will expire on the date of the 2016 AGM, being 31 October 2016.

3.2 Proposed Renewal of the Share Purchase Mandate

It is proposed that the Share Purchase Mandate be renewed at the 2016 AGM. The rationale for, and the authority and limitations placed on purchases of Shares by the Company under, the Share Purchase Mandate for which renewal is sought and other relevant information are set out in **Appendix II** to this Circular.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

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

Name of Director	Direct Interest (No. of Shares[(1)])	%	Deemed Interest (No. of Shares[(1)])	%
Tan Sri Cheng Heng Jem[(2)]	500,000	0.074	457,933,300	67.96
Tan Siang Long	60,000	0.009	–	–
Wee Kheng Jin	150,000	0.022	–	–
Tan Soo Khoon	60,000	0.009	–	–
Datuk Lee Kok Leong	–	–	–	–
Cheng Hui Yuen, Vivien	–	–	–	–

Notes:

(1) There are 673,800,000 Shares (excluding 3,500,000 treasury shares) as at the Latest Practicable Date.

(2) Tan Sri Cheng Heng Jem holds, directly and indirectly, 60.47% of the shares in PHB, which is the sole shareholder of East Crest International Limited. As such, Tan Sri Cheng Heng Jem is deemed to be interested in the Shares held by East Crest International Limited by virtue of Section 4 of the Securities and Futures Act. Please see paragraph 4.2 below for details on the Shares held by East Crest International Limited.

4.2 The interests of the Substantial Shareholders in the Shares, based on notifications received by the Company, as at the Latest Practicable Date are set out in the following:

Name of Substantial Shareholder	Direct Interest (No. of Shares[(1)])	%	Deemed Interest (No. of Shares[(1)])	%
East Crest International Limited	457,933,300	67.96	–	–
PHB[(2)]	–	–	457,933,300	67.96
Tan Sri Cheng Heng Jem[(3)]	500,000	0.074	457,933,300	67.96

Notes:

(1) There are 673,800,000 Shares (excluding 3,500,000 treasury shares) as at the Latest Practicable Date.

(2) PHB is the sole shareholder of East Crest International Limited, and is deemed to be interested in the Shares held by East Crest International Limited by virtue of Section 4 of the Securities and Futures Act.

(3) Tan Sri Cheng Heng Jem holds, directly and indirectly, 60.47% of the shares in PHB, which is the sole shareholder of East Crest International Limited. As such, Tan Sri Cheng Heng Jem is deemed to be interested in the Shares held by East Crest International Limited by virtue of Section 4 of the Securities and Futures Act.

5. ABSTENTION FROM VOTING

The Proposed Renewal of the IPT Mandate

By virtue of their interests in the IPT Mandate, Tan Sri Cheng Heng Jem, Ms Cheng Hui Yuen, Vivien[1], PHB, Mr Tan Soo Khoon and Mr Tan Siang Long will abstain, and have undertaken to ensure that their associates will abstain, from voting on Ordinary Resolution 9 relating to the proposed renewal of the IPT Mandate at the 2016 AGM.

---

[1] Ms Cheng Hui Yuen, Vivien is the daughter of Tan Sri Cheng Heng Jem.

Further, Tan Sri Cheng Heng Jem, Ms Cheng Hui Yuen, Vivien, PHB, Mr Tan Soo Khoon and Mr Tan Siang Long and their associates have agreed to decline to accept appointment as proxies to vote and attend at the 2016 AGM in respect of Ordinary Resolution 9 relating to the proposed renewal of the IPT Mandate, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

6. DIRECTORS' RECOMMENDATIONS

6.1 The Proposed Renewal of the IPT Mandate

Mr Wee Kheng Jin, the only Director who is independent for the purposes of the IPT Mandate is of the opinion that the proposed renewal of the IPT Mandate is in the best interests of the Company. Accordingly, he recommends that Shareholders vote in favour of Ordinary Resolution 9 relating to the proposed renewal of the IPT Mandate at the forthcoming 2016 AGM.

In view of his relationship with Tan Sri Cheng Heng Jem and Brands Pro, Datuk Lee Kok Leong has abstained from making a recommendation on the proposed renewal of the IPT Mandate.

6.2 The Proposed Renewal of the Share Purchase Mandate

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 10 relating to the proposed renewal of the Share Purchase Mandate at the forthcoming 2016 AGM.

7. ANNUAL GENERAL MEETING

The 2016 AGM, notice of which is set out on pages 136 to 141 of the Annual Report, will be held at the Pan Pacific Singapore, Level 1, Pacific 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Monday, 31 October 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, the ordinary resolutions set out in the notice of 2016 AGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

A Shareholder who is unable to attend the 2016 AGM and wishes to appoint a proxy to attend and vote on his behalf, may complete, sign and return the proxy form enclosed with the notice of 2016 AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not later than 48 hours before the time of the 2016 AGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the 2016 AGM, if he wishes to do so, in place of his proxy.

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 maintained by the CDP not later than 72 hours before the 2016 AGM.

9. 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 and the Share Purchase Mandate, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this 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 these sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully
For and on behalf of the Board of
Parkson Retail Asia Limited

Tan Sri Cheng Heng Jem
Executive Chairman

THE IPT MANDATE

1. BACKGROUND

Shareholders had, at the 2015 EGM, approved the renewal of the IPT Mandate. Particulars of the IPT Mandate were set out in the circular dated 12 October 2015 issued by the Company. The IPT Mandate, as renewed at the 2015 EGM, will continue to be in force until the conclusion of the 2016 AGM.

The rationale and benefit of the IPT Mandate to the Group, the classes of Interested Persons, the categories of Interested Person Transactions and the guidelines and review procedures for Interested Person Transactions are set out below.

2. CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual applies to transactions which an entity at risk proposes to enter into with a counterparty who is an interested person of the entity at risk.

2.1 Definitions

A "**controlling shareholder**" means a person who holds (directly or indirectly) fifteen per cent. (15%) or more of the total number of issued shares excluding treasury shares in the listed company (provided that the SGX-ST may determine that a person who satisfies the foregoing is not a controlling shareholder) or one who in fact exercises control over the listed company.

A "**transaction**" includes (a) the provision or receipt of financial assistance, (b) the acquisition, disposal or leasing of assets, (c) the provision or receipt of services, (d) the issuance or subscription of securities, (e) the granting of or being granted options, and (f) the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one (1) or more interposed entities).

An "**associate**" includes an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which such director, chief executive officer or controlling shareholder or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which such director, chief executive officer or controlling shareholder and his immediate family has an aggregate interest (directly or indirectly) of thirty per cent. (30%) or more, and, where a controlling shareholder is a corporation, "**associate**" means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more.

An "**associated company**" means a company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the listed company and/or the listed company's subsidiaries.

An "**entity at risk**" means the issuer, any of its subsidiaries (other than subsidiaries that are listed on the SGX-ST or an approved exchange) or any of its associated companies (other than associated companies that are listed on the SGX-ST or an approved exchange or over which the listed group and/or its interested person(s) have no control).

An "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

"**Control**" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.

2.2 General Requirements

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

(a) the value of such transaction when aggregated with the values of all other transactions previously entered into with the same interested person (as defined in Chapter 9 of the Listing Manual) in the same financial year of the listed company is equal to or exceeds five per cent. (5%) of the latest audited consolidated net tangible assets of the listed company; or

(b) the value of such transaction is equal to or exceeds five per cent. (5%) of the latest audited consolidated net tangible assets of the listed company.

2.3 General Mandate

A listed company may seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

3. THE IPT MANDATE

The IPT Mandate will authorise the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual, to enter, in the ordinary course of business, into any of the Interested Person Transactions as set out in paragraph 3.2 below, with the Interested Persons as set out in paragraph 3.1 below, provided that such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the Company and its minority Shareholders, and are entered into in accordance with the review procedures for such Interested Person Transactions.

The IPT Mandate will not cover any transaction by the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual with an Interested Person 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 transactions.

3.1 Classes of Interested Persons

The IPT Mandate applies to the Interested Person Transactions (as described in paragraph 3.2 below) with the following Interested Persons:

(a) members of the LCB Group;

(b) members of the LFIB Group;

(c) members of the LICB Group;

(d) members of the PHB Group;

(e) Visionwell;

(f) WatchMart;

(g) MHL; and

(h) TBS.

3.2 Categories of Interested Person Transactions

The categories of Interested Person Transactions to be covered by the IPT Mandate are as follows:

(a) purchases of equipment (including security equipment), furniture, fittings (including light fittings) and building materials;

(b) purchases of products such as "The Body Shop" products and watches;

(c) sale of gift vouchers;

(d) sale of products such as clothing and accessories at the stores of the Group on a concessionaire basis;

(e) procurement of services required for the day-to-day operations of the Group such as energy conservation services and security services;

(f) lease of premises for retail, office or warehouse use; and

(g) payments of marketing fees and receipt of payments for redemption in connection with the BonusLink programme.

3.3 Rationale and Benefit of the Interested Person Transactions to the Group

The Interested Person Transactions are entered into or to be entered into by the Group with the relevant interested persons in the ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. They are mostly trade related transactions adding value to the Company in terms of revenue and sales. The IPT Mandate is intended to facilitate these Interested Person Transactions, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and the minority Shareholders. The IPT Mandate, if approved, will eliminate, among others, the need for the Group to convene separate general meetings on each occasion to seek Shareholders' approval as and when

potential Interested Person Transactions arise. This will reduce substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities of the Group.

3.4 Guidelines and Review Procedures for Interested Person Transactions

3.4.1 General Review Procedures

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

(a) Lease of premises

The Group shall obtain a quotation for a lease of the premises in question from the relevant Interested Person, which shall be compared against the prevailing market rental rates of premises in the same location and also the prevailing rental rates paid by the Group for its leases entered into with third parties in comparable locations. The Interested Person Transaction shall not be approved unless such Interested Person Transaction is entered into at a price and terms which are no less favourable than those extended to unrelated third parties in comparable locations, or on terms similar to the relevant Interested Person's usual commercial terms and such terms are fair and reasonable.

(b) Purchase of products and procurement of services

The Group shall obtain a quotation for the service or product in question from the relevant Interested Person, and at least two (2) other quotations from unrelated third party service providers or suppliers. The Interested Person Transaction shall not be approved unless such Interested Person Transaction is entered into at prices and terms which are no less favourable than those extended to unrelated third parties, or on terms similar to the relevant Interested Person's usual commercial terms and such terms are fair and reasonable.

In determining whether the price and terms offered by the relevant Interested Person are fair and reasonable, factors including delivery schedules, specification compliance, track record, experience, expertise, preferential rates, rebates or discount accorded for bulk purchases, will be taken into account.

In the event that two (2) competitive quotations from third parties cannot be obtained for whatever reason (for example, if there are no unrelated third party vendors of similar products or services or if the product is a proprietary item), the head of the relevant department within the Group shall evaluate and weigh the benefits of, and rationale for, transacting with the relevant Interested Person, and a written recommendation shall be submitted to the CFO. The evaluation shall include considerations of the efficiencies and flexibilities derived by the Group in transacting with the relevant Interested Person, compared with transacting with unrelated third parties.

The CFO will review the written recommendation prior to the submission of the written recommendation to the Higher Approval Authority.

The Higher Approval Authority will evaluate the recommendation of the CFO in respect of the relevant Interested Person Transaction before deciding to approve or reject the entry into the relevant Interested Person Transaction. In addition to evaluating the benefits of, and rationale for, transacting with the relevant Interested Person, the relevant approving authority will evaluate the terms of the Interested Person Transaction in accordance with prevailing industry norms (including the reasonableness of the terms). The Higher Approval Authority shall at its discretion obtain the service of professionals such as valuers, architects, actuaries and accountants, to assist in its evaluation and decision-making if necessary.

(c) Sale of products and provision of services

The Group shall ensure that all contracts or transactions entered into with the Interested Persons for provision of services or products by the Group shall be (i) at the prevailing market rates or prices of the service or product, and (ii) on terms which are no more favourable to the relevant Interested Person than the usual commercial terms extended to unrelated third parties. In determining the transaction price payable by Interested Persons, for such services or products, factors including quantity, volume, bulk purchases, consumption, customer requirements and specifications shall be considered.

Where the prevailing market rates or prices for the product or service are not available, the head of the relevant department within the Group will evaluate and consider the benefits of, and rationale for, transacting with the relevant Interested Person. The evaluation will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the relevant Interested Person, compared with transacting with unrelated third parties and prevailing industry norms (including the reasonableness of the terms). Subsequent to the evaluation, a written recommendation shall be submitted to the CFO prior to submitting the written recommendation to the Higher Approval Authority. The written recommendation may also include information that the Higher Approval Authority may request.

The Higher Approval Authority will evaluate the written recommendation before deciding whether to approve or reject the entry into the relevant Interested Person Transaction. In addition to evaluating the benefits of, and rationale for, transacting with the relevant Interested Person, the relevant approving authority will evaluate the terms of the Interested Person Transaction in accordance with prevailing industry norms (including the reasonableness of the terms).

3.4.2 Threshold Limits

All Interested Person Transactions are subject to strict adherence to the procurement policy and the authority limits of the respective companies in the Group. Additional review and approvals are required for Mandated IPTs within the following threshold limits:

Value of Mandated IPT	Reviewed and approved by
Equivalent to or exceeding S$100,000 but less than S$500,000	CFO
Equivalent to or exceeding S$500,000 but less than three per cent. (3%) of the latest audited NTA	Chairman (or in the event of his abstention, the CFO) and one other Executive Director
Equivalent to or exceeding three per cent. (3%) but less than five per cent. (5%) of the latest audited NTA	Audit Committee
Equivalent to or exceeding five per cent. (5%) of the latest audited NTA	The Board

If all the members of the relevant IPT approving authority are conflicted, then the approval from the next higher approving authority shall be sought. In the event that any of the Chairman or Executive Director, or any member of the Audit Committee or the Board has an interest in a Mandated IPT to be reviewed, then the relevant person shall abstain from any decision-making procedure in respect of that Mandated IPT and the review and approval of that Mandated IPT will be undertaken by the remaining members of that approving authority. For as long as Datuk Lee Kok Leong is a director of Brands Pro or personal assistant to Tan Sri Cheng Heng Jem, Datuk Lee Kok Leong shall voluntarily abstain from the review and approval of any Mandated IPTs.

The Group shall not enter into or agree to enter into any Mandated IPT unless approval has been obtained at the company level, and if applicable, the additional approval for the above threshold limits has been obtained and the Mandated IPT will be undertaken on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.4.3 General Recording Requirements

For the purpose of identifying an interested person (as defined in Chapter 9 of the Listing Manual), the Company Secretary shall maintain and shall update on a timely basis the list of Directors and Controlling Shareholders and their associates, which shall be tabled to the Audit Committee and the Board on a quarterly basis for review. The list of interested persons shall be made available to the CFO and the CIA who shall then disclose such list to the relevant personnel within the Group.

The Company Secretary shall also obtain signed letters of confirmation from key management personnel, Controlling Shareholders and Directors on an annual basis as to their interest in any transaction with the Group.

3.4.4 Register of Interested Person Transactions

All Mandated IPTs and their respective values, the basis for determining the transaction prices and supporting evidence and quotations obtained to support such basis shall be reported to the CFO at the end of each month.

The CFO or such other personnel of the Company (who shall not be interested in any of the Interested Person Transactions) duly delegated to do so by the Audit Committee shall prepare, maintain and monitor two (2) registers, for recording Mandated IPTs and for recording Interested Person Transactions other than Mandated IPTs. The CFO shall compile in these registers, details of all Interested Person Transactions, the basis for determining the transaction prices and supporting evidence and quotations obtained to support such basis for submission to the Audit Committee on a quarterly basis.

The internal auditors of the Group shall review and verify the list of Interested Person Transactions and the bases and reasons for entering into such Interested Person Transactions prior to its submission to the Audit Committee for its review and ratification. In the event that a member of the Audit Committee has a conflict of interests in any Interested Person Transaction, he shall abstain from reviewing that particular Interested Person Transaction. The Audit Committee shall escalate the review of any Interested Person Transaction to the Board if deemed appropriate.

3.4.5 Review by Audit Committee

The Audit Committee shall review quarterly reports on the Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with. If during these quarterly reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company are conducted, the Audit Committee will, in consultation with the Board, take such actions 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 the new guidelines and procedures for Interested Person Transactions to ensure that the Interested Person Transactions will be conducted on an arm's length basis and on normal commercial terms and hence, will not be prejudicial to the interests of the Company and its minority Shareholders.

THE SHARE PURCHASE MANDATE

1. Background

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. The Share Purchase Mandate was renewed by Shareholders on 27 October 2015. The rationale for, and the authority and limitations placed on purchases of Shares by the Company under, the Share Purchase Mandate for which renewal is sought and other relevant information are set out below.

2. Rationale for the Share Purchase Mandate

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

(a) in managing its business, the Group always strives to increase Shareholder value by improving, *inter alia*, the ROE of the Group and a Share purchase is a way by which ROE may be enhanced;

(b) the Share Purchase Mandate will provide the Company the flexibility to adjust the Company's share capital structure and may, subject to market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share; and

(c) if the Company chooses to hold Shares that has been purchased under the Share Purchase Mandate in treasury:

(i) the use of such treasury shares for the purposes of, or pursuant to, any share scheme, whether for employees, directors or other persons in lieu of issuing new Shares would mitigate the dilution impact (if any) on existing Shareholders which may arise from the operation of such schemes; and

(ii) treasury shares can be sold for cash or transferred as consideration for the acquisition of shares or assets, and this would be less dilutive to existing Shareholders.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said ten per cent. (10%) limit during the period referred to in paragraph 3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full ten per cent. (10%) limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial condition of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

3. Details of the Share Purchase Mandate

The authority and limitations placed on purchases of Shares by the Company under the Share Purchase Mandate are summarised below:

3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares that may be purchased is limited to that number of Shares representing not more than ten per cent. (10%) of the total number of issued Shares (excluding treasury shares) as at the date of the 2016 AGM, unless the Company has, at any time during the Relevant Period, effected a reduction in accordance with the provisions of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent. (10%) limit.

Purely for illustrative purposes, on the basis of 673,800,000 Shares (excluding 3,500,000 treasury shares) in issue as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the date of the 2016 AGM, and that the Company does not reduce its share capital, not more than 67,380,000 Shares (representing ten per cent. (10%) of the total number of issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

3.2 Duration of Authority

The authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the 2016 AGM and expiring on:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting; or

(c) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

The Share Purchase Mandate may be renewed at each annual general meeting or other general meeting of the Company. When seeking the approval of Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

3.3 Manner of Purchase

Purchases of Shares may be made on the SGX-ST ("**On-Market Purchases**") and/or otherwise than on the SGX-ST, pursuant to an equal access scheme effected in accordance with the provisions of the Companies Act ("**Off-Market Purchases**").

On-Market Purchases refer to purchases of Shares by the Company transacted through the SGX-ST's ready market through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are consistent with the Share Purchase Mandate, the Listing Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an Off-Market Purchase must satisfy all the following conditions:

(a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers shall be the same, except that there shall be disregarded:

    (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

    (ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

    (iii) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.

In addition, pursuant to Listing Rule 885, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

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

(iv) the consequences, if any, of purchases or acquisitions of Shares by the Company that will arise under the Code or other applicable take-over rules;

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

(vi) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases; and

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

3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Purchase Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

(a) in the case of an On-Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the On-Market Purchase was made by the Company, which is deemed to be adjusted in accordance with the Listing Rules for any corporate action that occurs after the relevant period of five (5) Market Days; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, ten per cent. (10%) above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme,

in either case, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

For the purposes of the above:

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

3.5 Status of Purchased Shares

Any Share which is purchased or acquired by the Company is treated as cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. All cancelled Shares will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition. 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. Prior Board approval will be sought if any Share to be purchased or acquired pursuant to the Share Purchase Mandate will be held in treasury. It is presently intended by the Company that Shares which are purchased or acquired by the Company will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

3.6 Treasury Shares

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

(a) Maximum Holdings – the number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares;

(b) Voting and Other Rights – the Company shall be registered as a member in respect of the treasury shares but shall not have the right to attend or vote at meetings and/or to receive any dividends in respect of the treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be; and

(c) Disposal and Cancellation – the Company may dispose of treasury shares at any time in the following ways:

  (i) sell the treasury shares for cash;

  (ii) transfer the treasury shares, for the purposes of, or pursuant to, any share scheme, whether for employees, directors or other persons;

  (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

  (iv) cancel the treasury shares; or

  (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

3.7 Source of Funds

The Company may only apply funds for the purchase or acquisition of Shares in accordance with the Constitution of the Company and the applicable laws and regulations in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company is permitted under the Companies Act to purchase or acquire its own Shares out of capital, as well as from its distributable profits, provided that:

(a) there is no ground on which the Company could be found to be unable to pay its debts;

(b) if it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up or if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use its internal sources of funds to finance purchases or acquisitions of its Shares. The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would materially affect the financial position, working capital requirements or investment ability of the Group.

3.8 Financial Effects

The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate would depend on factors such as, *inter alia*, whether the Shares are purchased or acquired out of capital and/or profits, the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, expenses (including brokerage or commission) incurred directly in the purchases or acquisitions of the Company of the Shares at the relevant time and paid out of the Company's capital or profits, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

Where the purchase of Shares is made out of distributable profits, such purchase (including brokerage, stamp duties, commission, applicable goods and services tax and other related expenses, if such expenses are paid out of distributable profits) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares (including brokerage, stamp duties, commission, applicable goods and services tax and other related expenses, if such expenses are paid out of capital) is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the Company chooses not to hold the purchased Shares in treasury, such Shares shall be cancelled. The Company shall:

(a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;

(b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or

(c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled (including any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares which is paid out of the Company's capital or profits). Where the purchased Shares are held in treasury, the total number of issued Shares will remain unchanged.

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the NTA and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase price paid for such Shares, expenses (including brokerage or commission) incurred directly in the purchases or acquisitions of the Company of the Shares at the relevant time and paid out of the Company's capital or profits, and whether the Shares purchased or acquired are cancelled or held as treasury shares.

For illustrative purposes only and based on the assumptions set out below:

(i) based on 673,800,000 Shares (excluding 3,500,000 treasury shares) in issue as at the Latest Practicable Date and assuming no further Shares are issued and no reduction of the share capital of the Company is effected, in each case, on or prior to the date of the 2016 AGM, not more than 67,380,000 Shares (representing ten per cent. (10%) of the total number of issued Shares as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate;

(ii) in the case of On-Market Purchases by the Company and assuming that the Company purchases or acquires 67,380,000 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) assuming a Maximum Price of S$0.163 (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), is approximately S$10.98 million;

(iii) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 67,380,000 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) assuming a Maximum Price of S$0.171 (being the price equivalent to ten per cent. (10%) above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), is approximately S$11.52 million;

(iv) the consideration for the purchase or acquisition of the Shares is funded by internal funds;

(v) the Share Purchase Mandate was effective on 1 July 2015; and

(vi) expenses (including brokerage or commission) incurred directly in the purchases or acquisitions of the Company of the Shares at the relevant time are not taken into account,

and based on the audited financial statements of the Group for FY2016, the effects of:

(A) the purchase or acquisition of 67,380,000 Shares by the Company in an On-Market Purchase or Off-Market Purchase and held as treasury shares; and

(B) the purchase or acquisition of 67,380,000 Shares by the Company in an On-Market Purchase or Off-Market Purchase and cancelled,

on the financial position of Company and the Group are as follows:

(A) On-Market or Off-Market Purchase of 67,380,000 Shares and Held as Treasury Shares

	Company			Group		
As at 30 June 2016	**Before Share Purchase S$'000**	**After On-Market Purchase S$'000**	**After Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**After On-Market Purchase S$'000**	**After Off-Market Purchase S$'000**
Share capital	231,676	231,676	231,676	231,676	231,676	231,676
Reserves	(41,014)	(41,059)	(41,061)	(73,204)	(73,585)	(73,604)
	190,662	190,617	190,615	158,472	158,091	158,072
Treasury shares	(549)	(11,532)	(12,071)	(549)	(10,983)	(11,522)
Shareholders' funds	190,113	179,085	178,544	157,923	147,108	146,550
NTA	190,507	179,479	178,938	143,670	132,855	132,297
Current Assets	24,847	13,819	13,278	176,248	164,884	164,326
Current Liabilities	453	453	453	187,611	187,611	187,611
Working Capital	24,394	13,366	12,825	(11,363)	(22,727)	(23,285)
Total Borrowings	–	–	–	–	–	–
Total Number of Shares ('000)	677,300	677,300	677,300	677,300	677,300	677,300
Number of Shares less treasury shares ('000)	673,800	606,420	606,420	673,800	606,420	606,420
Financial Ratios						
NTA per Share (cents)	28	30	30	21	22	22
Annualised Return on equity (%)	4.4	4.7	4.7	19.1	20.3	20.3
Basic EPS (cents)	1.24	1.37	1.37	4.46	4.90	4.89
Gearing ratio (times)	N.A.(1)	N.A.(1)	N.A.(1)	N.A.(1)	N.A.(1)	N.A.(1)
Current ratio (times)	54.8	30.5	29.3	0.9	0.9	0.9

Note:

(1) N.A. means "Not applicable"

(B) On-Market or Off-Market Purchase of 67,380,000 Shares and Cancelled

	Company			Group		
As at 30 June 2016	**Before Share Purchase S$'000**	**After On-Market Purchase S$'000**	**After Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**After On-Market Purchase S$'000**	**After Off-Market Purchase S$'000**
Share capital	231,676	220,693	220,154	231,676	220,693	220,154
Reserves	(41,014)	(41,059)	(41,061)	(73,204)	(73,585)	(73,604)
	190,662	179,634	179,093	158,472	147,108	146,550
Treasury shares	(549)	(549)	(549)	(549)	(549)	(549)
Shareholders' funds	190,113	179,085	178,544	157,923	146,559	146,001
NTA	190,507	179,479	178,938	143,670	132,306	131,748
Current Assets	24,847	13,819	13,278	176,248	164,884	164,326
Current Liabilities	453	453	453	187,611	187,611	187,611
Working Capital	24,394	13,366	12,825	(11,363)	(22,727)	(23,285)
Total Borrowings	–	–	–	–	–	–
Total Number of Shares ('000)	677,300	609,920	609,920	677,300	609,920	609,920
Number of Shares less treasury shares ('000)	673,800	606,420	606,420	673,800	606,420	606,420
Financial Ratios						
NTA per Share (cents)	28	30	30	21	22	22
Annualised Return on equity (%)	4.4	4.7	4.7	19.1	20.3	20.4
Basic EPS (cents)	1.24	1.37	1.37	4.46	4.90	4.89
Gearing ratio (times)	N.A.(1)	N.A.(1)	N.A.(1)	N.A.(1)	N.A.(1)	N.A.(1)
Current ratio (times)	54.8	30.5	29.3	0.9	0.9	0.9

Note:

(1) N.A. means "Not applicable"

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the total number of issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%) of the total number of issued Shares.

3.9 Tax Implications

Where the Company uses its profits or contributed capital for the Share purchase, proceeds received by Shareholders who sell their Shares to the Company will be treated for income tax purposes like any other disposal of shares. Generally, whether or not such proceeds are taxable in the hands of Shareholders will depend on whether or not such proceeds are receipts of an income or capital nature in the hands of the respective Shareholders.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

3.10 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar of Companies.

The Company shall notify the Registrar of Companies within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchases including the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled and 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 were purchased or acquired out of the profits or capital of the Company, and such other information as required by the Companies Act.

Listing Rule 886 also 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 Purchase, on the Market Day following the day of purchase of any of its shares and (b) in the case of an Off-Market Purchase in accordance with an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such notification shall include details of the total number of shares authorised for purchase, the date of purchase, prices paid for the total number of shares purchased, the purchase price per share or the highest and lowest purchase price per share and the number of issued shares excluding treasury shares after purchase, in the form prescribed under the Listing Rules. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

(i) date of the sale, transfer, cancellation and/or use;

(ii) purpose of such sale, transfer, cancellation and/or use;

(iii) number of treasury shares sold, transferred, cancelled and/or used;

(iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;

(v) percentage of the number of treasury shares against the total number of Shares outstanding before and after such sale, transfer, cancellation and/or use; and

(vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.11 Listing Rules

Under the Listing Rules, a listed company may purchase shares by way of On-Market Purchases at a price per share which is not more than five per cent. (5%) above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made, which is deemed to be adjusted for any corporate action that occurs after the relevant period of five (5) Market Days.

The Maximum Price for a Share in relation to On-Market Purchases by the Company conforms to this restriction.

While the Listing Rules do not expressly prohibit any purchase of shares by a listed company during any particular time(s), because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price sensitive information has been publicly announced. In particular, in line with the best practices on dealing in securities reflected under Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through On-Market Purchases during the period of:

(a) one (1) month immediately preceding the announcement of the Company's annual (full-year) results; and

(b) two (2) weeks immediately preceding the announcement of the Company's results for each of the first three (3) quarters of its financial year.

The Company is required under Rule 723 of the Listing Manual to ensure that at least ten per cent. (10%) of the total number of its Shares (excluding treasury shares) are in the hands of the public. The "**public**", as defined under the Listing Manual, are persons other than the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there are 215,096,700 Shares in the hands of the public (as defined above), representing 31.92% of the total number of Shares (excluding treasury shares). Assuming that (i) the Company purchases its Shares through On-Market Purchases up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate and all such Shares purchased are held by the public, and (ii) all Shares purchased by the Company are held as treasury shares, the number of Shares in the hands of the public would be reduced to 147,716,700 Shares, representing 24.36% of the total number of Shares (excluding treasury shares). Accordingly, the Company is of the view that there is sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through On-Market Purchases up to the full ten per cent. (10%) pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases of its Shares through On-Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient number of Shares remain in public hands so that the Share purchase(s) will not:

(A) adversely affect the listing status of the Shares on the SGX-ST;

(B) cause market illiquidity; or

(C) adversely affect the orderly trading of the Shares.

3.12 Obligation to Make a Take-over Offer

Under Rule 14 of the Code, a person will be required to make a general offer for a listed company if:

(a) he acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry thirty per cent. (30%) or more of the voting rights of the company; or

(b) he holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights of the company and he or any person acting in concert with him acquires additional shares which carry more than one per cent. (1%) of the voting rights of the company in any period of six (6) months.

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

Under the Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert with each other, namely:

(i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(ii) a company with any of its directors (together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts);

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;

(vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of the foregoing, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the equity share capital of a company will be regarded as the test of associated company status.

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

In general terms, under Rule 14 and Appendix 2 of the Code, 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 of the Code if, as a result of the Company purchasing or acquiring its Shares, (A) the voting rights in the Company of such Directors and their concert parties would increase to thirty per cent. (30%) or more or (B) if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties increase by more than one per cent. (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 Code, a Shareholder not acting in concert with the Directors will not incur an obligation to make a take-over offer for the Company under Rule 14 of the Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company increases to thirty per cent. (30%) or more, or, if the voting rights of such Shareholder fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Based on substantial shareholding notifications received by the Company, as at the Latest Practicable Date, as set out in paragraph 4 of the Circular, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Code as a result of the purchase or acquisition by the Company of the maximum limit of ten per cent. (10%) of its issued Shares (excluding treasury shares) as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any purchase or acquisition of Shares by the Company, are advised to consult their professional advisers and/or the Securities Industry Council and/or the relevant authorities at the earliest opportunity.

3.13 Previous Share Purchases

During the 12-month period preceding the Latest Practicable Date, the Company had purchased an aggregate of 3,500,000 Shares by way of On-Market Purchases effected on the SGX-ST and held them as treasury shares. The highest and lowest prices paid per Share were S$0.158 and S$0.154 respectively and the total consideration paid for the purchases was S$549,008.31 (including stamp duties, clearing charges, etc.). As at the Latest Practicable Date, the Company continues to hold 3,500,000 treasury shares.

This page has been intentionally left blank.

This page has been intentionally left blank.