



## CIVMEC LIMITED

(Incorporated in Singapore on 3 June 2010)  
(Company Registration Number 201011837H)

### Directors:

James Finbarr Fitzgerald (Executive Chairman)  
Patrick John Tallon (Chief Executive Officer)  
Kevin James Deery (Chief Operating Officer)  
Chong Teck Sin (Lead Independent Director)  
Wong Fook Choy Sunny (Independent Director)  
Douglas Owen Chester (Independent Director)

### Registered Office:

80 Robinson Road  
#02-00  
Singapore 068898

7 October 2015

To: The Shareholders of Civmec Limited

Dear Sir/Madam

- (1) **PROPOSED ALTERATION OF THE ARTICLES OF ASSOCIATION; AND**
- (2) **RENEWAL OF THE SHARE PURCHASE MANDATE (THE "SHARE PURCHASE MANDATE")**

### 1. INTRODUCTION

1.1 We refer to:

- (a) the Notice of the Annual General Meeting of Civmec Limited (the "**Company**") dated 7 October 2015 (the "**Notice**"), accompanying the Annual Report of the Company for its financial year ended 30 June 2015 (the "**Annual Report 2015**"), convening the Annual General Meeting of the Company which is scheduled to be held on 29 October 2015 at 3.00p.m. at Amara Hotel Singapore, Level 3, Connection 1 Room, 165 Tanjong Pagar Road, Singapore 088539 ("**2015 AGM**");
- (b) the Special Resolution 1 in relation to the alteration of Article 118 of the Company's Articles of Association set out in the Notice; and
- (c) the Ordinary Resolution 13 in relation to the renewal of the Share Purchase Mandate under the heading "Special Business" set out in the Notice.

1.2 The purpose of this Letter is to provide the Shareholders with information pertaining to and reasons for the proposed alteration to Article 118 of the Company's Articles of Association and for the renewal of the Share Purchase Mandate.

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

1.4 **Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

### 2. THE PROPOSED ALTERATION TO ARTICLE 118 OF THE ARTICLES OF ASSOCIATION

#### 2.1 Background

The existing Article 118 of the Company's Articles of Association requires all the directors of the Company to retire at each Annual General Meeting ("**AGM**").

Having considered the inconvenience of the retirement and re-election of all directors at each AGM, it is proposed that the existing Article 118 be altered so in future at least one third of the Directors retire from office by rotation at each AGM and that all Directors must retire at least once every three (3) years. This proposed alteration will bring the Company also in line with the generally accepted market practice where one third of the board members retire at each AGM.

## 2.2 The proposed alteration to Article 118 of the Articles of Association

The alteration which is proposed to be made to Article 118 is set out below.

For ease of reference, the full text of the existing Article 118 which is proposed to be altered has been reproduced, and deletions and insertions have been highlighted.

### *Article 118*

“118 Subject to these Articles and to the Act, at each annual general meeting at least one third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation, provided that all Directors shall retire from office at least once every three years.”

## 2.3 Shareholders' Approval

The proposed alteration of Article 118 as set out in Section 2.2 above is subject to the Shareholders' approval.

## 3. THE RENEWAL OF SHARE PURCHASE MANDATE

### 3.1 Background

At the Extraordinary General Meeting of the Company held on 28 October 2014, the Shareholders of the Company had approved the grant of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company (the “**Shares**”). As the Share Purchase Mandate will expire on the date of the forthcoming AGM, the Directors propose that the Share Purchase Mandate be renewed at the Company's forthcoming AGM.

### 3.2 Rationale for the Share Purchase Mandate

The approval of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the limit described in paragraph 3.3 below at any time, subject to market conditions, during the period of which the Share Purchase Mandate is in force.

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

- (a) The purchase by a company of its issued shares is one of the ways in which the return on equity of the company may be improved, thereby increasing shareholder value. By obtaining a Share Purchase Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.
- (b) The Share Purchase Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group's financial needs in an expedient and cost-effective manner. A share purchase programme will also allow management to effectively manage and minimise the dilution impact (if any) associated with share schemes.
- (c) The Directors further believe that Share purchases by the Company may help to mitigate short-term market volatility in the price of the Shares, off-set the effects of short-term speculation and bolster Shareholders' confidence.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to a limit of 10% of the total number of issued shares of the Company as at the date of the AGM, Shareholders should take note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and no purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole.

### 3.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if approved at the AGM, are summarised below:

#### Maximum Number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the number of the Company's issued Shares as at the date of the last annual general meeting of the Company held before the resolution authorising the Share Purchase Mandate is passed or as at the date on which the resolution authorising the Share Purchase Mandate is passed at the forthcoming AGM of the Company.

For the above purposes, "**Relevant Period**" means the period commencing from the date the last annual general meeting of the Company was held before the resolution authorising the Share Purchase Mandate is passed, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the resolution authorising the Share Purchase Mandate is passed.

Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit. As at 1 October 2015, being the latest practicable date prior to the printing of this Letter (the "**Latest Practicable Date**"), the Company holds 15,000 treasury shares.

Solely for illustrative purposes, on the basis of 500,985,000 Shares (excluding treasury shares) in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 50,098,500 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed renewal of Share Purchase Mandate.

#### Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the AGM at which the Share Purchase Mandate is approved and renewed, up to the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held; or
- (ii) the date on which the purchases or acquisitions of Shares pursuant to the proposed renewal of Share Purchase Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in general meeting.

The Share Purchase Mandate may be renewed at subsequent annual general meetings or other general meetings of the Company.

#### Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be effected by the Company by way of:

- (i) on-market purchases ("**Market Purchases**"), transacted on SGX-ST through the ready market through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (ii) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the rules of the Listing Manual.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

- (aa) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (bb) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (cc) the terms of all the offers are 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) differences in consideration attributable to the fact that the offers may 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.

Under Rule 885 of the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (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 the purchase or acquisition of Shares that will arise under the Take-over Code or other applicable take-over rules;
- (V) whether the purchase or acquisition of Shares, if made, could affect the listing of the Company's shares on the SGX-ST;
- (VI) details of any share purchase made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (VII) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

Maximum purchase price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate (both Market Purchases and Off-Market Purchases) must not exceed 105% of the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

For the above purposes:

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

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

### 3.4 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) *Maximum Holdings*

The maximum number of treasury shares which may be held by the Company is as follows:

- (i) the Company if having only one class of shares shall not hold treasury shares exceeding 10% of the total number of such shares; or
- (ii) the Company if having more than one class of shares shall not hold treasury shares of that class exceeding 10% of the total number of issued shares in that class at any time;

and in the event that the Company holds in its treasury more than 10% of the total number of issued shares in any class of its shares, it shall cancel the excess within six months or such further period as the Registrar may allow.

(b) *Voting and Other Rights*

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

Further, 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. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller 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:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (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.

Under Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;

- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

### 3.5 Source of Funds

The Companies Act permits any purchase or acquisition of shares to be made out of a company's capital or profits so long as the company is solvent. For this purpose, a company is solvent if:

- (a) the company is able to pay its debts in full at the time of the purchase or acquisition of its shares and will be able to pay its debts as they fall due in the normal course of business during the period of 12 months immediately following the date of the purchase or acquisition; and
- (b) 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 internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will, principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

### 3.6 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares, whether the purchase or acquisition was made out of profits and/or capital and whether the Shares purchased or acquired are held in treasury or cancelled.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration will correspondingly reduce the share capital of the Company but the amount available for the distribution of cash dividends by the Company will not be reduced.

For illustrative purposes only, on the basis of 500,985,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 50,098,500 Shares.

Assuming that the Company purchases or acquires the 50,098,500 Shares at the Maximum Price of S\$0.336 for one Share (being the price equivalent to 105% of the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 50,098,500 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is S\$16,833,096.

For illustrative purposes only, on the basis of the assumptions set out above and based on the audited financial statements of the Group for the financial year ended 30 June 2015 and assuming that:

- (a) the Share Purchase Mandate has been effective on the Latest Practicable Date; and
- (b) the purchases or acquisitions of Shares are financed solely by internal resources,

the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group for the financial year ended 30 June 2015 would have been as follows:

(a) *Purchases made entirely out of capital*(1)

	<b>Before Share Purchase S\$'000</b>	<b>After Share Purchase S\$'000</b>	<b>Shares cancelled</b>	<b>Shares held as treasury shares</b>
<b>Capital and Reserves</b>	19,276		2,443	2,443
Share capital	37,864		21,031	21,031
Treasury stock	(11)		(11)	(11)
Other reserves	(18,577)		(18,577)	(18,577)
Retained earnings	132,491		132,491	132,491
<b>Total Equity Attributable to Owners</b>	151,767		134,934	134,934
Non-controlling interest	(1)		(1)	(1)
<b>Total Equity</b>	151,766		134,933	134,933
<b>Current assets</b>	157,881		141,048	141,048
<b>Current liabilities</b>	89,622		89,622	89,622
<b>Total borrowings</b>	25,401		25,401	25,401
<b>Cash and cash equivalents</b>	37,643		20,810	20,810
<b>Number of issued Shares ('000)</b>	500,985		450,886	450,886
<b>Financial ratios</b>				
Basic earnings per share ("EPS") (cents)	6.05		6.72	6.72
Net tangible assets ("NTA") per Share <sup>(2)</sup> (cents)	30.25		29.88	29.88
Current ratio	1.76		1.57	1.57
Gearing ratio <sup>(3)</sup>	0.17		0.17	0.17
Return on Equity <sup>(4)</sup>	20.0		22.5	22.5

**Notes:**

- (1) Where the amount of funds required for the purchase or acquisition of Shares exceeds the share capital of the Company, the balance is taken out of profits.
- (2) "NTA per Share" is calculated based on the Net Tangible Assets (total assets less total liabilities, intangible assets and deferred tax assets, and adding back deferred tax liabilities).
- (3) "Gearing ratio" is calculated using the ratio of total borrowings to total equity.
- (4) "Return on Equity" is calculated based on the net profits attributable to owners of the Company and total equity less non-controlling interests.

(b) Purchases made entirely out of profits

	After Share Purchase S\$'000		
	Before Share Purchase S\$'000	Shares cancelled	Shares held as treasury shares
<b>Capital and Reserves</b>	19,276	19,276	2,443
Share capital	37,864	37,864	37,864
Treasury shares	(11)	(11)	(16,844)
Other reserves	(18,577)	(18,577)	(18,577)
Retained earnings	132,491	115,658	132,513
<b>Total Equity Attributable to Owners</b>	151,767	134,956	134,956
Non-controlling interest	(1)	(1)	(1)
<b>Total Equity</b>	151,766	134,955	134,955
<b>Current assets</b>	157,881	141,048	141,048
<b>Current liabilities</b>	89,622	89,622	89,622
<b>Total borrowings</b>	25,401	25,401	25,401
<b>Cash and cash equivalents</b>	37,643	20,810	20,810
<b>Number of issued Shares ('000)</b>	500,985	450,886	450,886
<b>Financial ratios</b>			
Basic EPS (cents)	6.05	6.72	6.72
NTA per Share <sup>(1)</sup> (cents)	30.25	29.88	29.88
Current ratio	1.76	1.57	1.57
Gearing ratio <sup>(2)</sup>	0.17	0.17	0.17
Return on Equity <sup>(3)</sup>	20.0	22.5	22.5

**Notes:**

- (1) "NTA per Share" is calculated based on the Net Tangible Assets (total assets less total liabilities, intangible assets and deferred tax assets, and adding back deferred tax liabilities).
- (2) "Gearing ratio" is calculated using the ratio of total borrowings to total equity.
- (3) "Return on Equity" is calculated based on the net profits attributable to owners of the Company and total equity less non-controlling interests.

**SHAREHOLDERS SHOULD NOTE THAT ALTHOUGH THE SHARE PURCHASE MANDATE WOULD AUTHORISE THE COMPANY TO PURCHASE OR ACQUIRE UP TO 10% OF THE ISSUED SHARES, THE COMPANY MAY NOT NECESSARILY PURCHASE OR ACQUIRE OR BE ABLE TO PURCHASE OR ACQUIRE THE ENTIRE 10% OF THE ISSUED SHARES. IN PARTICULAR, THE MAXIMUM NUMBER OF SHARES THAT THE COMPANY MAY PURCHASE UNDER THE SHARE PURCHASE MANDATE IS LIMITED TO THE EXTENT THAT THE COMPANY WILL REMAIN SOLVENT. THE DIRECTORS DO NOT INTEND TO EXERCISE THE PROPOSED SHARE PURCHASE MANDATE UP TO THE MAXIMUM LIMIT IF SUCH EXERCISE WOULD MATERIALLY AND ADVERSELY AFFECT THE FINANCIAL POSITION OF THE GROUP.**

Shareholders should also note that the financial effects set out above are for illustration purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, Shareholders should note that the above analysis is based on the audited financial statements of the Group for the financial year ended 30 June 2015 and is not necessarily representative of future financial performance.



### 3.7 Reporting Requirements

The Companies Act and the Listing Manual require the Company to make reports in relation to the Share Purchase Mandate as follows:

- (a) within 30 days of the passing of a Shareholders' resolution to approve purchases of Shares, the Company must lodge a copy of such resolution with the Accounting & Corporate Regulatory Authority ("ACRA");
- (b) the Company must notify the ACRA, within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification in the form as may be prescribed by the ACRA shall include details of the date of the repurchase, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase of Shares, the Company's issued share capital after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required;
- (c) under Rule 886 of the Listing Manual, purchases of Shares must be reported to the SGX-ST in the forms prescribed by the Listing Manual and announced to the public in the case of Market Purchases, not later than 9.00 a.m. on the Market Day following the day of purchase of any of its Shares and in the case of Off-Market Share Purchases, not later than 9.00 a.m. on the second Market Day after the close of acceptances of the offer made by the Company; and
- (d) in its annual report and accounts, the Company shall make disclosure of details pertaining to purchases of Shares made during the year, including the total number of Shares purchased during the financial year under review, the purchase price per Share or the highest and lowest prices paid for the purchases, and where relevant, the total consideration paid.

### 3.8 Listing Rules

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate in any of the following circumstances:

- (a) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board of Directors until the price-sensitive information has been publicly announced; and
- (b) in the case of Market Purchases, during the period of one month immediately preceding the announcement of the Company's full-year results and the period of two weeks before the announcement of the Company's first quarter, second quarter and third quarter results.

The Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities must be held by Public Shareholders. As at the Latest Practicable Date, approximately 50.43% of the issued Shares are held by Public Shareholders. Assuming that the Company undertakes purchases or acquisitions of its Shares up to the full 10% limit permitted under the proposed Share Purchase Mandate, approximately 44.92% of the issued Shares will be held by Public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by Public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the 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 or to affect orderly trading.

### 3.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

(a) *Obligation to make a Take-over Offer*

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective 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 of the Take-over Code.

(b) *Persons Acting in Concert*

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), 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 be presumed to be acting in concert:

- (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. 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 voting rights of the first-mentioned company.

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

(c) *Effect of Rule 14 and Appendix 2 of the Take-over Code*

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer 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 6 months.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder 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 months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Purchase Mandate.

The Directors are not aware of any fact(s) or factor(s) 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 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 Purchase Mandate.

**Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases by the Company.**

### 3.10 Tax implications arising from Share Purchase

Pursuant to Section 10J of the Income Tax Act, Chapter 134 of Singapore, where a company buys back its own shares and makes payment out of its contributed capital, it will not be regarded as a payment of dividend. Where a company buys back its own shares using its distributable profits, it is deemed as having paid a dividend to the shareholders from whom the shares are purchased or acquired.

**Shareholders who are in doubt as to their respective tax positions or 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.**

### 3.11 Interested Persons

The Company is prohibited from knowingly buying Shares on the Official List of SGX-ST from an interested person, that is, a Director, the chief executive officer of the Company or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

### 3.12 No Previous Share Purchases Within The Last 12 Months

The Company has not purchased any Shares in the 12 months immediately preceding the Latest Practicable Date, pursuant to the Share Purchase Mandate approved by the Shareholders at the extraordinary meeting held on 28 October 2014.

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The direct and deemed interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
<b>Directors (and their spouses)</b>				
James Finbarr Fitzgerald (and Olive Teresa Fitzgerald) <sup>(1)</sup>	-	-	97,720,806	19.51
Patrick John Tallon <sup>(2)</sup>	54,000	0.01	97,566,806	19.47
Kevin James Deery (and Chaychanok Deery) <sup>(3)</sup>	-	-	13,295,250	2.65
Chong Teck Sin	-	-	-	-
Wong Fook Choy Sunny	-	-	-	-
Douglas Owen Chester	-	-	-	-
<b>Substantial Shareholders (other than Directors and their spouses)</b>				
JF & OT Fitzgerald Family Trust <sup>(1)</sup>	97,720,806	19.51		
Goldfirm Pty Ltd <sup>(2)</sup>	-	-	97,566,806	19.47
Kariong Investment Trust <sup>(2)</sup>	97,566,806	19.47	-	-
Michael Lorrain Vaz <sup>(4)</sup>	15,888,000	3.17	23,812,000	4.75

#### **Notes:**

- (1) Mr James Finbarr Fitzgerald, the Company's Executive Chairman, and his spouse are the trustees of the JF & OT Fitzgerald Family Trust. Pursuant to Section 4(3) of the Securities and Futures Act ("SFA"), Mr James Finbarr Fitzgerald, his spouse (Olive Teresa Fitzgerald), their children (Sean Fitzgerald, Claire Fitzgerald and Sarah Fitzgerald) and Parglade Holdings Pty Ltd. (which is equally held by Mr James Finbarr Fitzgerald and his spouse) are deemed to have an interest in the Shares owned by the JF & OT Fitzgerald Family Trust, which are legally held in the names of Mr James Finbarr Fitzgerald and his spouse, Olive Teresa Fitzgerald, as trustees.
- (2) Goldfirm Pty Ltd is the trustee of the Kariong Investment Trust. Mr Patrick John Tallon, the Company's Chief Executive Officer, has a deemed interest in the Shares which are held by Goldfirm Pty Ltd as trustee. Pursuant to Section 4(3) of the SFA, Mr Patrick John Tallon is also deemed to have an interest in the Shares owned by the Kariong Investment Trust, which are legally held in the name of Goldfirm Pty Ltd, as trustee.

- (3) Mr Kevin James Deery, the Company's Chief Operating Officer, and his spouse are the trustees of the Deery Family Trust. Pursuant to Section 4(3) of the SFA, Mr Kevin James Deery and his spouse, Chaychanok Deery, are deemed to have an interest in the Shares owned by the Deery Family Trust, which are legally held in the names of Mr Kevin James Deery and his spouse, Chaychanok Deery, as trustees.
- (4) Mr Michael Lorrain Vaz has a deemed interest in 23,812,000 Shares which are held by Clarendon Pacific Ventures Pte. Ltd.

#### **4. DIRECTORS' RECOMMENDATIONS**

The Directors, having considered the rationale, are of the opinion that:

- (a) the proposed alteration to the Articles of Association; and
- (b) the proposed renewal of Share Purchase Mandate

are in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the Special Resolution 1 and the Ordinary Resolution 13 in relation to the Share Purchase Mandate to be proposed at the AGM.

In giving the above recommendation, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

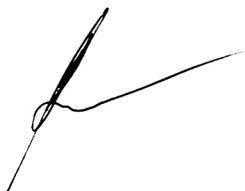
#### **5. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed alteration of the Articles of Association and the proposed renewal of 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 Letter misleading. Where information in the Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the circular in its proper form and context.

#### **6. INSPECTION OF DOCUMENT**

The Memorandum and Articles of Association of the Company is available for inspection at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours from the date of this Letter up to and including the date of the 2015 AGM.

Yours faithfully  
For and on behalf of the Board of Directors of  
**CIVMEC LIMITED**



James Finbarr Fitzgerald  
Executive Chairman