

CIRCULAR DATED 9 OCTOBER 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold all your ordinary shares in the issued and paid-up share capital of PSL Holdings Limited (the “Company”), you should forward this Circular together with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited (“SGX-ST”) assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.



PSL HOLDINGS LIMITED

(the “Company”)

(Incorporated in the Republic of Singapore)

(Company Registration No. 199707022K)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**(1) THE PROPOSED CHANGE OF AUDITORS FROM PRICEWATERHOUSECOOPERS LLP
TO FOO KON TAN LLP**

(2) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	21 October 2017 at 10 a.m.
Date and time of Extraordinary General Meeting	:	24 October 2017 at 10 a.m.
Place of Extraordinary General Meeting	:	37 Jalan Pemimpin #07-16 Mapex Singapore 577177

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

- “ACRA”** : The Accounting and Corporate Regulatory Authority of Singapore
- “Act” or “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
- “AGM”** : The annual general meeting of the Company
- “Associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee”** : The audit committee of the Company
- “Board” or “Board of Directors”** : The board of directors of the Company, as at the date of this Circular
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 9 October 2017
- “Company”** : PSL Holdings Limited
- “Controlling Shareholder”** : A person who:
- (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings in the company; or
 - (b) in fact exercises control over a company

DEFINITIONS

“Constitution”	:	The Constitution of the Company
“Director”	:	A director of the Company, as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be held on 24 October 2017, notice of which is set out on pages N-1 to N-3 of this Circular
“EPS”	:	Earnings per Share
“FKT”	:	Foo Kon Tan LLP
“FY”	:	Financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	2 October 2017, being the latest practicable date prior to the printing of this Circular
“Listing Rules”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Notice of EGM”	:	The notice of the EGM which is set out on pages N-1 to N-3 of this Circular
“Notice of Resignation”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“NTA”	:	Net tangible Assets
“Proposed Change of Auditors”	:	The proposed change of auditors of the Company from PWC to FKT
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“PWC”	:	PricewaterhouseCoopers LLP
“Securities Account”	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Cap. 289, of Singapore, as may be amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

DEFINITIONS

“Share Buyback Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, 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 Rules
“Share Registrar”	:	RHT Corporate Advisory Pte. Ltd.
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person who has an interest in the voting Shares (excluding Treasury Shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than 5% of all the voting Shares
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers
“Treasury Shares”	:	“Treasury Shares” shall have the meaning ascribed to it in Section 4 of the Companies Act
“S\$”, “SGD” or “\$” and “cents”	:	Singapore dollars and cents respectively
“%” or “per cent”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the said Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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

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

LETTER TO SHAREHOLDERS

PSL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199707022K)

Directors :

Mr Sucipto	<i>(Non-Executive Chairman)</i>
Mr Stephen Leong, BBM	<i>(Vice Chairman and Executive Director)</i>
Mr Tan Chee Tong	<i>(Executive Director)</i>
Ms Ng Yoke Chan	<i>(Non-Executive Director)</i>
Mr William Teo Choon Kow, BBM	<i>(Independent Non-Executive Director)</i>
Mr Chew Yee Teck, Eric, PBM	<i>(Independent Non-Executive Director)</i>
Mr Wong Wei Boon Kevin	<i>(Independent Non-Executive Director)</i>

Registered Office :

37 Jalan Pemimpin
#07-16 Mapex
Singapore 577177

9 October 2017

To: The Shareholders of PSL Holdings Limited

Dear Sir/Madam,

1. INTRODUCTION

1.1 EGM

The Directors are convening an EGM to be held on 24 October 2017 to seek Shareholders' approval for the following resolutions:

- (1) the Proposed Change of Auditors (Resolution 1); and
- (2) the proposed adoption of the Share Buyback Mandate (Resolution 2)

(collectively, the "**Proposed Resolutions**").

The Proposed Resolutions are set out as ordinary resolutions in the Notice of EGM accompanying this Circular.

1.2 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the abovementioned Proposed Resolutions. Shareholders' approval will be sought at the EGM to be held on 24 October 2017 at 10 a.m., notice of which is set out on pages N-1 to N-3 of this Circular.

2. THE PROPOSED CHANGE OF AUDITORS FROM PWC TO FKT

2.1 Background and Rationale for the Proposed Change of Auditors

The current auditors of the Company, PWC, were re-appointed at the last AGM held on 23 May 2017 to hold office until the conclusion of the next AGM. PWC was appointed as auditors of the Company since FY2015.

LETTER TO SHAREHOLDERS

As part of the Company's ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate, the Company initiated a change in auditors as the quantum of the annual professional fees for PWC's audit services were beyond the Company's budget. A change in auditors of the Company would also enable the Company to benefit from fresh perspectives and views of another professional audit firm and thereby enhance the value of the audit.

The Company expects the Proposed Change of Auditors to result in cost savings on audit fees for the Company in the region of approximately S\$35,000 to S\$45,000. The scope of the audit for FY2017 remains substantially unchanged from that in FY2016, and the management is of the view that the quality of the audit will not be affected by the reduction in fee.

The Company had on 14 July 2017 received a notice from PWC informing the Company, among others, that PWC had applied to ACRA to seek its consent to resign as auditors of the Company. On 24 July 2017, PWC received a letter from ACRA consenting to the resignation of PWC as auditors of the Company. Subsequently, PWC had, on 24 July 2017, provided the Company with their notice of resignation dated 24 July 2017 stating, among others, a written statement of PWC's reasons for resignation as auditors of the Company ("**Notice of Resignation**"). A copy of the Notice of Resignation has been despatched to Shareholders on 7 August 2017 and a copy of the Notice of Resignation is set out in the appendix to the Company's announcement dated 26 July 2017 in relation to the Proposed Change of Auditors.

In accordance with Section 205AB(5) of the Act, the resignation of PWC as auditors of the Company took effect on 24 July 2017.

FKT had on 26 July 2017 given their written consent to act as auditors of the Company, subject to Shareholders' approval at an extraordinary general meeting to be convened for the Proposed Change of Auditors.

Pursuant to Rule 712(3) of the Listing Rules and Section 205AF of the Companies Act, the appointment of FKT as auditors of the Company in place of PWC must be specifically approved by Shareholders in a general meeting. The appointment of FKT as auditors of the Company will therefore take effect upon approval of the same by Shareholders at the EGM and, if appointed, FKT will hold office until the conclusion of the next AGM.

The Board would like to take this opportunity to express its gratitude to PWC for the past services rendered by PWC.

2.2 Information on FKT and the audit engagement partner

FKT, founded in 1968, is one of Singapore's most established and respected accountancy practices. Today, FKT is the brand name under which Foo Kon Tan LLP, Chartered Accountants of Singapore and its associated companies provide a full range of assurance, tax and advisory services to listed companies, privately held businesses, not-for-profit organisations, and other public sector entities.

FKT is registered with ACRA (Registration number: T10LL0002B) and has been registered with ACRA from 1 January 2010. FKT has 20 partners and directors, with approximately 350 staff, who are located in Singapore and who are professionals providing audit, tax and business advisory services. For the audit of the Group, FKT's engagement team has six

LETTER TO SHAREHOLDERS

professionals, comprising three audit associates, one senior associate, one senior manager and one senior partner. In addition, the engagement will be reviewed by a concurring partner and an independent quality control reviewer.

FKT helps clients navigate the ever changing dynamics of the business and regulatory environments in the domestic and global markets. FKT is also a principal member of HLB International, a world-wide network of independent accounting firms and business advisers.

Mr Robin Chin, the audit engagement partner is a senior partner with a wealth of experience spanning more than 28 years. He is the firm's key 'go-to' professional for clients seeking to establish international footprints in the regional and global markets.

Mr Robin Chin started his profession in the United Kingdom where he qualified as a Chartered Accountant. He gained further experience with another big four upon his return to Singapore. In 1986, he joined FKT and became a partner in 1991. He provides comprehensive support and guides the firm's international as well as Singapore based clients desiring to expand overseas. He is involved in various aspects of assurance advisory with a special focus on implications for both corporate governance and restructuring, IPO, RTO and financial investigations. He has done public listings on the SGX-ST and ASX AIM. Additionally, he has conducted significant financial investigations for both local and overseas clients both listed as well as privately held businesses. Many of his local clients have business operations in the Asia Pacific region.

The list of audit engagements for the audit engagement partner (past and present) in similar & related industries include Jurong Engineering Limited, Roxy-Pacific Holdings Limited, Ying Li International Real Estate Limited and Kobe Steel International Singapore Pte Ltd. The audit partner's experiences in the audit of companies within the property development industry will be relevant in view of the Group's diversification into the property development segment.

The Audit Committee has enquired on whether the audit engagement partner who will be assigned to the audit of the Group has been subject to the Practice Monitoring Programme review by ACRA. In this regard, the Audit Committee has noted that the audit engagement partner has passed the Practice Monitoring Programme review by ACRA on his previous audit engagements. Additionally, the Audit Committee had also considered all of the Audit Quality Indicators listed in ACRA's Audit Quality Indicators Disclosure Framework in its selection of FKT as its new auditor. In the event that Shareholders' approval is obtained at the EGM for the Proposed Change of Auditors, FKT will also be presenting these Audit Quality Indicators in the 3Q2017 board meeting of the Company.

2.3 Compliance with Rule 1203(5) of the Listing Rules

The Board, having considered various factors, including but not limited to the adequacy of the resources and experience of FKT, the audit engagement partner assigned to the audit, FKT's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, was of the opinion that FKT will be able to fulfil the audit requirements of the Group.

FKT is a professional audit firm registered with ACRA.

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In accordance with Rule 1203(5) of the Listing Rules:

- (a) PWC has confirmed to FKT that they are not aware of any professional reason why FKT should not accept the appointment as auditors of the Company;
- (b) The Company has confirmed that there were no disagreements with PWC on accounting treatments within the last 12 months;
- (c) The Company has confirmed that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders which has not been disclosed in this Circular;
- (d) The specific reasons for the Proposed Change of Auditors has been disclosed above. The Proposed Change of Auditors is due to the resignation of PWC as auditors of the Company, such resignation being initiated by the Company for the reasons disclosed above; and
- (e) The Company has confirmed that it complies with Rule 712 and Rule 715 of the Listing Rules in relation to the appointment of FKT.

3. THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

3.1 Introduction

The Board is proposing to seek Shareholders' approval at the EGM for the proposed adoption of the Share Buyback Mandate.

Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by the Companies Act, the Listing Rules, the Constitution and such other laws and regulations as may for the time being be applicable.

It is a requirement under the Listing Rules and 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. Accordingly, approval is being sought from Shareholders at the EGM for the Share Buyback Mandate.

3.2 Rationale for the Share Buyback Mandate

The approval of the Share Buyback Mandate will give the Company flexibility to undertake purchases or acquisitions of its own Shares subject to the terms and limits described in Section 3.3 of this Circular.

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A share buy-back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. Shares purchased pursuant to the Share Buyback Mandate will either be cancelled or held as treasury shares as may be determined by the Directors. This will provide the Directors with greater flexibility over the Company's share capital structure, *inter alia*, with a view to enhancing the earnings and/or net tangible asset value

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per Share or to maintain a pool of Shares to be deployed for future purposes as deemed appropriate by the Directors. It is currently contemplated by the Company that the Shares purchased pursuant to the Share Buyback Mandate may be held as treasury shares which may be used as:

- (a) consideration for the acquisition of shares in or assets of another company or assets of a person;
- (b) to be sold in the event of future share placements; and/or
- (c) to be transferred for the purposes of or pursuant to any employee's share scheme in the event that the Company adopts any employee's share scheme in the future.

The Directors further believe that share buy-backs by the Company will help to mitigate short term share price volatility or trading trends which, in the reasonable opinion of the Company, are not otherwise caused by general market factors or sentiments and/or the fundamentals of the Company and offset the effects of short-term speculation (as and when they may occur), and bolster Shareholder confidence.

If and when circumstances permit, the Directors will decide whether to effect the share buy-backs via Market Purchases (as defined in Section 3.3.3(a) below) or Off-market Purchases (as defined in Section 3.3.3(b) below), after taking into account, *inter alia*, the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

3.3 Terms of the Mandate

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

3.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Buyback Mandate is limited to the number of Shares representing not more than ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the approval of the Share Buyback Mandate (the "**Approval Date**"). Any Shares which are held as treasury shares or subsidiary holdings will be excluded for the purposes of computing the ten per cent. (10%) limit.

For illustrative purposes only, on the basis of 46,405,830 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and excluding any Shares held by the Company as treasury shares or subsidiary holdings on or prior to the Approval Date, the purchase by the Company of up to the maximum limit of ten per cent. (10%) of its issued Shares will result in the purchase of approximately 4,640,583 Shares.

LETTER TO SHAREHOLDERS

3.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held, whichever is the earlier;
- (b) the date on which the purchases or acquisition of Shares pursuant to the Share Buyback Mandate are carried out to the full extent authorized under the Share Buyback Mandate; or
- (c) the effective date on which the authority conferred in the Share Buyback Mandate is varied or revoked by the Shareholders in general meeting.

The authority conferred on the Directors by the Share Buyback Mandate to purchase Shares may be renewed by Shareholders in the next AGM or other general meeting of the Company.

When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buyback 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.

3.3.3 Manner of purchase or acquisition

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

- (a) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchase**"), otherwise than on a securities exchange, in accordance with an 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 Listing Rules.

Under the Companies Act, an equal access scheme must satisfy all of 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; and

LETTER TO SHAREHOLDERS

- (c) the terms of all the offers are 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 person is left with a whole number of Shares.
- (d) In addition, the Listing Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:
 - (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed share buy-back;
 - (iv) the consequences, if any, of share buy-backs by the Company that will arise under the Takeover Code or other applicable take-over rules;
 - (v) whether the share buy-back, if made, would have any effect on the listing of the Shares on the SGX-ST;
 - (vi) details of any share buy-back 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, 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.

3.3.4 Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined herein) of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

LETTER TO SHAREHOLDERS

(the “**Maximum Price**”) in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means 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 Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase 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 five day period; and

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of 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 Purchase.

3.4 Source of Funds for Share Buyback

In purchasing Shares pursuant to the Share Buyback Mandate, the Company may only apply funds legally available for such purchases as is provided in the Constitution and in accordance with the applicable laws in Singapore.

The Companies Act permits the Company to purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act). For this purpose, pursuant to the Section 76F(4) of the Act, a company is solvent if:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if:
 - (i) 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
 - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due within 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 of shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds to finance any purchase or acquisition of its Shares under the Share Buyback Mandate. To effect the purchase of Shares pursuant to the Share Buyback Mandate, the Directors will consider, *inter alia*, the availability of internal resources and the rationale for the purchase or acquisition of Shares.

LETTER TO SHAREHOLDERS

The Directors do not propose to exercise the Share Buyback Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company. The purchase or acquisition of Shares pursuant to the Share Buyback Mandate will only be undertaken if, in the reasonable opinion of the Directors, it can benefit the Company, the Group and Shareholders.

3.5 Status of purchased Shares under the Share Buyback Mandate

A Share purchased or acquired by the Company, unless held as a treasury share in accordance with the Act, is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation). Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

3.5.1 Treasury Shares

A company incorporated in Singapore may also hold any share which is purchased by such company as a treasury share.

Under the Act, the numbers of shares of a company held as treasury shares cannot at any time exceed ten per cent (10%) of the total number of its issued shares. If a company holds shares as treasury shares, the company shall be entered in the register of members as the member holding the shares but the company is not permitted to exercise any rights in respect of those shares (including any right to attend and vote at meetings) and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Further, 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.

No acquisition by a company of its own shares whether to be held as treasury shares or for cancellation may be effected if, on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the acquisition would be, unable to pay its debts.

A public company that acquires its own shares to be held as treasury shares may:

- (a) hold all or any of the treasury shares;
- (b) sell all or any of the treasury shares for cash;
- (c) cancel all or any of the treasury shares;
- (d) transfer the shares for the purposes of or pursuant to any share scheme, whether it's for employees, directors or any other persons; or
- (e) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person.

LETTER TO SHAREHOLDERS

In accordance with the requirements in the Listing Rules, the Company shall make periodic announcements containing the following information in the event of any sale, transfer, cancellation and/or use of treasury shares:

- (a) the date of the sale, transfer, cancellation and/or use;
- (b) the purpose of such sale, transfer, cancellation and/or use;
- (c) the number of treasury shares sold, transferred, cancelled and/or used;
- (d) the number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) the 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) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

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 Buyback Mandate will depend on, *inter alia*, the number of Shares purchased or acquired and the price paid for such Shares and the manner in which the purchase is funded.

Under the Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profit so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including expenses (such as brokerage or commission) incurred directly in such purchase or acquisition) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2016, are based on the assumptions set out below:

3.6.1 Number of Shares purchased or acquired

Based on the issued and paid-up ordinary share capital of the Company 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 up to the maximum limit of ten per cent (10%) of the total number of its issued Shares will result in the purchase or acquisition of 4,640,583 Shares.

LETTER TO SHAREHOLDERS

3.6.2 Maximum price paid for Shares purchased or acquired

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 4,640,583 Shares at the Maximum Price of S\$0.294 for one (1) Share (being the price equivalent to five per cent (5%) above the average of the closing market prices of the Shares over the last five (5) market days preceding the Latest Practicable Date on which transactions in the Shares were recorded), the maximum amount of funds required for the purchase or acquisition of 4,640,583 Shares is S\$1,364,331.

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 4,640,583 Shares at the Maximum Price of S\$0.336 for one (1) Share (being the price equivalent to twenty per cent (20%) above the average of the closing market prices of the Shares over the last five (5) market days preceding the Latest Practicable Date on which transactions in the Shares were recorded), the maximum amount of funds required for the purchase or acquisition of 4,640,583 Shares is S\$1,559,236.

On the basis of the assumptions set out above and the following:

- (a) purchases of Shares are made to the extent as aforesaid;
- (b) there were no expenses incurred directly in such purchases of Shares; and
- (c) the purchases of Shares took place on 1 January 2016,

the financial effects on the audited consolidated financial statements of the Company and the Group for FY2016 pursuant to the Share Buy-Back Mandate:

- (i) by way of purchases made entirely out of capital and held as treasury shares;
and
- (ii) by way of purchases made entirely out of capital and cancelled,

would have been as follows:

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(1) Purchases made entirely out of capital and held as treasury shares

(A) Market Purchases

As at 31 December 2016	Group		Company	
	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)
Shareholders' equity	33,531	32,167	30,539	29,175
NTA	33,531	32,167	30,539	29,175
Current assets	26,132	24,768	23,964	22,600
Current liabilities	17,023	17,023	6,807	6,807
Working capital	9,109	7,745	17,157	15,793
Total borrowings	2,355	2,355	–	–
Cash & cash equivalents	14,163	12,799	11,437	10,073
Loss attributable to Shareholders	(11,969)	(11,969)	(13,261)	(13,261)
Treasury shares ('000)	–	4,641	–	4,641
Number of shares ('000)	46,406	41,765	46,406	41,765
Financial Ratios				
NTA per share (cents) ⁽¹⁾	72.26	77.02	65.81	69.86
Gearing (%) ⁽²⁾	7.02%	7.32%	–	–
Current ratio (times) ⁽³⁾	1.54	1.45	3.52	3.32
Basic EPS (cents) ⁽⁴⁾	(25.79)	(28.66)	(28.58)	(31.75)

Notes:

- (1) NTA per Share equals NTA divided by the number of Shares (excluding treasury shares, if any) outstanding as at 31 December 2016.
- (2) Gearing equal total borrowings divided by Shareholders' equity.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) EPS is computed based on profit attributable to Shareholders divided by the weighted average number of Shares.

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(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)
As at 31 December 2016				
Shareholders' equity	33,531	31,972	30,539	28,980
NTA	33,531	31,972	30,539	28,980
Current assets	26,132	24,573	23,964	22,405
Current liabilities	17,023	17,023	6,807	6,807
Working capital	9,109	7,550	17,157	15,598
Total borrowings	2,355	2,355	–	–
Cash & cash equivalents	14,163	12,604	11,437	9,878
Loss attributable to Shareholders	(11,969)	(11,969)	(13,261)	(13,261)
Treasury shares ('000)	–	4,641	–	4,641
Number of shares ('000)	46,406	41,765	46,406	41,765
Financial Ratios				
NTA per share (cents) ⁽¹⁾	72.26	76.55	65.81	69.39
Gearing (%) ⁽²⁾	7.02%	7.37%	–	–
Current ratio (times) ⁽³⁾	1.54	1.44	3.52	3.29
Basic EPS (cents) ⁽⁴⁾	(25.79)	(28.66)	(28.58)	(31.75)

Notes:

- (1) NTA per Share equals NTA divided by the number of Shares (excluding treasury shares, if any) outstanding as at 31 December 2016.
- (2) Gearing equal total borrowings divided by Shareholders' equity.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) EPS is computed based on profit attributable to Shareholders divided by the weighted average number of Shares.

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(2) *Purchases made entirely out of capital and cancelled*

(A) Market Purchases

As at 31 December 2016	Group		Company	
	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)
Shareholders' equity	33,531	32,167	30,539	29,175
NTA	33,531	32,167	30,539	29,175
Current assets	26,132	24,768	23,964	22,600
Current liabilities	17,023	17,023	6,807	6,807
Working capital	9,109	7,745	17,157	15,793
Total borrowings	2,355	2,355	–	–
Cash & cash equivalents	14,163	12,799	11,437	10,073
Loss attributable to Shareholders	(11,969)	(11,969)	(13,261)	(13,261)
Treasury shares ('000)	–	–	–	–
Number of shares ('000)	46,406	41,765	46,406	41,765
Financial Ratios				
NTA per share (cents) ⁽¹⁾	72.26	77.02	65.81	69.85
Gearing (%) ⁽²⁾	7.02%	7.32%	–	–
Current ratio (times) ⁽³⁾	1.54	1.45	3.52	3.32
Basic EPS (cents) ⁽⁴⁾	(25.79)	(28.66)	(28.58)	(31.75)

Notes:

- (1) NTA per Share equals NTA divided by the number of Shares (excluding treasury shares, if any) outstanding as at 31 December 2016.
- (2) Gearing equal total borrowings divided by Shareholders' equity.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) EPS is computed based on profit attributable to Shareholders divided by the weighted average number of Shares.

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(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)
As at 31 December 2016				
Shareholders' equity	33,531	31,972	30,539	28,980
NTA	33,531	31,972	30,539	28,980
Current assets	26,132	24,573	23,964	22,405
Current liabilities	17,023	17,023	6,807	6,807
Working capital	9,109	7,550	17,157	15,598
Total borrowings	2,355	2,355	–	–
Cash & cash equivalents	14,163	12,604	11,437	9,878
Loss attributable to Shareholders	(11,969)	(11,969)	(13,261)	(13,261)
Treasury shares ('000)	–	–	–	–
Number of shares ('000)	46,406	41,765	46,406	41,765

Financial Ratios

NTA per share (cents) ⁽¹⁾	72.26	76.55	65.81	69.39
Gearing (%) ⁽²⁾	7.02%	7.37%	–	–
Current ratio (times) ⁽³⁾	1.54	1.44	3.52	3.29
Basic EPS (cents) ⁽⁴⁾	(25.79)	(28.66)	(28.58)	(31.75)

Notes:

- (1) NTA per Share equals NTA divided by the number of Shares (excluding treasury shares, if any) outstanding as at 31 December 2016.
- (2) Gearing equal total borrowings divided by Shareholders' equity.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) EPS is computed based on profit attributable to Shareholders divided by the weighted average number of Shares.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements for FY2016 and is not necessarily representative of future financial performance.

The Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirement) and non-financial factors (for example, Share market conditions and the performance of the Shares) in assessing the relative impact of a share buy-back before execution.

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Purchases of Shares by the Company pursuant to the Share Buyback Mandate will only be made in circumstances where it is considered to be in the best interests of the Company. It should be noted that purchases pursuant to the Share Buyback Mandate may not be carried out to the full ten per cent (10%) as mandated. Further, the Directors do not propose to exercise the Share Buyback Mandate to such an extent as would have a material adverse effect on the financial condition or working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

3.7 Listing Rules

The Listing Rules 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 a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

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

While the Listing Rules 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 Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares during the period of two (2) weeks and one (1) month immediately preceding the announcement of the Company’s interim results and the annual (full-year) results respectively.

The Listing Rules requires a listed company to ensure that at least ten per cent. (10%) of any class of its listed securities must be held by public shareholders. The “public”, as defined under the Listing Rules, are persons other than (a) the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries, and (b) the associates of such persons named in (a).

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As at the Latest Practicable Date, approximately 68.66% of the issued Shares are held by public Shareholders. The Company will not carry out any share buy-back unless at least ten per cent. (10%) of its listed securities can be maintained in the hands of public Shareholders 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.

3.8 Take-over obligations under the Singapore Code of Take-overs and Mergers

An increase of a Shareholder's proportionate interest in the voting rights of the Company resulting from a share buy-back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to thirty per cent (30%) or more or, if they, together hold between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, increase their voting rights in the Company by more than one per cent (1%) in any period of six (6) months.

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

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the above companies and any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of the first-mentioned company;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by its directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser (including a stockbroker), with its clients 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;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

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- (g) partners; and
- (h) an individual, with his close relatives, his related trusts, and any person who is accustomed to act in accordance with his instructions, companies controlled by any of the aforesaid persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights.

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

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that:

- (a) unless exempted, directors of a company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the company purchasing or acquiring its shares, the voting rights of such directors and their concert parties, being in aggregate less than thirty per cent (30%) before such purchase or acquisition, would increase to thirty per cent (30%) or more, or 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 would increase by more than one per cent (1%) in any period of six (6) months; and
- (b) a shareholder who is not acting in concert with directors will not be required to make a take-over offer under Rule 14 if, as a result of the company purchasing or acquiring its shares, the voting rights of such shareholder in the company would increase to thirty per cent (30%) or more, or 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 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 a share buy-back mandate.

3.9 Application of the Singapore Code of Take-overs and Mergers

The shareholdings of the Directors and Substantial Shareholders at the Latest Practicable Date and after purchase by the Company of the maximum of ten per cent (10%) of the total number of issued ordinary shares in the share capital of the Company pursuant to the Share Buyback Mandate as the case may be, are as follows:

Further details of the interests of the Directors and Substantial Shareholders of the Company in the Shares of the Company as at the Latest Practicable Date are set out in Section 4 of this Circular.

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	Before Share Buy-back Number of Shares			After Share Buy-back Number of Shares		
	Direct Interest	Deemed Interest	% ⁽¹⁾	Direct Interest	Deemed Interest	% ⁽²⁾
Directors						
Sucipto ⁽³⁾	—	—	—	—	—	—
Stephen Leong, BBM	—	—	—	—	—	—
Tan Chee Tong ⁽⁴⁾	—	68,000	0.15	—	68,000	0.16
Ng Yoke Chan ⁽⁵⁾	—	1,353,700	2.92	—	1,353,700	3.24
William Teo Choon Kow, BBM	—	—	—	—	—	—
Chew Yee Teck, Eric, PBM	—	—	—	—	—	—
Wong Wei Boon Kevin	—	—	—	—	—	—
Substantial Shareholders						
Suman Hadi Negoro ⁽⁶⁾	6,371,599	1,750,000	17.50	6,371,599	1,750,000	19.45
Melda Veronica	5,002,500	—	10.78	5,002,500	—	11.98

Notes:

- (1) Based on 46,405,830 issued Shares as at the Latest Practicable Date.
- (2) For illustrative purposes only, based on the total number of issued Shares of 41,765,247 immediately after the purchase of 4,640,583 Shares by the Company pursuant to the Share Buyback Mandate which are held as treasury shares or cancelled.
- (3) Mr Sucipto is the brother of Mr Suman Hadi Negoro, a controlling shareholder of the Company.
- (4) Mr Tan Chee Tong's deemed interest arises from Shares held in a nominee account.
- (5) Ms Ng Yoke Chan's deemed interest arises from Shares held in a nominee account.
- (6) Mr Suman Hadi Negoro's deemed interest arises from Shares held in a nominee account.

Further to the above and to the best of the Directors' knowledge, there are no persons who may incur an obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate. Shareholders are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate as the case may be.

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3.10 Reporting Requirements under the Act

Within thirty (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 ACRA. Within thirty (30) days of a purchase of Shares on the Official List of SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including *inter alia*, the date of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

3.11 Share Purchases in the Previous 12 Months

The Company does not currently have in force a Share Buyback Mandate and accordingly has not made any share buy-back in the 12 months preceding the Latest Practicable Date.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Sucipto ⁽²⁾	—	—	—	—
Stephen Leong, BBM	—	—	—	—
Tan Chee Tong ⁽³⁾	—	—	68,000	0.15
Ng Yoke Chan ⁽⁴⁾	—	—	1,353,700	2.92
William Teo Choon Kow, BBM	—	—	—	—
Chew Yee Teck, Eric, PBM	—	—	—	—
Wong Wei Boon Kevin	—	—	—	—
Substantial Shareholders (other than Directors)				
Suman Hadi Negoro ⁽⁵⁾	6,371,599	13.73	1,750,000	3.77
Melda Veronica	5,002,500	10.78	—	—

Notes:

- (1) Based on 46,405,830 issued Shares as at the Latest Practicable Date.
- (2) Mr Sucipto is the brother of Mr Suman Hadi Negoro, a controlling shareholder of the Company.
- (3) Mr Tan Chee Tong's deemed interest arises from Shares held in a nominee account.
- (4) Ms Ng Yoke Chan's deemed interest arises from Shares held in a nominee account.
- (5) Mr Suman Hadi Negoro's deemed interest arises from Shares held in a nominee account.

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5. AUDIT COMMITTEE'S RECOMMENDATION

The Audit Committee has reviewed the Proposed Change of Auditors and recommends the appointment of FKT as auditors of the Company in place of PWC, taking into account, among others, the suitability of FKT to meet the audit requirements of the Group, the various factors set out in Section 2 of this Circular and compliance with the requirements of the Listing Rules.

6. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, *inter alia*, the rationale and information relating to the Proposed Change of Auditors as set out in this Circular, and the Audit Committee's opinion, are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Board recommends that Shareholders vote in favour of the ordinary resolution relating to the Proposed Change of Auditors at the EGM.

The Directors, having considered, *inter alia*, the rationale and benefits of the proposed adoption of the Share Buyback Mandate as set out in this Circular, are of the opinion that the proposed adoption of the Share Buyback Mandate is in the best interests of the Company. Accordingly, the Board recommends that Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Share Buyback Mandate at the EGM.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 and N-3 of this Circular, will be held at 37 Jalan Pemimpin #07-16 Mapex Singapore 577177 on 24 October 2017 at 10 a.m. for the purpose of considering and, if thought fit, passing, with or without any modification, the resolutions set out in the notice of EGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 37 Jalan Pemimpin #07-16 Mapex Singapore 577177, not later than 72 hours before the time fixed for holding the EGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the EGM.

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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 Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole 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.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the current registered office of the Company at 37 Jalan Pemimpin, #07-16 Mapex, Singapore 577177 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the FY2016 Annual Report of the Company;
- (b) the Constitution of the Company;
- (c) the letter from ACRA consenting to the resignation of PWC as auditors of the Company dated 24 July 2017;
- (d) PWC's Notice of Resignation dated 24 July 2017;
- (e) PWC's professional clearance letter to FKT dated 24 July 2017; and
- (f) FKT's letter to the Company in respect of their consent to act as auditors of the Company dated 26 July 2017.

Yours faithfully

Sucipto
Non-Executive Chairman

For and on behalf of
the Board of Directors of
PSL Holdings Limited

NOTICE OF EXTRAORDINARY GENERAL MEETING

PSL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company registration no. 199707022K)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of **PSL HOLDINGS LIMITED** (the “**Company**”) will be held at 37 Jalan Pemimpin #07-16 Mapex Singapore 577177 on 24 October 2017 at 10 a.m. (for the purpose of considering and, if thought fit, passing with or without modifications, the following:

*All capitalised terms used below shall have the same meaning ascribed to them in the Company’s circular to Shareholders dated 9 October 2017 (the “**Circular**”), unless otherwise defined herein or where the context otherwise requires.*

ORDINARY RESOLUTION 1: THE PROPOSED CHANGE OF AUDITORS FROM PWC TO FKT

That:

- (i) the resignation of PricewaterhouseCoopers LLP (“**PWC**”) as auditors of the Company be and is hereby noted;
- (ii) the appointment of Foo Kon Tan LLP (“**FKT**”) as auditors of the Company in place of PWC, with effect from the date of Shareholders’ approval of this Resolution to hold office until the conclusion of the next annual general meeting of the Company at the remuneration and on such terms to be agreed between the Directors and FKT be and is hereby approved; and
- (iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

ORDINARY RESOLUTION 2: THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

That:

- (i) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (a) market purchase(s) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) transacted through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (b) off-market purchase(s) otherwise than on a securities exchange, in accordance with an 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 Listing Rules,

on the terms set out in the Circular, be and is hereby authorized and approved generally and unconditionally (the “**Share Buyback Mandate**”);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (a) the date on which the next AGM is held or required by law to be held; and
- (b) the date on which the share buy-backs are carried out to the full extent mandated;

- (iii) in this Resolution:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days on which Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the market purchase 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 five day period;

“date of the making of the offer” means the date on which the Company makes an offer for the purchase or acquisition 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 purchase;

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

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

- (a) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
 - (b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares; and
- (iv) the Directors of the Company and each of them be and is hereby authorised to do such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient to give effect to the transactions contemplated and/or authorised by this Resolution.

Notes to Resolution 1:

In accordance with Rule 1203(5) of the Listing Rules:

- (1) PWC has confirmed to FKT that they are not aware of any professional reason why FKT should not accept the appointment as auditors of the Company;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (2) The Company has confirmed that there were no disagreements with PWC on accounting treatments within the last 12 months;
- (3) The Company has confirmed that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders which has not been disclosed in the Circular;
- (4) The specific reasons for the Proposed Change of Auditors has been disclosed in Section 2 of the Circular. The Proposed Change of Auditors is due to the resignation of PWC as auditors of the Company, such resignation being initiated by the Company for the reasons disclosed in Section 2 of the Circular; and
- (5) The Company has confirmed that it complies with Rule 712 and Rule 715 of the Listing Rules in relation to the appointment of FKT.

BY ORDER OF THE BOARD

Gn Jong Yuh Gwendolyn
Company Secretary

9 October 2017
Singapore

Notes:

- 1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the “**Act**”), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting (“**EGM**”). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
- 2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- 3. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at 37 Jalan Pemimpin #07-16 Mapex Singapore 577177, not less than 72 hours before the time set for the EGM.
- 4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
- 5. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
- 7. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

PSL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company registration no. 199707022K)

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies for the Extraordinary General Meeting.

PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

I/We*, _____ (name)
of _____ (address)

being a member/members* of PSL Holdings Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her*, the Chairman of the EGM (defined below), as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at 37 Jalan Pemimpin #07-16 Mapex Singapore 577177 on 24 October 2017 at 10 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

Ordinary Resolutions	For	Against
To approve the Proposed Change of Auditors		
To approve the adoption of the Share Buyback Mandate		

Dated this _____ day of _____ 2017

Total Number of Shares Held

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

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM

NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the “**Act**”), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting (“**EGM**”). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at 37 Jalan Pemimpin #07-16 Mapex Singapore 577177, not less than 72 hours before the time set for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

GENERAL:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the EGM.

PERSONAL DATA PRIVACY:

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