
LETTER TO SHAREHOLDERS

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 196300381N

Directors:

Richard Li Tzar Kai (*Chairman, Executive Director*)
Francis Yuen Tin Fan (*Deputy Chairman, Independent Non-Executive Director*)
Peter A. Allen (*Group Managing Director, Executive Director*)
Alexander Anthony Arena (*Non-Executive Director*)
Tom Yee Lat Shing (*Independent Non-Executive Director*)
Chng Hee Kok (*Independent Non-Executive Director*)
Frances Wong Waikwun (*Independent Non-Executive Director*)
Laura Deal Lacey (*Independent Non-Executive Director*)

Registered Office:

50 Raffles Place
#35-01
Singapore Land Tower
Singapore 048623

To: The Shareholders of
Pacific Century Regional Developments Limited (the “**Company**”)

5 April 2016

Dear Sir/Madam

1. INTRODUCTION

1.1 **Background.** We refer to:

- (a) the Notice of the 52nd Annual General Meeting (“**AGM**”) of the Company dated 5 April 2016 (the “**Notice**”), accompanying the Annual Report for the financial year ended 31 December 2015, convening the 52nd AGM of the Company to be held on 22 April 2016 (the “**2016 AGM**”);
- (b) Ordinary Resolution No. 7 relating to the proposed renewal of the Shareholders Mandate for Interested Person Transactions (as defined in paragraph 2.1 below), as proposed in the Notice; and
- (c) Ordinary Resolution No. 8 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 3.1 below), as proposed in the Notice.

1.2 **Letter to Shareholders.** The purpose of this Letter is to provide shareholders of the Company (“**Shareholders**”) with information relating to Ordinary Resolution Nos. 7 and 8, proposed in the Notice (collectively, the “**Proposals**”).

1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

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

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2. THE PROPOSED RENEWAL OF THE SHAREHOLDERS MANDATE

- 2.1 **Shareholders Mandate.** At the extraordinary general meeting of the Company held on 24 April 2015 (the “**2015 EGM**”), Shareholders approved the renewal of a mandate (the “**Shareholders Mandate**”) to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST (the “**Listing Manual**”)) to enter into certain interested person transactions (“**Interested Person Transactions**”) with the classes of interested persons as set out in the Shareholders Mandate. Particulars of the Shareholders Mandate were set out in the Appendix to the Circular to Shareholders dated 7 April 2015 (the “**2015 Circular**”).
- 2.2 **Proposed Renewal.** At the 2015 EGM, the Shareholders Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the 2016 AGM which is scheduled to be held on 22 April 2016. Accordingly, the Directors of the Company (the “**Directors**”) propose that the Shareholders Mandate be renewed at the 2016 AGM, to take effect until the 53rd AGM of the Company. The particulars of the Interested Person Transactions in respect of which the Shareholders Mandate is sought to be renewed remain unchanged.
- 2.3 **Appendix.** Details of the Shareholders Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with interested persons and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.
- 2.4 **Audit Committee’s Statement.** The Audit Committee (currently comprising Mr Tom Yee Lat Shing, Mr Francis Yuen Tin Fan and Ms Frances Wong Waikwun) confirms that:
- (a) the methods or procedures for determining transaction prices under the Shareholders Mandate have not changed since the 2015 EGM; and
 - (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.
- 2.5 **Abstention from Voting.** Pacific Century Group Holdings Limited (“**PCGH**”) and its associates, being interested persons (as described in paragraph 4 of the Appendix) in relation to the Shareholders Mandate, will abstain from voting their Shares, if any, in respect of Resolution 7, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2016 AGM.

Mr Richard Li Tzar Kai and his associates, being interested persons (as described in paragraph 4 of the Appendix) in relation to the Shareholders Mandate, will abstain from voting their Shares, if any, in respect of Resolution 7, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2016 AGM.

Mr Peter A. Allen, a director of the PCGH Group (as described in paragraph 4 of the Appendix), will abstain from voting his Shares, if any, in respect of Resolution 7, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2016 AGM.

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In addition, the Company will procure that such persons will also decline to accept appointment as proxy for any Shareholder to vote in respect of Resolution 7, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 7.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

- 3.1 **Share Purchase Mandate.** At the 2015 EGM, Shareholders had approved the renewal of a mandate (the “**Share Purchase Mandate**”) to enable the Company to purchase or otherwise acquire issued ordinary shares of the Company (“**Shares**”). The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the 2015 Circular and Ordinary Resolution 2 set out in the Notice of the 2015 EGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 2 at the 2015 EGM and will expire on the date of the forthcoming 2016 AGM to be held on 22 April 2016. Accordingly, Shareholders’ approval is being sought for the renewal of the Share Purchase Mandate at the 2016 AGM.

As at 14 March 2016, being the latest practicable date prior to the printing of this Letter (the “**Latest Practicable Date**”), the Company had purchased or acquired an aggregate of 89,132,600 Shares by way of Market Purchases (as defined in paragraph 3.3.3 below) pursuant to the Share Purchase Mandate approved by Shareholders at the 2015 EGM. The highest and lowest price paid was S\$0.470 and S\$0.365 per Share respectively and the total consideration paid for all purchases was S\$39.979 million, excluding commission, brokerage and goods and services tax.

As at the Latest Practicable Date, no Shares purchased or acquired by the Company are held as treasury shares.

- 3.2 **Rationale for the Share Purchase Mandate.** The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) In managing the business of the Company and its subsidiaries (the “**Group**”), management strives to increase Shareholders’ value by improving, *inter alia*, the return on equity of the Group. Share purchases are one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company’s share capital structure with a view to enhancing the earnings per Share and/or net asset value per Share.
- (c) The Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

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The approval of the renewal 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 at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in paragraph 3.3.1 below, it should be noted 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 purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial condition of the Company.

- 3.3 **Authority and Limits of the Share Purchase Mandate.** The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2016 AGM, are the same as were previously approved by Shareholders at the 2015 EGM, and are summarised below:

3.3.1 ***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 total number of issued Shares as at the date of the 2016 AGM. Any Shares purchased or acquired by the Company and held as treasury shares will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 2,649,740,300 Shares in issue as at the Latest Practicable Date, and assuming that:

- (a) no further Shares are issued;
- (b) no further Shares are purchased or acquired by the Company; and
- (c) no further Shares are held by the Company as treasury shares,

on or prior to the 2016 AGM, not more than 264,974,030 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

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However, as stated in paragraph 3.2 above and 3.8 below, purchases or acquisitions pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would result in the Company being delisted from the SGX-ST. **Thus, notwithstanding that the Share Purchase Mandate may enable purchases or acquisitions of up to 10% of the issued Shares (excluding treasury shares) to be carried out, it should be noted that in order to maintain the listing status of the Shares on the SGX-ST, the Company must ensure (pursuant to Rule 723 of the Listing Manual) that there is at all times a public float of not less than 10% of the issued Shares (excluding treasury shares).** Accordingly, assuming solely for illustrative purposes that 268,948,640 Shares (or approximately 10.15% of the issued Shares (excluding treasury shares)) are held in public hands as at the Latest Practicable Date, in order to preserve the listing status of the Shares on the SGX-ST by maintaining a public float of not less than 10% in the issued Shares (excluding treasury shares), the Company would not purchase or acquire more than 3,974,610 Shares (or 0.15% of the issued Shares (excluding treasury shares) as at that date) pursuant to the Share Purchase Mandate as at the Latest Practicable Date. The public float in the issued Shares as at the Latest Practicable Date is disclosed in paragraph 3.8 below.

Notwithstanding the above, the Company anticipates that the public float percentage of the issued Shares will change from time to time consequent upon the dynamic changing profile of public shareholders of the Company. For this reason, the Company is therefore seeking Shareholders' approval to enable the Company to purchase or acquire Shares up to a maximum of 10% of the issued Shares (excluding treasury shares) for flexibility to prospectively cater to any future increase in the number of issued Shares held in public hands of up to 20%. If this occurs, the Company will be able to purchase or acquire in excess of 0.15% of its issued Shares (excluding Shares held in treasury) up to a maximum of 10%.

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 date of the 2016 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or
- (c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

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3.3.3 ***Manner of Purchases or Acquisitions of Shares***

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

- (a) on-market purchases ("**Market Purchases**"), effected on the SGX-ST, or on any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchases**") effected otherwise than on a stock exchange, pursuant to an equal access scheme.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, Chapter 50 (the "**Companies Act**") as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) 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;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (1) terms and conditions of the offer;
- (2) period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;

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- (6) details of any purchases or acquisitions of Shares 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
- (7) whether Shares purchased by the Company will be cancelled or kept as treasury shares.

3.3.4 **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The maximum price to be paid for the Shares as determined by the Directors (the “**Maximum Price**”) must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, such stock exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

“**Highest Last Dealt Price**” means the highest price transacted for the Shares as recorded on the market day on which the Shares are transacted on the SGX-ST or, as the case may be, such stock exchange on which the Shares are listed or quoted, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase; and

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

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- 3.4 **Source of Funds.** Under the Companies Act, the Company may purchase or acquire its Shares out of its profits and/or capital so long as the Company is solvent.

The Company intends to use internal and external sources of funds to finance its purchase or acquisition of Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the Group's working capital requirements and ability to service its debts would be adversely affected.

- 3.5 **Status of Purchased Shares.** Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. 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.

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

3.6.1 **Maximum Holdings**

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

3.6.2 **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.

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

3.6.3 **Disposal and Cancellation**

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Singapore Code on Take-overs and Mergers (the "**Take-over Code**")):

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

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

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

- 3.7 **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*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital 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 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 the financial year ended 31 December 2015, are based on the assumptions set out below.

3.7.1 **Number of Shares Acquired or Purchased**

- (i) **Scenario I: Purchase or acquisition of 0.15% of the issued Shares by the Company**

Purely for illustrative purposes, on the basis of 2,649,740,300 Shares in issue and a public float of approximately 10.15% as at the Latest Practicable Date, and assuming that no further Shares are issued, purchased or acquired by the Company and no Shares purchased or acquired by the Company are held as treasury shares, on or prior to the 2016 AGM, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, may result in the purchase or acquisition by the Company of 3,974,610 Shares representing 0.15% of such issued Shares (instead of a purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares).

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(II) **Scenario II: Purchase or acquisition of 10% of the issued Shares by the Company**

The illustrative financial effects below are prepared assuming a prospective hypothetical scenario after the Latest Practicable Date whereby future circumstances permit up to 10% of the issued Shares to be acquired or purchased by the Company without resulting in the listing status of the Shares on the SGX-ST being adversely affected.

Purely for illustrative purposes, on the basis of 2,649,740,300 Shares in issue and a public float of approximately 20% as at the Latest Practicable Date, and assuming that no further Shares are issued, purchased or acquired by the Company and no Shares purchased or acquired by the Company are held as treasury shares, on or prior to the 2016 AGM, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, may result in the purchase or acquisition by the Company of 264,974,030 Shares representing 10% of such issued Shares.

3.7.2 **Maximum Price Paid for Shares Acquired or Purchased**

(I) **Scenario I: Purchase or acquisition of 0.15% of the issued Shares by the Company**

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 3,974,610 Shares representing 0.15% of such issued Shares (instead of a purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares) at the maximum price of S\$0.412 for one Share (being the price equivalent to 5% above the Average Closing Price 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 3,974,610 Shares is S\$1,637,539.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 3,974,610 Shares representing 0.15% of such issued Shares (instead of a purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares) at the maximum price of S\$0.474 for one Share (being the price equivalent to 20% above the Highest Last Dealt Price of the Shares on the market day 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 3,974,610 Shares is S\$1,883,965.

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(II) ***Scenario II: Purchase or acquisition of 10% of the issued Shares by the Company***

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 264,974,030 Shares representing 10% of such issued Shares at the maximum price of S\$0.412 for one Share (being the price equivalent to 5% above the Average Closing Price 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 264,974,030 Shares is S\$109,169,300.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 264,974,030 Shares representing 10% of such issued Shares at the maximum price of S\$0.474 for one Share (being the price equivalent to 20% above the Highest Last Dealt Price of the Shares on the market day 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 264,974,030 Shares is S\$125,597,690.

3.7.3 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 3.7.1 and 3.7.2 above, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2015 are set out below and assuming the following:

- (a) the purchase or acquisition of 3,974,610 Shares representing 0.15% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases made entirely out of capital and cancelled or held in treasury;
- (b) the purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases made entirely out of capital and cancelled or held in treasury;
- (c) the purchase or acquisition of 3,974,610 Shares representing 0.15% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases made entirely out of capital and cancelled or held in treasury; and
- (d) the purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases made entirely out of capital and cancelled or held in treasury,

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the financial effects on the audited financial statements of the Group and the Company for the financial year ended 31 December 2015 would have been as follows:

Market Purchases

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 December 2015 and are not necessarily representative of future financial performance.

The financial effects of the two alternative scenarios whereby share purchases up to a maximum of 0.15% and 10% of the issued Shares are implemented by the Company, as set out above, are for illustrative purposes only. Although the Share Purchase Mandate would enable the Company to potentially purchase or acquire up to 10% of the issued Shares, based on a public float of approximately 10.15% as at the Latest Practicable Date, the Company is at present, only permitted to purchase or acquire up to 0.15% of the issued Shares being an extent that would not affect adversely the listing status of the Shares on the SGX-ST as at the Latest Practicable Date. Even so, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 0.15% or, as the case may be, (if and when future circumstances permit) the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements and ability to service its debts would be adversely affected.

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Market Purchases

(a) *Scenario (A) : Market Purchases of up to 0.15% out of capital and held as treasury shares*

Scenario (B) : Market Purchases of up to 0.15% out of capital and cancelled

	Group			Company		
	Before Share Purchase (\$'000)	After Share Purchase (\$'000)		Before Share Purchase (\$'000)	After Share Purchase (\$'000)	
As at 31 December 2015		Scenario A	Scenario B		Scenario A	Scenario B
Shareholders' funds	948,551	946,913	946,913	1,251,771	1,250,133	1,250,133
Net tangible assets (NTA) ⁽¹⁾	948,551	946,913	946,913	1,251,771	1,250,133	1,250,133
Current assets	71,418	69,780	69,780	64,031	62,393	62,393
Current liabilities	166,810	166,810	166,810	172,356	172,356	172,356
Total borrowings	162,087	162,087	162,087	116,503	116,503	116,503
Profit attributable to Shareholders	90,973	90,973	90,973	78,431	78,431	78,431
Cash and cash equivalents	69,760	68,122	68,122	63,484	61,846	61,846
Number of Shares ('000) ⁽²⁾	2,649,740	2,645,766	2,645,766	2,649,740	2,645,766	2,645,766
Treasury shares ('000)	–	3,974	–	–	3,974	–
Financial Ratios						
Basic earnings per Share (cents)	3.43	3.44	3.44	2.96	2.96	2.96
NTA per Share (cents)	35.80	35.79	35.79	47.24	47.25	47.25
Gearing ratio ⁽³⁾	0.17	0.17	0.17	0.09	0.09	0.09
Current ratio (times) ⁽⁴⁾	0.43	0.42	0.42	0.37	0.36	0.36

Notes:

⁽¹⁾ NTA equals shareholders' funds less intangible assets.

⁽²⁾ Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

⁽³⁾ Gearing ratio equals total borrowings divided by shareholders' funds.

⁽⁴⁾ Current ratio equals current assets divided by current liabilities.

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(b) *Scenario (A) : Market Purchases of up to 10% out of capital and held as treasury shares*

Scenario (B) : Market Purchases of up to 10% out of capital and cancelled

As at 31 December 2015	Group			Company		
	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)		Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	
		Scenario A	Scenario B		Scenario A	Scenario B
Shareholders' funds	948,551	839,382	839,382	1,251,771	1,142,602	1,142,602
Net tangible assets (NTA) ⁽¹⁾	948,551	839,382	839,382	1,251,771	1,142,602	1,142,602
Current assets	71,418	11,418	11,418	64,031	4,031	4,031
Current liabilities	166,810	215,979	215,979	172,356	221,525	221,525
Total borrowings	162,087	211,256	211,256	116,503	165,672	165,672
Profit attributable to Shareholders	90,973	90,973	90,973	78,431	78,431	78,431
Cash and cash equivalents	69,760	9,760	9,760	63,484	3,484	3,484
Number of Shares ('000) ⁽²⁾	2,649,740	2,384,766	2,384,766	2,649,740	2,384,766	2,384,766
Treasury shares ('000)	–	264,974	–	–	264,974	–
Financial Ratios						
Basic earnings per Share (cents)	3.43	3.81	3.81	2.96	3.29	3.29
NTA per Share (cents)	35.80	35.20	35.20	47.24	47.91	47.91
Gearing ratio ⁽³⁾	0.17	0.25	0.25	0.09	0.14	0.14
Current ratio (times) ⁽⁴⁾	0.43	0.05	0.05	0.37	0.02	0.02

Notes:

⁽¹⁾ NTA equals shareholders' funds less intangible assets.

⁽²⁾ Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

⁽³⁾ Gearing ratio equals total borrowings divided by shareholders' funds.

⁽⁴⁾ Current ratio equals current assets divided by current liabilities.

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Off-Market Purchases

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 December 2015 and are not necessarily representative of future financial performance.

The financial effects of the two alternative scenarios whereby share purchases up to a maximum of 0.15% and 10% of the issued Shares are implemented by the Company, as set out above, are for illustrative purposes only. Although the Share Purchase Mandate would enable the Company to potentially purchase or acquire up to 10% of the issued Shares, based on a public float of approximately 10.15% as at the Latest Practicable Date, the Company is at present, only permitted to purchase or acquire up to 0.15% of the issued Shares being an extent that would not affect adversely the listing status of the Shares on the SGX-ST as at the Latest Practicable Date. Even so, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 0.15% or, as the case may be, (if and when future circumstances permit) the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements and ability to service its debts would be adversely affected.

LETTER TO SHAREHOLDERS

Off-Market Purchases

(c) *Scenario (A) : Off-Market Purchases of up to 0.15% out of capital and held as treasury shares*

Scenario (B) : Off-Market Purchases of up to 0.15% out of capital and cancelled

As at 31 December 2015	Before Share Purchase (S\$'000)	Group		Before Share Purchase (S\$'000)	Company	
		After Share Purchase (S\$'000)			After Share Purchase (S\$'000)	
		Scenario A	Scenario B		Scenario A	Scenario B
Shareholders' funds	948,551	946,667	946,667	1,251,771	1,249,887	1,249,887
Net tangible assets (NTA) ⁽¹⁾	948,551	946,667	946,667	1,251,771	1,249,887	1,249,887
Current assets	71,418	69,534	69,534	64,031	62,147	62,147
Current liabilities	166,810	166,810	166,810	172,356	172,356	172,356
Total borrowings	162,087	162,087	162,087	116,503	116,503	116,503
Profit attributable to Shareholders	90,973	90,973	90,973	78,431	78,431	78,431
Cash and cash equivalents	69,760	67,876	67,876	63,484	61,600	61,600
Number of Shares ('000) ⁽²⁾	2,649,740	2,645,766	2,645,766	2,649,740	2,645,766	2,645,766
Treasury shares ('000)	–	3,974	–	–	3,974	–
Financial Ratios						
Basic earnings per Share (cents)	3.43	3.44	3.44	2.96	2.96	2.96
NTA per Share (cents)	35.80	35.78	35.78	47.24	47.24	47.24
Gearing ratio ⁽³⁾	0.17	0.17	0.17	0.09	0.09	0.09
Current ratio (times) ⁽⁴⁾	0.43	0.42	0.42	0.37	0.36	0.36

Notes:

⁽¹⁾ NTA equals shareholders' funds less intangible assets.

⁽²⁾ Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

⁽³⁾ Gearing ratio equals total borrowings divided by shareholders' funds.

⁽⁴⁾ Current ratio equals current assets divided by current liabilities.

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(d) *Scenario (A) : Off-Market Purchases of up to 10% out of capital and held as treasury shares*

Scenario (B) : Off-Market Purchases of up to 10% out of capital and cancelled

As at 31 December 2015	Group			Company		
	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)		Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	
		Scenario A	Scenario B		Scenario A	Scenario B
Shareholders' funds	948,551	822,953	822,953	1,251,771	1,126,173	1,126,173
Net tangible assets (NTA) ⁽¹⁾	948,551	822,953	822,953	1,251,771	1,126,173	1,126,173
Current assets	71,418	11,418	11,418	64,031	4,031	4,031
Current liabilities	166,810	232,408	232,408	172,356	237,954	237,954
Total borrowings	162,087	227,685	227,685	116,503	182,101	182,101
Profit attributable to Shareholders	90,973	90,973	90,973	78,431	78,431	78,431
Cash and cash equivalents	69,760	9,760	9,760	63,484	3,484	3,484
Number of Shares ('000) ⁽²⁾	2,649,740	2,384,766	2,384,766	2,649,740	2,384,766	2,384,766
Treasury shares ('000)	–	264,974	–	–	264,974	–
<u>Financial Ratios</u>						
Basic earnings per Share (cents)	3.43	3.81	3.81	2.96	3.29	3.29
NTA per Share (cents)	35.80	34.51	34.51	47.24	47.22	47.22
Gearing ratio ⁽³⁾	0.17	0.28	0.28	0.09	0.16	0.16
Current ratio (times) ⁽⁴⁾	0.43	0.05	0.05	0.37	0.02	0.02

Notes:

⁽¹⁾ NTA equals shareholders' funds less intangible assets.

⁽²⁾ Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

⁽³⁾ Gearing ratio equals total borrowings divided by shareholders' funds.

⁽⁴⁾ Current ratio equals current assets divided by current liabilities.

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- 3.8 **Listing Status of the Shares.** Rule 723 of the Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. Approximately 10.15% of the issued Shares were held by public Shareholders as at the Latest Practicable Date. No Shares were held by the Company as treasury shares as at the Latest Practicable Date. If the Company had purchased or acquired Shares from the public up to 0.15% of the issued Shares as explained in paragraph 3.3.1 above pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date, approximately 10% of the issued Shares would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

- 3.9 **Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

3.9.1 ***Obligation to make a Take-over Offer***

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

3.9.2 ***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), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);

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- (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
- (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

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

3.9.3 ***Effect of Rule 14 and Appendix 2***

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

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the 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 resolution authorising the renewal of the Share Purchase Mandate.

Based on the interests of the substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 4.2 below and as confirmed by the Securities Industry Council, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

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

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- 3.10 **Reporting Requirements.** Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares, and (ii) 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 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.
- 3.11 **No Purchases During Price Sensitive Developments.** 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 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, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of two weeks immediately preceding the announcement of the Company’s results for each of the first three quarters of the financial year, and during the period of one month immediately preceding the announcement of the Company’s annual results.

4. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

- 4.1 **Directors’ Interests.** The interests of the Directors in the Shares, as extracted from the Register of Directors’ Shareholdings, as at the Latest Practicable Date, are set out below:

Directors	Direct Interest	Number of Shares		% of Issued Shares
		Deemed Interest	Total Interest	
Richard Li Tzar Kai ⁽¹⁾	–	28,167,000	28,167,000	1.063
Francis Yuen Tin Fan	–	–	–	–
Peter A. Allen	5,010,000	–	5,010,000	0.189
Alexander Anthony Arena	–	–	–	–
Tom Yee Lat Shing	–	–	–	–
Chng Hee Kok	–	–	–	–
Frances Wong Waikwun	–	–	–	–
Laura Deal Lacey	–	–	–	–

Note:

- ⁽¹⁾ Mr Richard Li Tzar Kai is deemed to be interested in 28,167,000 Shares held by Hopestar Holdings Limited, a company which is 100% owned by Mr Richard Li Tzar Kai.

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- 4.2 **Substantial Shareholders' Interests.** The interests of the substantial Shareholders in the Shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date, are set out below:

Substantial Shareholders	Number of Shares			% of Issued Shares
	Direct Interest	Deemed Interest	Total Interest	
Jenny W.L. Fung ⁽¹⁾	–	2,347,042,230	2,347,042,230	88.576
Lester Huang ⁽¹⁾	–	2,347,042,230	2,347,042,230	88.576
OS Holdings Limited ⁽¹⁾	–	2,347,042,230	2,347,042,230	88.576
Ocean Star Management Limited ⁽¹⁾	–	2,347,042,230	2,347,042,230	88.576
The Ocean Trust ⁽¹⁾	–	2,347,042,230	2,347,042,230	88.576
The Ocean Unit Trust ⁽¹⁾	–	2,347,042,230	2,347,042,230	88.576
The Starlite Trust ⁽¹⁾	–	2,347,042,230	2,347,042,230	88.576
The Starlite Unit Trust ⁽¹⁾	–	2,347,042,230	2,347,042,230	88.576
PCGH ⁽²⁾	200,000	2,346,842,230	2,347,042,230	88.576
Pacific Century International Limited ⁽³⁾	–	2,330,058,230	2,330,058,230	87.935
Pacific Century Group (Cayman Islands) Limited ⁽⁴⁾	1,160,991,050	1,169,067,180	2,330,058,230	87.935
Anglang Investments Limited	1,169,067,180	–	1,169,067,180	44.120

Notes:

⁽¹⁾ In April 2004, Mr Richard Li Tzar Kai transferred his entire beneficial interest in PCGH to Ocean Star Management Limited as trustee holding for and on behalf of The Ocean Unit Trust and The Starlite Unit Trust. All the issued units of each of The Ocean Unit Trust and The Starlite Unit Trust are held by Star Ocean Ultimate Limited as trustee for and on behalf of The Ocean Trust and The Starlite Trust respectively. Ocean Star Management Limited is the wholly-owned subsidiary of OS Holdings Limited. Ms Jenny W.L. Fung and Mr Lester Huang each holds more than 20% of the shares of OS Holdings Limited. Each of The Ocean Trust, The Starlite Trust, The Ocean Unit Trust, The Starlite Unit Trust, Ms Jenny W.L. Fung, Mr Lester Huang, OS Holdings Limited and Ocean Star Management Limited is deemed to have an interest in 2,347,042,230 shares in the Company through PCGH (see Note 2).

⁽²⁾ PCGH has a direct interest in 200,000 shares in the Company. PCGH is also deemed to be interested in (i) the 16,784,000 shares held by its wholly-owned subsidiary, Borsington Limited (ii) the 1,169,067,180 shares held by Anglang Investments Limited and (iii) the 1,160,991,050 shares held by Pacific Century Group (Cayman Islands) Limited.

⁽³⁾ Pacific Century International Limited is deemed to be interested in (i) the 1,169,067,180 shares held by Anglang Investments Limited and (ii) the 1,160,991,050 shares held by Pacific Century Group (Cayman Islands) Limited.

⁽⁴⁾ Pacific Century Group (Cayman Islands) Limited is deemed to be interested in the 1,169,067,180 shares held by Anglang Investments Limited.

5. DIRECTORS' RECOMMENDATIONS

- 5.1 **The Proposed Renewal of the Shareholders Mandate.** The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders Mandate are Messrs Francis Yuen Tin Fan, Alexander Anthony Arena, Tom Yee Lat Shing, Chng Hee Kok, Ms Frances Wong Waikwun and Ms Laura Deal Lacey (the **"Independent Directors"**). The Independent Directors are of the opinion that the proposed renewal of the Shareholders Mandate to permit entry into the Interested Person Transactions (as described in paragraph 5 of the Appendix) between the PCRD Group (as described in paragraph 2 of the Appendix) and certain Interested Persons (as described in paragraph 4 of the Appendix) in the ordinary course of its business will enhance the efficiency of the PCRD Group and is in the best interests of the Company. For the reasons set out in paragraph 2 of the Appendix, the Independent Directors recommend that Shareholders vote in favour of Resolution 7, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2016 AGM.

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- 5.2 **The Proposed Renewal of the Share Purchase Mandate.** The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 8, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2016 AGM.

6. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 50 Raffles Place, #35-01, Singapore Land Tower, Singapore 048623, during normal business hours from the date of this Letter up to the date of the 2016 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2015;
- (b) the Constitution of the Company; and
- (c) the 2015 Circular.

7. 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 Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this 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 this Letter in its proper form and context.

Yours faithfully
for and on behalf of
the Board of Directors of

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Richard Li Tzar Kai
Chairman

THE SHAREHOLDERS MANDATE

1. Chapter 9 of the Listing Manual

- 1.1 Chapter 9 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company’s interested persons. Under this Chapter, a listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for a transaction, when the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds.
- 1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders’ approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company’s latest audited consolidated net tangible assets (“**NTA**”)) are reached or exceeded. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or which exceeds:
- (a) 5% of the listed company’s latest audited consolidated NTA; or
 - (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.
- 1.3 Based on the latest audited consolidated accounts of Pacific Century Regional Developments Limited (“**PCRD**” or the “**Company**”) and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2015, the consolidated NTA of the Group was approximately S\$948.6 million. In relation to PCRD, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited accounts of the Group for the financial year ending 31 December 2016 are published, 5% of the latest audited consolidated NTA of the Group would be approximately S\$47.4 million.
- 1.4 Chapter 9 of the Listing Manual, however, permits a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company’s interested persons. A general mandate is subject to annual renewal.

APPENDIX

1.5 Under the Listing Manual:

- (a) an “**entity at risk**” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (b) (in the case of a company) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (c) (in the case of a company) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder means an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, means its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual; and
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person.

APPENDIX

2. Rationale for the Shareholders Mandate and Benefits to Shareholders

- 2.1 The PCRD Group (as defined below) engages in a diversified range of activities with interests in telecommunications and information technology, financial services, property and infrastructure investment and development.
- 2.2 Due to the diverse business interests and activities of the PCRD Group (as defined below), it is envisaged that in the ordinary course of their businesses, transactions between companies in the PCRD Group (as defined below) and PCRD's interested persons are likely to occur with some degree of frequency, and may arise from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the PCRD Group (as defined below) to PCRD's interested persons or the obtaining of goods and services from them for day-to-day operational needs.
- 2.3 In view of the time-sensitive nature of commercial transactions, the renewal of the Shareholders Mandate pursuant to Chapter 9 of the Listing Manual will enable:
- (a) PCRD;
 - (b) subsidiaries of PCRD (other than a subsidiary that is listed on the SGX-ST or an approved exchange, if any); and
 - (c) associated companies of PCRD (other than an associated company that is listed on the SGX-ST or an approved exchange, if any) over which the PCRD Group, or the PCRD Group and interested person(s) of PCRD has or have control,
- (together, the "**PCRD Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions ("**Interested Person Transactions**") set out in paragraph 5 below with the specified classes of PCRD's interested persons (the "**Interested Persons**") set out in paragraph 4 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its Shareholders (excluding those who are Interested Persons) (the "**Minority Shareholders**").
- 2.4 The Shareholders Mandate, and its subsequent renewal thereafter on an annual basis, will enhance the ability of companies in the PCRD Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for PCRD to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the PCRD Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.
- 2.5 The Shareholders Mandate is intended to facilitate transactions in the normal course of business of the PCRD Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

APPENDIX

3. The Shareholders Mandate and Validity Period

- 3.1 The Shareholders Mandate covers a wide range of activities undertaken by the PCRD Group. These activities are set out in detail in paragraph 5 below.
- 3.2 The Shareholders Mandate does not cover an Interested Person Transaction which has a value that is below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such an Interested Person Transaction.
- 3.3 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Shareholders Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.
- 3.4 The renewal of the Shareholders Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto to be proposed at the Annual General Meeting to be held on 22 April 2016 until the next Annual General Meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Thereafter, it is intended that approval from Shareholders for subsequent renewals of the Shareholders Mandate will be sought at each subsequent Annual General Meeting of the Company.

4. Classes of Interested Persons

The Shareholders Mandate applies to Interested Person Transactions which are carried out with the following classes of Interested Persons:

- (a) Pacific Century Group Holdings Limited ("**PCGH**") and its associates (as defined in the Listing Manual) (the "**PCGH Group**"); and
- (b) Mr Richard Li Tzar Kai, a Director of PCRD, and his associates (as defined in the Listing Manual).

The PCGH Group includes, but is not limited to, Pacific Century International Limited ("**PCIL**") and Pacific Century Group (Cayman Islands) Limited ("**PCG**"). PCG is a wholly-owned subsidiary of PCIL, which is in turn a wholly-owned subsidiary of PCGH.

It is anticipated that transactions (as described in paragraph 5 below) may arise between the PCRD Group and the PCGH Group, and/or the PCRD Group and Mr Richard Li's associates (as defined in the Listing Manual).

5. Interested Person Transactions

The Interested Person Transactions with the Interested Persons which are covered by the Shareholders Mandate, and the benefits to be derived therefrom, are set out below:

(a) General Transactions

This category relates to general transactions (“**General Transactions**”) by the PCRD Group in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the PCRD Group. The transactions within this category comprise:

- (i) the leasing and/or rental of properties;
- (ii) the provision of property maintenance and property management services; and
- (iii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (ii) above.

The PCRD Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The PCRD Group would also benefit from an additional source of revenue, as well as having access to competitive quotes from Interested Persons.

(b) Borrowings

This category of transactions pertains to the obtaining of financial assistance and services, including the borrowing of funds, from Interested Persons, as well as transactions that are undertaken by the PCRD Group in connection with the management of its funding requirements (“**Borrowings**”).

The PCRD Group can benefit from competitive rates or quotes offered by Interested Persons, as well as by leveraging on the financial strength and credit standing of the Interested Persons in an expeditious manner.

(c) Group Management and Support Services

This category (“**Management and Support Services**”) relates to transactions by the PCRD Group in connection with the provision to, or the obtaining from, Interested Persons of management and support services in the areas of finance, insurance, treasury, business development, management information systems, corporate secretarial services and human resources management and development services (including staff secondment).

The PCRD Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The PCRD Group would also benefit from an additional source of revenue, as well as having access to competitive quotes from Interested Persons.

APPENDIX

6. Review Procedures for Interested Person Transactions

6.1 In general, there are procedures established by the PCRD Group to ensure that transactions with Interested Persons are undertaken on normal commercial terms consistent with the PCRD Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

(a) General Transactions and Management and Support Services

In relation to General Transactions and Management and Support Services, such Interested Person Transactions shall be entered into, where applicable, at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to third parties, or (in relation to services or products to be obtained from an Interested Person) are no less favourable than those extended by the Interested Person to third parties, on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

To determine whether the prices and terms offered to the Interested Person are no more favourable than those extended to third parties, this would be based on a comparison of rates and terms offered to at least two unrelated third parties for transactions of a similar nature, size or complexity and shall also take into account factors such as the availability of resources, expertise or manpower for the performance of the services or the provision of such goods and the existence of any cost and/or time saving factors.

To determine whether the terms offered by the Interested Person are fair and reasonable, this would be based on a comparison of rates and terms offered by or generally quoted by at least two unrelated third parties who are engaged in providing similar services or products.

For General Transactions relating to the leasing and/or rental of properties, such comparison shall also take into account the prevailing market rental rates for other properties within its vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.

In the event that comparison quotations cannot be obtained in respect of the Interested Person Transactions hereunder (for example, where there are no unrelated third party providers or users of such services or products), such Interested Person Transactions shall be entered into only after the senior executive(s) of the relevant company within the PCRD Group (having no interest, direct or indirect, in the transaction) has evaluated and has satisfied himself of the reasonableness of the quantum of such services and of the rates and terms for the provision of such services offered to or by the Interested Person, and that such terms are fair and are not prejudicial nor disadvantageous to the PCRD Group.

APPENDIX

Threshold Limits

In addition, the following review procedures will apply to General Transactions and Management and Support Services:

- (i) a transaction with a value less than 3% of the latest audited consolidated NTA of the Group shall be reviewed and approved by a Director of the Company appointed by the Audit Committee from time to time for such purpose or, failing him, such other senior executive(s) designated by the Audit Committee from time to time for this purpose, and shall be reviewed on a quarterly basis by the Audit Committee; and
- (ii) a transaction with a value equal to or exceeding 3% of the latest audited consolidated NTA of the Group shall be reviewed and approved by the Audit Committee prior to the entry into of such Interested Person Transaction.

(b) Borrowings

In relation to the borrowing of funds from any Interested Person by the PCRD Group, the Company will require that quotations be obtained from such Interested Person and at least two of the principal bankers of the PCRD Group for rates for loans from such bankers of an equivalent amount, and for the equivalent period, of the funds to be borrowed by the PCRD Group. The PCRD Group will only borrow funds from such Interested Person provided that the terms quoted are no less favourable to the PCRD Group than the terms quoted by such principal bankers.

Threshold Limits

Where the interest expense on any borrowing from an Interested Person when aggregated with the interest expense incurred by the PCRD Group on previous borrowings from the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) in the financial year equals to or exceeds 5% of the latest audited consolidated NTA of the Group, such (and each subsequent) borrowing from that Interested Person in the same financial year shall require the prior approval of the Audit Committee.

Borrowings from the same Interested Persons in respect of which the interest expense in aggregate does not exceed the limit set out above will be reviewed and approved by a Director of the Company appointed by the Audit Committee from time to time for such purposes or, failing him, such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose, and shall be reviewed on a quarterly basis by the Audit Committee.

APPENDIX

- 6.2 A register will be maintained by PCRD to record all Interested Person Transactions (and the basis including the quotations obtained to support such basis on which they are entered into) which are entered into pursuant to the Shareholders Mandate. The annual internal audit plan of PCRD shall incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the Shareholders Mandate.
- 6.3 The Audit Committee shall review the Interested Person Transactions reports quarterly and the adequacy of internal control procedures on Interested Person Transactions to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.
- 6.4 In the event that a member of the Board of Directors, Audit Committee or any senior executive of the Company designated by the Audit Committee from time to time (where applicable) is interested in any Interested Person Transaction, he will abstain from any decision-making in respect of that transaction and the review, endorsement and approval of that transaction will be undertaken by the other members of the Board of Directors, Audit Committee or such other senior executive(s) designated by the Audit Committee from time to time for such purposes (as the case may be).

7. Audit Committee's Statements

- 7.1 The Audit Committee (currently comprising Mr Tom Yee Lat Shing, Mr Francis Yuen Tin Fan and Ms Frances Wong Waikwun) has reviewed the terms of the Shareholders Mandate, as proposed to be renewed, and is satisfied that the review procedures for Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee (with management assistance) in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the relevant class of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.
- 7.2 If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the PCRD Group or the Interested Persons are conducted, PCRD will revert to Shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

8. Disclosure

- 8.1 PCRD will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders Mandate for the financial periods which PCRD is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.
- 8.2 Disclosure will also be made in the annual report of PCRD of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders Mandate is in force, in accordance with the requirements of the Listing Manual.

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