

CIRCULAR DATED 13 APRIL 2016

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

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

If you have sold or transferred all your shares in the capital of Secura Group Limited (the “**Company**”), you should immediately forward this Circular (as defined herein) and the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and the 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.

The contact persons for the Sponsor are Mr. Khong Choun Mun, Managing Director and Head, Equity Capital Markets and Mr. Chia Beng Kwan, Senior Director, Equity Capital Markets at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone (65) 6533 9898.



SECURA GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201531866K)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(I) THE PROPOSED SHARE PURCHASE MANDATE; AND

(II) THE PROPOSED IPT MANDATE.

**Independent Financial Adviser to the Non-Interested Directors of the Company
with respect to the Proposed IPT Mandate**



PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200309056E)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form : 26 April 2016 at 11.30 a.m.

Date and time of Extraordinary General Meeting : 28 April 2016 at 11.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue)

Place of Extraordinary General Meeting : Parkroyal on Pickering,
William Ballroom, Level 2,
3 Upper Pickering Street, Singapore 058289

CONTENTS

	Page
DEFINITIONS	3
LETTER TO SHAREHOLDERS	7
1. INTRODUCTION	7
2. THE PROPOSED SHARE PURCHASE MANDATE	7
3. SHARES BOUGHT BY THE COMPANY IN THE PAST TWELVE MONTHS	22
4. TAX IMPLICATIONS	23
5. THE PROPOSED IPT MANDATE	23
6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	30
7. INDEPENDENT FINANCIAL ADVISER'S OPINION.....	31
8. STATEMENT FROM THE AUDIT COMMITTEE	31
9. DIRECTORS' RECOMMENDATION	31
10. NON-INTERESTED DIRECTORS' RECOMMENDATION	31
11. ABSTENTION FROM VOTING	32
12. DIRECTORS' RESPONSIBILITY STATEMENT	32
13. EXTRAORDINARY GENERAL MEETING	32
14. ACTION TO BE TAKEN BY SHAREHOLDERS	32
15. DOCUMENTS FOR INSPECTION	33
APPENDIX A – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED IPT MANDATE.....	34
NOTICE OF EXTRAORDINARY GENERAL MEETING.....	41
PROXY FORM	

DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout where the context admits:

- “Act” or “Companies Act”* : The Companies Act (Chapter 50) of Singapore, as may be amended modified or supplemented from time to time
- “AGM”* : Annual General Meeting of the Company
- “Articles”* : The articles of association 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 thirty per cent. (30%) or more,
- (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 thirty per cent. (30%) or more
- “Associated Company”* : A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company and/or the Subsidiaries, or a subsidiary of such company, and over whose management the Company has control over
- “Audit Committee”* : The Audit Committee of the Company for the time being
- “Catalist”* : The Catalist Board of the SGX-ST
- “Catalist Rules”* : The Listing Manual, Section B: Rules of Catalist of the SGX-ST, as may be amended, modified or supplemented from time to time
- “CDP”* : The Central Depository (Pte) Limited
- “Circular”* : This circular to Shareholders dated 13 April 2016
- “Company” or “Secura”* : Secura Group Limited
- “Controlling Shareholder”* : A person who (a) holds directly or indirectly fifteen per cent. (15%) or more of the nominal amount of all issued voting Shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or (b) in fact exercises control over the Company
- “Directors”* : The directors of the Company as at the date of this Circular

DEFINITIONS

<i>“EGM”</i>	:	The Extraordinary General Meeting of the Company to be held on 28 April 2016, notice of which is set out on pages 41 to 43 of this Circular
<i>“EPS”</i>	:	Earnings per Share
<i>“Finance Department”</i>	:	The Chief Financial Officer and the financial controller of the relevant group entity entering into the IPT
<i>“FY”</i>	:	Financial Year ended or ending on 31 December
<i>“Group”</i>	:	The Company and its subsidiaries, collectively
<i>“IFA Letter”</i>	:	The letter dated 13 April 2016 from the Independent Financial Adviser to the Non-Interested Directors in relation to the Proposed IPT Mandate, a copy of which is set out in Appendix A to this Circular
<i>“Independent Financial Adviser” or “Provenance Capital”</i>	:	Provenance Capital Pte. Ltd., the independent financial adviser to the Non-Interested Directors in relation to the Proposed IPT Mandate
<i>“Interested Persons”</i>	:	Interested persons of the Company who fall within the Proposed IPT Mandate, as further described in Section 5.2 of this Circular
<i>“IPT” or “IPs”</i>	:	Has the meaning ascribed to it in Section 5.3 of this Circular
<i>“IPT Register”</i>	:	The register of IPTs as defined in Section 5.6.2(i) of this Circular, namely, the register of transactions carried out with the Interested Person pursuant to the Proposed IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into)
<i>“Latest Practicable Date” or “LPD”</i>	:	6 April 2016, being the latest practicable date prior to the date of this Circular
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Market Purchase”</i>	:	Has the meaning ascribed to it in Section 2.3.3 of this Circular
<i>“Maximum Price”</i>	:	The maximum price to be paid for the Shares as determined by the Directors under Section 2.3.4 of this Circular
<i>“Mr. Peter Lim”</i>	:	Lim Eng Hock
<i>“Non-Interested Directors”</i>	:	The Directors who are deemed to be independent for the purposes of making a recommendation on the Proposed IPT Mandate, namely, Dr. Ho Tat Kin, Mr. Paul Lim Choon Wui, Ms. Lim Siok Leng, Mr. Tan Wee Han, Mr. Lock Wai Han, Mr. Gary Ho Kuat Foong and Mr. Ong Pang Liang
<i>“Notice of EGM”</i>	:	The notice of EGM set out on pages 41 to 43 of this Circular
<i>“NTA”</i>	:	Net tangible assets
<i>“Off-Market Purchases”</i>	:	Has the meaning ascribed to it in Section 2.3.3 of this Circular

DEFINITIONS

<i>“Proposed IPT Mandate”</i>	:	The proposed Shareholders’ general mandate to be obtained by the Company at the EGM pursuant to Chapter 9 of the Catalyst Rules permitting companies within the Group, or any of them, to enter into the IPTs as set out in Section 5 of this Circular, with the Interested Persons, provided that such transactions are on an arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders
<i>“Proposed Share Purchase Mandate”</i>	:	The general mandate to enable the Company to purchase or otherwise acquire its issued Shares
<i>“Relevant Period”</i>	:	The period commencing from the date on which the last AGM was held and expiring on the conclusion of the next AGM or on the date by which such AGM is required to be held, whichever is the earlier, after the date the resolution relating to the Proposed Share Purchase Mandate is passed
<i>“ROE”</i>	:	Return on equity
<i>“Securities Account”</i>	:	The securities account(s) maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Buyback”</i>	:	The purchase of Shares by the Company pursuant to the terms of the Proposed Share Purchase Mandate
<i>“Shareholders”</i>	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
<i>“Shares”</i>	:	Ordinary shares in the share capital of the Company
<i>“SIC”</i>	:	Securities Industry Council of Singapore
<i>“Sponsor”</i>	:	United Overseas Bank Limited
<i>“Substantial Shareholder”</i>	:	A person who has an interest in not less than five per cent. (5%) of the issued voting Shares of the Company
<i>“Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
<i>“treasury share”</i>	:	A share of a company that was or is treated as having been acquired and held by the company and has been held continuously by the company since it was so acquired and has not been cancelled
<i>“S\$”, “\$” and “cents”</i>	:	Singapore dollars and cents, respectively
<i>“%” or “per cent.”</i>	:	percentage or per centum

DEFINITIONS

The terms “**Depositor**“, “**Depository Agent**“ and “**Depository Register**“ shall have the meanings ascribed to them respectively in Section 130A of the Companies Act. The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies 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 the neuter genders and *vice versa*. References to persons shall, where applicable, include corporations and limited liability partnerships.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, the Take-over Code and the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Take-over Code or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in this Circular is made by reference to Singapore time and dates, unless otherwise stated.

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

LETTER TO SHAREHOLDERS

SECURA GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201531866K)

Directors:

Dr. Ho Tat Kin (Chairman and Independent Director)
Mr. Paul Lim Choon Wui (Executive Director and Chief Executive Officer)
Ms. Lim Siok Leng (Executive Director, Chief Financial Officer and General Manager (Security Printing) (Covering))
Mr. Tan Wee Han (Non-Executive, Non-Independent Director)
Mr. Lock Wai Han (Non-Executive, Non-Independent Director)
Mr. Gary Ho Kuat Foong (Independent Director)
Mr. Ong Pang Liang (Independent Director)

Registered Office:

8 Pioneer Road North
Singapore 628460

13 April 2016

To: The Shareholders of Secura Group Limited

Dear Sir/Madam

1. INTRODUCTION

- 1.1 The Directors propose to convene an EGM to be held on 28 April 2016 to seek Shareholders' approval in relation to the following matters:
- (a) the adoption of the Proposed Share Purchase Mandate; and
 - (b) the adoption of the Proposed IPT Mandate.
- 1.2 The purpose of this Circular is to provide Shareholders with the relevant information relating to the aforesaid matters, and to seek the approval of Shareholders in respect of the same at the EGM. The Notice of EGM is set out on pages 41 to 43 of this Circular.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

2. THE PROPOSED SHARE PURCHASE MANDATE

2.1 The Proposed Share Purchase Mandate

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

Part XI of Chapter 8 of the Catalist Rules provides that a company may purchase its own shares if it has obtained the prior specific approval of shareholders in a general meeting. Accordingly, approval is being sought from the Shareholders at the EGM for the Proposed Share Purchase Mandate. An ordinary resolution will be proposed, pursuant to which the Proposed Share Purchase Mandate will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares according to the terms of the Proposed Share Purchase Mandate.

If approved by the Shareholders at the EGM, the authority conferred by the Proposed Share Purchase Mandate will take effect from the date of the EGM and continue in force until the earlier of the conclusion of the next AGM or the date by which the next AGM is required by law to be held, unless prior thereto, purchases or acquisitions of Shares by the Company pursuant to the Proposed Share Purchase Mandate have been carried out to the full extent mandated, or the authority conferred by the Proposed Share Purchase Mandate is revoked or varied by Shareholders in general meeting. The Proposed Share Purchase Mandate will be put to Shareholders for renewal at each subsequent AGM of the Company.

LETTER TO SHAREHOLDERS

2.2 Rationale for the Proposed Share Purchase Mandate

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

- (a) In line with international practice, the Proposed Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising return to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Proposed Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (b) In managing its business, the Group strives to increase Shareholders' value by improving, *inter alia*, the ROE and a share purchase is one way by which the ROE may be enhanced;
- (c) Share purchases may help mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence;
- (d) The Proposed Share Purchase Mandate will enable the Directors to utilise the Shares which are purchased or acquired thereunder and held as treasury shares to be sold for cash or transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, which may be less dilutive than if new Shares were issued for this purpose;
- (e) The Proposed 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 Proposed Share Purchase Mandate is in force; and
- (f) Shares which are purchased by the Company pursuant to the Share Purchase Mandate and held in treasury may be transferred for the purposes of employee share schemes implemented by the Company, to enable the Company to claim relevant tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Proposed Share Purchase Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and financial condition of the Group as a whole.

2.3 Authority and Limits of the Proposed Share Purchase Mandate

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

2.3.1 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 Proposed Share Purchase Mandate shall not exceed ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the EGM at which the Proposed Share Purchase Mandate is approved (the "**Approval Date**") (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered excluding any treasury shares that may be held by the Company from time to time). Shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent. (10%) limit. As at the Latest Practicable Date, the Company did not hold any treasury shares.

LETTER TO SHAREHOLDERS

For illustrative purposes only, based on 400,000,000 issued Shares as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the forthcoming EGM, not more than 40,000,000 Shares of the Company may be purchased or acquired by the Company pursuant to the Proposed Share Purchase Mandate during the duration referred to in Section 2.3.2 below.

2.3.2 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 earlier;
- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Proposed Share Purchase Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Proposed Share Purchase Mandate is revoked or varied by Shareholders in general meeting.

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

2.3.3 Manner of Purchases or Acquisitions of Shares

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

- (a) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stock brokers 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 as defined in Section 76C of the Companies Act and which will satisfy all conditions prescribed by the Articles and the Catalist Rules.

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Proposed Share Purchase Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s).

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 the abovementioned 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:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (bb) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and

LETTER TO SHAREHOLDERS

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

In addition, the Catalist 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:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Buyback;
- (d) the consequences, if any, of Share Buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Buyback, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share Buyback 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
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Purchase Price

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

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

For the purposes of determining the Maximum Price:

“**Average Closing Price**“ means the average of the closing market prices of a Share over the last five (5) Market Days on which the 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 by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant 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 holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

LETTER TO SHAREHOLDERS

2.4 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 the Shares will expire on such cancellation) unless such Shares are acquired or purchased by the Company to be held, and is held by the Company as treasury shares. 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.

2.5 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:

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

In the event that the number of treasury shares held by the Company exceeds ten per cent. (10%) of the total number of issued Shares, the Company shall dispose of or cancel the excess Shares within six (6) months of the day on which such contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2 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 into treasury shares of a greater or smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 Disposal and cancellation

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

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (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
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

LETTER TO SHAREHOLDERS

2.5.4 Reporting obligation under the Catalist Rules

Pursuant to Rule 704(31) of the Catalist Rules, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares held by it stating the following:-

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

2.6 Source of Funds

The Companies Act permits the Company to purchase its own 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).

The Company will use internal resources and/or external borrowings and/or a combination of both to finance the purchase or acquisition of Shares pursuant to the Proposed Share Purchase Mandate.

The Directors will only make purchases or acquisitions of Shares in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

2.7 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares pursuant to the Proposed Share Purchase Mandate will depend on, *inter alia*, how the Shares are purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled. The financial effects on the Group and the Company, based on the unaudited pro forma financial information of the Proforma Group and the Company for FY2015, are based on the assumptions set out below.

2.7.1 Purchase or Acquisition out of Capital or Profits

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

LETTER TO SHAREHOLDERS

For the purpose of computing the financial effects of the acquisitions or purchases of Shares by the Company, the transaction costs incurred are assumed to be insignificant and are ignored.

2.7.2 Number of Shares purchased or acquired

For illustrative purposes only, on the basis of 400,000,000 Shares in issue as at the Latest Practicable Date, and assuming no change in the number of Shares on prior to the date of the EGM, the purchase by the Company of 10% of its issued Shares (excluding treasury shares) will result in the purchase or acquisition of 40,000,000 Shares.

2.7.3 Maximum price paid for Shares purchased or acquired

(a) In the case of Market Purchases by the Company

Assuming the Company purchases or acquires 40,000,000 Shares at the maximum price of S\$0.20 for one (1) Share (being the price equivalent to 5% above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 40,000,000 Shares is S\$8,000,000 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

(b) In the case of Off-Market Purchases by the Company

Assuming the Company purchases or acquires 40,000,000 Shares at the maximum price of S\$0.23 for one (1) Share (being the price equivalent to 20% above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 40,000,000 Shares is S\$9,200,000 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

For illustrative purposes only, assuming that the Proposed Share Purchase Mandate is effective 1 January 2015 and the Company has at the Latest Practicable Date purchased 40,000,000 Shares (representing ten per cent. (10%) of its issued Shares at the Latest Practicable Date), the financial effects of the purchase of 40,000,000 Shares by the Company pursuant to the Proposed Share Purchase Mandate by way of:-

- (a) purchases made entirely out of capital and held as treasury shares; and
- (b) purchases made entirely out of capital and cancelled,

on the unaudited pro forma financial information of the Proforma Group and the Company for FY2015, are set out below.

As the Company has no distributable profits as at 31 December 2015, we have not included the following illustrations:

- (i) financial effects of the purchases made entirely out of distributable profits and held as treasury shares; and
- (ii) financial effects of the purchases made entirely out of distributable profits and cancelled.

LETTER TO SHAREHOLDERS

Purchases made entirely out of capital and held as treasury shares

As at 31 December 2015	Proforma Group			Company		
	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share capital ⁽¹⁾	38,882	38,882	38,882	38,882	38,882	38,882
Merger reserve	(1,110)	(1,110)	(1,110)	–	–	–
Retained earnings ⁽¹⁾	2,644	2,644	2,644	(1,008)	(1,008)	(1,008)
Treasury shares	–	(8,000)	(9,200)	–	(8,000)	(9,200)
Total Shareholders' Funds	40,416	32,416	31,216	37,874	29,874	28,674
Non-controlling interests	–	–	–	–	–	–
Total Equity	40,416	32,416	31,216	37,874	29,874	28,674
Current assets	43,103	35,103	33,903	26,880	18,880	17,680
Current liabilities	13,080	13,080	13,080	768	768	768
Cash and cash equivalents	32,957	24,957	23,757	26,838	18,838	17,638
Total Borrowings ⁽²⁾	3,122	3,122	3,122	–	–	–
Net Tangible Assets (NTA) ⁽³⁾	40,416	32,416	31,216	37,874	29,874	28,674
Net Profit/(Loss) After Tax Attributable to Shareholders	3,252	3,252	3,252	(1,008)	(1,008)	(1,008)
Number of Shares net of treasury shares ('000)	400,000	360,000	360,000	400,000	360,000	360,000
Financial Ratios						
Net Tangible Assets per Share (cents) ⁽⁴⁾	10.10	9.00	8.67	9.47	8.30	7.97
Gearing (%) ⁽⁵⁾	7.72	9.63	10.00	–	–	–
Current Ratio (times) ⁽⁶⁾	3.30	2.68	2.59	35.00	24.58	23.02
EPS/(LPS) (cents) ⁽⁷⁾	0.81	0.90	0.90	(0.25)	(0.28)	(0.28)

Notes:

- (1) Share capital for the Proforma Group and the Company includes consideration from issuance of new Shares pursuant to the restructuring exercise, as set out in our offer document dated 20 January 2016 ("**Restructuring Exercise**"), and the initial public offering ("**IPO**") of Shares in the share capital of the Company
- (2) Total Borrowings pertain to finance leases and loan from a Shareholder
- (3) NTA equals Total Shareholders' Funds less Intangible Assets
- (4) NTA per Share equals NTA divided by Total Number of Shares as at LPD
- (5) Gearing equals Total Borrowings divided by Total Shareholders' Funds
- (6) Current Ratio equals Current Assets divided by Current Liabilities
- (7) EPS/(LPS) equals Net Profit/(Loss) After Tax attributable to Shareholders divided by the Number of Shares net of treasury shares as at LPD

LETTER TO SHAREHOLDERS

Purchases made entirely out of capital and cancelled

As at 31 December 2015	Proforma Group			Company		
	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Share capital ⁽¹⁾	38,882	30,882	29,682	38,882	30,882	29,682
Merger reserve	(1,110)	(1,110)	(1,110)	–	–	–
Retained earnings ⁽¹⁾	2,644	2,644	2,644	(1,008)	(1,008)	(1,008)
Treasury Shares	–	–	–	–	–	–
Total Shareholders' Funds	40,416	32,416	31,216	37,874	29,874	28,674
Non-controlling interests	–	–	–	–	–	–
Total Equity	40,416	32,416	31,216	37,874	29,874	28,674
Current Assets	43,103	35,103	33,903	26,880	18,880	17,680
Current Liabilities	13,080	13,080	13,080	768	768	768
Cash and Cash Equivalents	32,957	24,957	23,757	26,838	18,838	17,638
Total Borrowings ⁽²⁾	3,122	3,122	3,122	–	–	–
Net Tangible Assets (NTA) ⁽³⁾	40,416	32,416	31,216	37,874	29,874	28,674
Net Profit/(Loss) After Tax Attributable to Shareholders	3,252	3,252	3,252	(1,008)	(1,008)	(1,008)
Number of Shares ('000)	400,000	360,000	360,000	400,000	360,000	360,000
Financial Ratios						
Net Tangible Assets per Share (cents) ⁽⁴⁾	10.10	9.00	8.67	9.47	8.30	7.97
Gearing (%) ⁽⁵⁾	7.72	9.63	10.00	–	–	–
Current Ratio (times) ⁽⁶⁾	3.30	2.68	2.59	35.00	24.58	23.02
EPS/(LPS) (cents) ⁽⁷⁾	0.81	0.90	0.90	(0.25)	(0.28)	(0.28)

Notes:

- (1) Share capital for the Proforma Group and the Company includes consideration from issuance of new Shares pursuant to the Restructuring Exercise and the IPO
- (2) Total Borrowings pertain to finance leases and loan from a Shareholder
- (3) NTA equals Total Shareholders' Funds less Intangible Assets
- (4) NTA per Share equals NTA divided by Total Number of Shares as at LPD
- (5) Gearing equals Total Borrowings divided by Total Shareholders' Funds
- (6) Current Ratio equals Current Assets divided by Current Liabilities
- (7) EPS/(LPS) equals Net Profit/(Loss) After Tax attributable to Shareholders divided by the Number of Shares as at LPD

LETTER TO SHAREHOLDERS

Shareholders should note that the financial effects set out above are based on the abovementioned assumptions and are purely for illustrative purposes only. Although the Proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%) of the 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. The above analysis is based on historical figures for the financial year ended 31 December 2015 and is not necessarily representative of the Company's or the Group's future financial performance.

2.8 Listing Rules

The Catalist Rules specifies that a listed company shall announce 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 8D to the Catalist Rules) must include, *inter alia*, 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 the number of treasury shares held after the purchase.

The Catalist Rules does not expressly prohibit any purchase or acquisition of its own shares by a listed company during any particular time or times. However, as the 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 of the Directors until such time as the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Catalist Rules.

In particular, the Company would not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company's full-year results and the period of two weeks before the announcement of the first quarter, second quarter and third quarter results of the financial year.

The Catalist Rules requires a listed company to ensure that at least ten per cent. (10%) of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public shareholders. As at the Latest Practicable Date, 111,880,000 Shares, representing approximately 27.97% of the total number of issued Shares (excluding Shares held under moratorium and there being no treasury shares held by the Company as at the Latest Practicable Date), are in the hands of the public. Assuming the Company undertakes purchases or acquisitions of its Shares through Market Purchases up to the full ten per cent. (10%) limit pursuant to the Proposed Share Purchase Mandate, and such Shares are not held as treasury shares and are cancelled, the number of Shares held in the hands of the public would be reduced to 71,880,000 Shares, representing approximately 19.97% of the issued Shares of the Company.

LETTER TO SHAREHOLDERS

Accordingly, the Company is of the view 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 up to the full ten per cent. (10%) limit pursuant to the Proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

In undertaking any Share Buybacks, the Directors will use their best efforts to ensure that the Company does not effect a Share Buyback which would result in the number of Shares remaining in the hands of the public falling to such a level as to (i) cause market illiquidity, (ii) adversely affect the orderly trading of the Shares, or (iii) adversely affect the listing status of the Shares on the SGX-ST.

2.9 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.

2.9.1 Obligation to make a take-over offer

Rule 14 of the Take-over Code (“**Rule 14**”) requires, *inter alia*, that except with the consent of the SIC, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person shall extend immediately an offer on the basis set out in the Take-over code to the holders of any class of Shares in the capital which carries votes and in which such person or persons acting in concert with him hold Shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer. In calculating the percentages of voting rights of such person and their concert parties, treasury shares shall be excluded.

2.9.2 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 following individuals will, *inter alia*, be presumed to be acting in concert:

- (a) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trust;
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, 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

LETTER TO SHAREHOLDERS

the above 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;

- (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 client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;
- (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;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders of the Company, 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.

2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its issued Shares, the voting rights of such Directors and the persons acting in concert with them would increase to thirty per cent. (30%) or more, or in the event that such Directors and the persons acting in concert with them hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, if the voting rights of such Directors and the persons acting in concert with them would increase by more than one per cent. (1%) in any period of six (6) months.

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

LETTER TO SHAREHOLDERS

However, Shareholders will be subject to the provisions of Rule 14 if they acquire Shares after the Company's Share Buyback. For this purpose, an increase in the percentage of voting rights as a result of the Share Buyback will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than one per cent. (1%) in any period of six (6) months.

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

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

2.9.4 Application of the Take-over Code

As at the Latest Practicable Date, Kestrel Investments Pte. Ltd. ("**Kestrel Investments**") is a controlling shareholder of the Company, holding approximately 38.73% of the entire issued and paid up share capital of our Company. Kestrel Investments is wholly owned by Mr. Peter Lim, who has a direct interest in the entire issued share capital of Kestrel Investments. Accordingly, Mr. Peter Lim has approximately 38.73% deemed shareholding interest in the Company and is a Controlling Shareholder of the Company. Mr. Tan Wee Han, our Non-executive Director and the nephew of Mr. Peter Lim, holds approximately 0.79% of the entire issued and paid up share capital of our Company. Accordingly, Kestrel Investments, Mr. Peter Lim and Mr. Tan Wee Han ("**Concert Parties**") are presumed acting in concert with each other in relation to the Company for the purposes of the Take-over Code in respect of their combined direct and deemed holdings of approximately 39.52% of the the entire issued and paid up share capital of our Company.

The obligation of the Concert Parties under (i) Market Purchase; and (ii) Off-Market Purchase in accordance with an equal access scheme, is illustrated using the following examples:

(a) Market Purchase

Assumptions

- (i) the Company purchases a maximum 40,000,000 Shares, being ten per cent. (10%) of the total number of Shares in issue;
- (ii) the 40,000,000 Shares are not held as treasury shares and are cancelled;
- (iii) there was no change in the number of Shares held or deemed to be held by the Concert Parties; and
- (iv) there are no exercise of warrants.

	Before Share Buyback (No. of shares)		After Share Buyback (No. of shares)		Before Buyback assuming Market Purchase ⁽¹⁾	After Buyback assuming Market Purchase ⁽²⁾
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest	%	%
Concert Parties						
Peter Lim	–	154,932,000	–	154,932,000	38.73	43.04
Kestrel Investments	154,932,000	–	154,932,000	–	38.73	43.04
Tan Wee Han	3,168,000	–	3,168,000	–	0.79	0.88
Total		158,100,000		158,100,000	39.52	43.92

LETTER TO SHAREHOLDERS

Notes:

- (1) The percentages are calculated on the basis of an enlarged share capital of 400,000,000 ordinary shares. As at the Latest Practicable Date, the Company did not hold any treasury shares
- (2) The percentages are calculated on the basis of the issued share capital of 360,000,000 after a Share Buyback of 40,000,000 shares, being ten per cent. (10%) of the existing issued share capital of the Company

Based on the example above, in the event that the Company purchases or acquires up to ten per cent. (10%) of its Shares pursuant to the Proposed Share Purchase Mandate, the aggregate holdings of Kestrel Investments, Mr. Peter Lim and Mr. Tan Wee Han and their concert parties will increase by more than one per cent. (1%) within a six (6) month period.

Accordingly, under the Take-over Code, the Concert Parties and the parties acting in concert with them (collectively the “**Relevant Persons**”), unless exempted, will become obliged to make a general offer under the Take-over Code for the Shares not owned by them, if as a result of the exercise of the Share Purchase Mandate, their interest in the voting rights of the Company increase by more than one per cent. (1%) within a six (6) month period.

(b) Off-Market Purchase

Assumptions

- (i) the Company purchases a maximum 40,000,000 Shares, being ten per cent. (10%) of the total number of Shares in issue;
- (ii) the 40,000,000 Shares are not held as treasury shares and are cancelled; and
- (iii) there are no exercise of warrants.

	Before Share Buyback (No. of shares)		After Share Buyback (No. of shares)		Before Buyback assuming Market Purchase ⁽¹⁾	After Buyback assuming Market Purchase ⁽²⁾
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest	%	%
Concert Parties						
Peter Lim	–	154,932,000	–	139,438,800	38.73	38.73
Kestrel Investments	154,932,000	–	–	139,438,800	38.73	38.73
Tan Wee Han	3,168,000	–	2,851,200	–	0.79	0.79
Total		158,100,000		142,290,000	39.52	39.52

Notes:

- (1) The percentages are calculated on the basis of an enlarged share capital of 400,000,000 ordinary Shares. As at the Latest Practicable Date, the Company did not hold any treasury shares
- (2) The percentages are calculated on the basis of the issued share capital of 360,000,000 after a Share Buyback of 40,000,000 Shares, being ten per cent. (10%) of the existing issued share capital of the Company

Based on the example above, in the event that the Company purchases or acquires up to ten per cent. (10%) of its Shares pursuant to the Proposed Share Purchase Mandate, the percentage shareholding interests of Kestrel Investments, Mr. Peter Lim and Mr. Tan Wee Han and their concert parties will remain the same after the purchases or acquisition of up to ten per cent. (10%) by the Company of its Shares pursuant to the Proposed Share Purchase Mandate and the Relevant Persons will not be obliged to make a general offer under the Take-over Code for the Shares not owned by them.

LETTER TO SHAREHOLDERS

2.9.5 Exemptions under the Take-over Code

The Relevant Persons will be exempted from the requirement under Rule 14.1, Note 6 of notes on dispensation from Rule 14, and Appendix 2 – Share Buyback Guidance Note of the Take-over Code to make a general offer for the Company in the event that their total shareholding increases by more than one per cent. (1%) in any six (6) month period as a result of the Company acquiring its own shares under the Proposed Share Purchase Mandate (“**Relevant Scenario**”), subject to the following conditions:

- (a) the circular to Shareholders on the resolution to authorise the Proposed Share Purchase Mandate contains advice to the effect that by voting for the approval of the Proposed Share Purchase Mandate, Shareholders of the Company are waiving their rights to a general offer at the required price from Relevant Persons who, as a result of the Company buying back its Shares, would increase their voting rights by more than one per cent. (1%) in any six (6) month period and the names of the Relevant Persons and their voting rights at the time of the resolution and after the Share Buyback are disclosed in the same circular;
- (b) the resolution to authorise the Proposed Share Purchase Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Share Buyback;
- (c) the Relevant Persons abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Proposed Share Purchase Mandate;
- (d) within 7 days after the passing of the resolution to authorise the Proposed Share Purchase Mandate, each of the Directors is to submit to the SIC a duly signed form as prescribed by the SIC;
- (e) the Relevant Persons have not acquired and will not acquire any Shares of the Company between the date on which they know that the announcement of the Proposed Share Purchase Mandate is imminent and the earlier of:
 - (i) the date on which the authority of the Proposed Share Purchase Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Proposed Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase to thirty per cent. (30%) or more; and
- (f) the Relevant Persons, together holding between thirty per cent. (30%) and fifty per cent. (50%) of the Company’s voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Proposed Share Purchase Mandate is imminent and the earlier of:
 - (i) the date on which the authority of the Proposed Share Purchase Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Proposed Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,if such acquisitions, taken together with the buy-back would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months.

LETTER TO SHAREHOLDERS

The required price in relation to the obligation of the Relevant Persons to make a general offer arising from the Proposed Share Purchase Mandate is the higher of:

- (a) the highest price paid by the Relevant Persons for the Shares in the preceding six (6) months; or
- (b) the highest price paid by the Company for the Shares in the preceding six (6) months.

It follows that where the aggregate voting rights held by the Relevant Persons increase by more than one per cent. (1%) solely as a result of the Relevant Scenario and none of them has acquired any Shares during the relevant period defined in paragraph (f) above, then the Relevant Persons would be eligible for the SIC's exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy back its Shares under the Proposed Share Purchase Mandate and the increase in the aggregate voting rights held by the Relevant Persons as a result of the Company repurchasing its Shares at the time of such cessation is less than one per cent. (1%) in any six (6) month period, the Relevant Persons will be allowed to acquire Shares. However, any increase in the Relevant Persons' percentage of voting rights in the Company as a result of the Share Buyback will be taken into account together with any Shares acquired by the Relevant Persons (by whatever means) in determining whether the Relevant Parties have increased their aggregate voting rights in the Company by more than one per cent. (1%) in any six (6) month period.

Shareholders should therefore note that by voting in favour of the ordinary resolution to approve the Proposed Share Purchase Mandate, they will be waiving their rights to a general offer at the required price by Relevant Persons in the circumstances set out above.

For the purposes of this Circular, "required price" shall mean in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 of the Take-over Code which is the highest of the price paid by the Relevant Persons for the Company's Shares (i) during the offer period and within the preceding six (6) months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six (6) months of the offer and during the offer period, or (iii) acquire through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six (6) months of the offer or during the offer period; or at such price as determined by SIC under Rule 14.3 of the Take-over Code.

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

As at the Latest Practicable Date, the Relevant Persons consist of the Concert Parties.

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

3. SHARES BOUGHT BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not made any Share buy-backs in the 12 months preceding the Latest Practicable Date.

LETTER TO SHAREHOLDERS

4. TAX IMPLICATIONS

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

5. THE PROPOSED IPT MANDATE

Shareholders' approval is being sought at the EGM for the Proposed IPT Mandate by an ordinary resolution.

5.1 Chapter 9 of the Catalist Rules

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (which is known as an "entity at risk") proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

For the purpose of Chapter 9 of the Catalist Rules:-

an "**entity at risk**" means:

- (a) the listed company;
- (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
- (c) an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated 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;

an "**associate**" 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 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;

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 Catalist Rules;

an "**interested person transaction**" means a transaction between an entity at risk and an interested person; and

a "**transaction**" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

LETTER TO SHAREHOLDERS

5.1.1 Financial Thresholds

Under Chapter 9 of the Catalist Rules, where there is a transaction between an interested person and an entity at risk, and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited consolidated NTA), unless the transaction is excluded as described below, the listed company is required to make an immediate announcement for an interested person transaction of a value equal to, or exceeding:

- (a) 3% of the Group's latest audited consolidated NTA; or
- (b) 3% of the Group's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

Shareholders' approval (in addition to an immediate announcement) is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5% of the Group's latest audited consolidated NTA; or
- (b) 5% of the Group's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S\$100,000, and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence excluded from the ambit of Chapter 9 of the Catalist Rules.

Pursuant to Rule 909 of the Catalist Rules, the value of a transaction is the amount at risk to the listed company. This is illustrated by the following examples:

- (a) in the case of a partly-owned subsidiary or associated company, the value of the transaction is the listed company's effective interest in that transaction;
- (b) in the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk; and
- (c) in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan.

5.1.2 Illustration

For illustration purposes, based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2015 ("**FY2015**"), the NTA of the Group as at 31 December 2015 was approximately S\$13,578,000. Accordingly, for the purposes of Chapter 9 of the Catalist Rules in the current financial year, Shareholders' approval is required where:

- (a) the transaction is of a value equal to, or more than, S\$678,900, being 5% of the Group's latest audited NTA as at 31 December 2015; or

LETTER TO SHAREHOLDERS

- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, S\$678,900. The aggregation will exclude any transaction that has been approved by Shareholders previously or is the subject of aggregation with another transaction that has been approved by Shareholders.

5.1.3 General Mandate

Part VIII of Chapter 9 of the Catalist Rules allows an issuer to seek a general mandate from its shareholders for recurring 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. A general mandate is subject to annual renewal.

An issuer must:

- (a) disclose the general mandate in the annual report, giving details of the aggregate value of transactions conducted pursuant to the general mandate during the financial year. The disclosure must be in the form set out in Rule 907 of the Catalist Rules; and
- (b) announce the aggregate value of transactions conducted pursuant to the general mandate for the financial periods which it is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report. The disclosure must be in the form set out in Rule 907 of the Catalist Rules.

5.2 **Background**

Our Group is a Singapore-based provider of security products, services and solutions. Our integrated suite of security offerings includes, *inter alia*, the provision of unarmed, manned security guarding services, security consulting, risk assessment, tender management and project management solutions (“**Security Guarding, EP Services and Security Consulting Solutions**”).

Kestrel Investments is a Controlling Shareholder of the Company, holding approximately 38.7% of the entire issued and paid up share capital of our Company. Kestrel Investments is wholly owned by Mr. Peter Lim, who has a direct interest in the entire issued share capital of Kestrel Investments. Accordingly, Mr. Peter Lim has approximately 38.7% deemed shareholding interest in the Company and is a controlling shareholder of the Company.

On a recurrent basis and in the ordinary course of business, our Group provides Security Guarding, EP Services and Security Consulting Solutions to Mr. Peter Lim and/or his associates. Accordingly, Mr. Peter Lim and his associates are interested persons of our Company under Chapter 9 of the Catalist Rules (“**Interested Persons**”). Kestrel Investments is deemed as an associate of Mr. Peter Lim and therefore, is also considered an Interested Person.

Pursuant to Chapter 9 of the Catalist Rules:

- (a) the entities at risk under the Proposed IPT Mandate, includes the Group and its associated companies;
- (b) the Interested Persons under the Proposed IPT Mandate, includes Kestrel Investments, Mr. Peter Lim and his associates; and
- (c) any transaction between the Group and the Interested Persons will accordingly constitute interested person transactions as defined under Chapter 9 of the Catalist Rules.

In view of the above, the provision of Security Guarding, EP Services and Security Consulting Solutions to the Interested Persons will constitute interested person transactions pursuant to Chapter 9 of the Catalist Rules.

LETTER TO SHAREHOLDERS

The Company therefore wishes to seek the approval of Shareholders (which shall exclude Shareholders who are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Catalist Rules) for the adoption of the Proposed IPT Mandate in respect of future Security Guarding, EP Services and Security Consulting Solutions transactions that the Group may enter into with the Interested Persons.

5.3 Rationale for the Proposed IPT Mandate and Benefits to the Group

It is envisaged that the Group will in its ordinary course of business, continue to enter into transactions providing Security Guarding, EP Services and Security Consulting Solutions to the Interested Persons (collectively, the “**IPTs**”). Such transactions are recurring transactions that are likely to occur with some degree of frequency and are part of the day-to-day operations of the Group, and could arise any time.

Given that the IPTs are of a revenue nature primarily and are expected to be recurrent and occur at any time, and due to time-sensitive nature of these transactions, obtaining the Proposed IPT Mandate pursuant to Chapter 9 of the Catalist Rules will enable the Group, in the ordinary course of business, to undertake such transactions in a more expeditious manner. Our Directors are seeking the approval of our Shareholders for the Proposed IPT Mandate in respect of the IPTs for the purposes of Chapter 9 of the Catalist Rules and for our Group to enter into the IPTs, provided such IPTs are made on normal commercial terms and are in the interests of the Company and not prejudicial to the interest of our Company and our minority Shareholders.

In addition, the Proposed IPT Mandate will enhance the Group’s ability to pursue business opportunities which are time-sensitive, revenue and trading in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholder’s prior approval for the entry by the relevant entity in the Group into such IPTs. As such IPTs are also carried out by the Group in its ordinary course of business and/or which are necessary for its day-to-day operations (but not in respect of the purchase or sale of assets, undertakings or businesses), the Proposed IPT Mandate will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives without compromising existing corporate objectives and adversely affecting the business opportunities available to the Company owing to the time-sensitive nature of commercial transactions.

The Proposed IPT Mandate is intended to facilitate the IPTs in the normal course of business of the Group, which are recurrent in nature or necessary for the day-to-day operations of the Group and which may be transacted from time to time with the 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.

5.4 Classes of Interested Person

The Proposed IPT Mandate will apply to the IPTs that are carried out between the Group and the Interested Persons in relation to the provision of Security Guarding, EP Services and Security Consulting Services.

5.5 Nature and Scope of the Proposed IPT Mandate

5.5.1 The Proposed IPT Mandate will cover the IPTs, in the ordinary course of business, in relation to the provision of Security Guarding, EP Services and Security Consulting Solutions to the Interested Persons by any member of the Group.

5.5.2 The IPTs are recurrent transactions of a revenue or trading nature, entered into in the ordinary course of business, and are necessary for the Group’s day-to-day operations.

LETTER TO SHAREHOLDERS

- 5.5.3 For the avoidance of doubt, any sale or purchase of assets, undertakings or businesses will not fall within the ambit of the Proposed IPT Mandate. The Proposed IPT Mandate will also not cover any transaction by any member of the Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.
- 5.5.4 In addition, transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Proposed IPT Mandate will be subject to the requirements of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

5.6 Guidelines and Review Procedures for the IPTs

5.6.1 Guidelines and Review Procedures

To ensure that the IPTs are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders, the Company has put in place the following guidelines and review procedures for the IPTs under the Proposed IPT Mandate:

- (a) The general manager of the relevant Group's entity which is providing the services in the IPT (each having no interest, direct or indirect, in the IPT) shall review and compare the pricing and terms of the IPT with two other transactions of a similar nature with non-interested persons. Any IPT entered into with the Interested Persons should be on pricing and terms which are no more favourable to the Interested Persons than the usual commercial terms extended to non-interested third parties, after taking into account, the relevant factors such as the value of the contract, the nature of the product, delivery schedules, order quantity, the nature of the services to be provided, customer requirements and specifications, duration and/or other relevant specifications of the contract.

Where it is not possible to make a comparison with two other transactions of a similar nature with non-interested persons, the IPT will be referred to our Audit Committee. The Audit Committee will then determine whether the pricing and terms of the IPT are consistent with our Group's usual business practices and are beneficial to the interests of our Group after taking into account factors such as, but not limited to, the value of the contract, the nature of the product, delivery schedules, order quantity, the nature of services to be provided, customer requirements and specifications, duration and/or other relevant specifications of the contract. The Audit Committee may, as it deems fit, request for additional information pertaining to the IPTs from independent sources or advisers; and

- (b) Before entering into any IPT, all such transactions will be subject to review and pre-approval by the relevant authority within our Group based on the value of the IPT. The IPT approval matrix is laid out in the table below:

	Value of each IPT	Approving Authorities <i>(each having no interest, direct or indirect, in the IPT)</i>
1.	less than S\$100,000	Chief Financial Officer
2.	equal to, or exceeding, S\$100,000, but less than S\$500,000	Chief Executive Officer and Chief Financial Officer
3.	equal to, or exceeding S\$500,000	Audit Committee

LETTER TO SHAREHOLDERS

In the event that any member of our Audit Committee has an interest in any IPT under consideration for approval, he shall abstain from reviewing and approving the IPT. Such transaction will be reviewed and approved by the remaining members of the Audit Committee (each having no interest, direct or indirect, in the IPT).

In the event that our Chief Executive Officer or Chief Financial Officer has an interest in any IPT under consideration for approval, he shall also abstain from reviewing and approving the IPT. Such transaction will be reviewed and approved by another person with appropriate seniority in the Group (each having no interest, direct or indirect, in the IPT).

The Non-Interested Directors are of the view that the approval thresholds based on the value of the IPTs are reasonable having taken into account the values of past transactions and anticipated values of potential transactions in relation to the provision of Security Guarding, EP Services and Security Consulting Solutions by the Group to the Interested Persons.

5.6.2 Additional Guidelines and Review Procedures

In addition to the guidelines and review procedures set out above, the Company will implement the following supplementary procedures to ensure that the IPTs carried out under the Proposed IPT Mandate are undertaken on an arm's length basis and on normal commercial terms:

(i) **Maintain Registers of Interested Persons and IPTs**

Our Finance Department will maintain and update a list of Interested Persons. The list of Interested Persons will be reviewed quarterly by our Chief Financial Officer.

Our Finance Department will also maintain a register of all transactions carried out with the Interested Persons, including those below S\$100,000 in value. The register will record the basis for entering into the IPTs including but not limited to, the pricing and terms of the two other transactions of a similar nature with non-interested persons which were used for comparison.

(ii) **Review by Audit Committee**

Our Audit Committee will review all IPTs on a quarterly basis to ensure that the established guidelines and review procedures for the IPTs have been complied with and the relevant approvals have been obtained.

Our Audit Committee will also review the established guidelines and review procedures of the IPTs and determine if such guidelines and review procedures continue to be adequate and/or are commercially practicable in ensuring that the IPTs are conducted on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders. If the Audit Committee is of the view that the guidelines and review procedures have become inappropriate or insufficient to meet such objectives, our Company will seek a fresh mandate from our Shareholders based on new guidelines and review procedures for the IPTs. During the period prior to obtaining a fresh mandate from Shareholders, all IPTs will be subject to prior review and approval by the Audit Committee.

LETTER TO SHAREHOLDERS

(iii) Review by Internal Auditors

Our Group will incorporate a quarterly review of all IPTs in our internal audit plan. The internal auditors will review the IPTs to check that the relevant approvals have been obtained and the guidelines and review procedures for the IPTs have been adhered to. The internal auditors will forward their review reports to the Audit Committee.

(iv) Review by External Auditors

Our Group's external auditors will review the IPTs on a sampling basis as part of the Group's annual audit. The external auditors will report any non-compliance issues noted from the audit sample to the Audit Committee.

(v) Review by Directors

Our Directors will ensure that all disclosure, approval and other requirements on the IPTs, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with.

5.7 Validity Period of the Proposed IPT Mandate

The Proposed IPT Mandate is subject to Shareholders' approval at the EGM. If approved by the Shareholders at the EGM, the Proposed IPT Mandate will take effect from the passing of the ordinary resolution as set out in the Notice of EGM in respect of the Proposed IPT Mandate, and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM. Approval from the Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Interested Persons.

5.8 Disclosures

In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will:

- (a) disclose in the Company's annual report the aggregate value of transactions conducted with the Interested Persons pursuant to the Proposed IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the Proposed IPT Mandate continues in force); and
- (b) announce the aggregate value of transactions conducted with the Interested Persons pursuant to the Proposed IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Catalist Rules (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
----------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------

LETTER TO SHAREHOLDERS

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the shareholding interests of the Directors and the Substantial Shareholders are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Dr. Ho Tat Kin	–	–	–	–
Paul Lim Choon Wui	21,600,000	5.40	–	–
Lim Siok Leng	–	–	–	–
Tan Wee Han ⁽¹⁾	3,168,000	0.79	–	–
Lock Wai Han	4,032,000	1.01	–	–
Gary Ho Kuat Foong	–	–	–	–
Ong Pang Liang	–	–	–	–
Substantial Shareholders (other than Directors)				
Peter Lim ⁽²⁾	–	–	154,932,000	38.73
Kestrel Investments ⁽²⁾	154,932,000	38.73	–	–
K.I.P. Industrial Holdings Ltd ⁽³⁾	24,344,400	6.09	–	–
K.I.P. Inc ⁽³⁾	4,106,800	1.03	24,344,400	6.09
Wee Ee Chao ⁽⁴⁾	–	–	28,451,200	7.11
City Developments Limited	27,294,900	6.82	–	–
Hong Leong Investment Holdings Pte. Ltd. ⁽⁵⁾	–	–	27,294,900	6.82

Notes:

- (1) Mr. Tan Wee Han is an executive director of, and nominated by, our Controlling Shareholder, Kestrel Investments, and the nephew of our Controlling Shareholder, Mr. Peter Lim.
- (2) Mr. Peter Lim has a direct interest in the entire issued share capital of Kestrel Investments. Accordingly, he is deemed interested in the Shares held by Kestrel Investments by virtue of Section 4 of the Securities and Futures Act.
- (3) K.I.P. Inc has a direct interest in the issued share capital of K.I.P. Industrial Holdings Ltd. and is deemed interested in 24,344,400 Shares held by K.I.P. Industrial Holdings Ltd by virtue of Section 4 of the Securities and Futures Act.
- (4) Mr. Wee Ee Chao has a direct interest in the issued share capital of K.I.P. Inc and an indirect interest in the issued share capital of K.I.P. Industrial Holdings Ltd, and is deemed interested in the Shares held by K.I.P. Industrial Holdings Ltd and K.I.P. Inc by virtue of Section 4 of the Securities and Futures Act.
- (5) Hong Leong Investment Holdings Pte. Ltd. is deemed interested in 27,294,900 Shares held by City Development Limited by virtue of Section 4 of the Securities and Futures Act through City Developments Limited.

Save as disclosed in this Circular, the Directors and the Substantial Shareholders of the Company do not have any interest, whether direct or indirect, in the Shares.

LETTER TO SHAREHOLDERS

7. INDEPENDENT FINANCIAL ADVISER'S OPINION

Provenance Capital has been appointed as the independent financial adviser to the Non-Interested Directors to opine, for the purposes of Chapter 9 of the Catalist Rules, on whether the guidelines and review procedures of the Company for determining the pricing and terms of the IPTs as set out in Section 5.6 of this Circular, if adhered to, are sufficient to ensure that the IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Having regard to considerations set out in the IFA Letter, Provenance Capital is of the opinion that the guidelines and review procedures for determining the pricing and terms of the IPTs as set out in Section 5.6 of this Circular, if adhered to, are sufficient to ensure that the IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of Company and its minority Shareholders.

The IFA Letter is reproduced and appended as Appendix A to this Circular and Shareholders are advised to read the IFA Letter carefully.

Provenance Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and its IFA Letter, and all references thereto in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

8. STATEMENT FROM THE AUDIT COMMITTEE

Having reviewed the terms, rationale and benefit of the Proposed IPT Mandate, the Audit Committee confirms that it does not take a different view from the Independent Financial Adviser's opinion as set out in the IFA Letter and in Section 7 of this Circular.

9. DIRECTORS' RECOMMENDATION

The Proposed Share Purchase Mandate

The Directors, save for Mr. Tan Wee Han, are of the opinion that the Proposed Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors, save for Mr. Tan Wee Han, recommend that Shareholders vote in favour of the ordinary resolution pertaining to the Proposed Share Purchase Mandate to be proposed at the Company's EGM.

10. NON-INTERESTED DIRECTORS' RECOMMENDATION

The Proposed IPT Mandate

Having considered, among other things, the rationale for the Proposed IPT Mandate, the benefits of the Proposed IPT Mandate to our Group, and the opinion of the IFA, the Non-Interested Directors are unanimously of the opinion that the Proposed IPT Mandate is in the best interests of the Company. The Non-Interested Directors unanimously agree that the guidelines and review procedures for determining the pricing and terms of the IPTs as stated in Section 5.6 (Guidelines and Review Procedures for the IPTs) of this Circular for IPTs to be entered into pursuant to the Proposed IPT Mandate are sufficient to ensure that IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, the Non-Interested Directors unanimously recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed IPT Mandate as set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

11. ABSTENTION FROM VOTING

The Proposed Share Purchase Mandate

The Relevant Persons will abstain from voting at the EGM in respect of the ordinary resolution relating to the Proposed Share Purchase Mandate in view of Note 3(iii) of Appendix 2 of the Take-over Code and would not accept nominations as proxy or otherwise for voting at the EGM in respect of the said ordinary resolution.

The Relevant Persons have also undertaken to ensure that their associates will abstain from making any recommendation and from voting at the EGM in respect of the ordinary resolution relating to the Proposed Share Purchase Mandate and would not accept nominations as proxy or otherwise for voting at the EGM relating to the Proposed Share Purchase Mandate.

The Proposed IPT Mandate

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, the Interested Persons will abstain and have undertaken to ensure that their associates will abstain from voting on the resolution approving the Proposed IPT Mandate. As such, Mr. Peter Lim and his associates shall abstain from voting at the EGM on the ordinary resolution relating to the Proposed IPT Mandate.

Mr. Peter Lim and his associates will also decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the Proposed IPT Mandate, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said resolution.

Save as disclosed, our Company is not aware of any of its Directors or Controlling Shareholders having any interest, direct or indirect, in the Proposed IPT Mandate.

12. 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 Share Purchase Mandate and the Proposed IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the 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.

13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 43 to 45 of this Circular, will be held on 28 April 2016 at Parkroyal on Pickering, William Ballroom, Level 2, 3 Upper Pickering Street, Singapore 058289 at 11.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM to be convened on the same day and at the same venue) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the Notice of EGM.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

14.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wishes to appoint a proxy/proxies to attend and vote on their behalf will find enclosed with this Circular, a proxy form ("**Shareholder 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

LETTER TO SHAREHOLDERS

Company, 8 Pioneer Road North, Singapore 628460, not less than 48 hours before the time appointed for the holding of 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 in place of his proxy/proxies if he finds that he is able to do so. In such event, the Proxy Form will be deemed to be revoked.

14.2 Depositors

Depositors who wish to attend and vote at the EGM and whose names are shown in the records of CDP as at a time no later than 72 hours prior to the time of the EGM, may attend as CDP's proxies. Such Depositors who are individuals and who wish to attend the EGM in person need not take any further action and can attend and vote at the EGM without the lodgement of any proxy form. Such Depositors who are unable to attend personally and wish to appoint a nominee or nominees to attend and vote on his behalf, and such Depositors who are not individuals, will find enclosed with 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, 8 Pioneer Road North, Singapore 628460, not less than 48 hours before the time appointed for the holding of the EGM. The completion and return of a Proxy Form by a Depositor who is an individual does not preclude him from attending and voting in person at the EGM in place of his nominee(s) if he finds he is able to do so. In such event, the CDP proxy form appointing his nominees will be deemed to be revoked.

15. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company, 8 Pioneer Road North, Singapore 628460, during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Articles of the Company;
- (b) the audited financial statements of the Company for FY2015;
- (c) the annual report of the Company for the financial year ended 31 December 2015;
- (d) the IFA Letter; and
- (e) the letter of consent from the Independent Financial Adviser referred to in Section 7 of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
SECURA GROUP LIMITED

Paul Lim Choon Wui
Executive Director and Chief Executive Officer
13 April 2016

APPENDIX A – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED IPT MANDATE

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

13 April 2016

To: The Non-Interested Directors of Secura Group Limited
(deemed to be independent in respect of the Proposed IPT Mandate)

Dr Ho Tat Kin	(Chairman and Independent Director)
Mr Paul Lim Choon Wui	(Executive Director and Chief Executive Officer)
Ms Lim Siok Leng	(Executive Director)
Mr Tan Wee Han	(Non-Executive, Non-Independent Director)
Mr Lock Wai Han	(Non-Executive, Non-Independent Director)
Mr Gary Ho Kuat Foong	(Independent Director)
Mr Ong Pang Liang	(Independent Director)

Dear Sirs / Madam,

THE PROPOSED IPT MANDATE

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company (“Shareholders”) dated 13 April 2016 (“Circular”).

1. INTRODUCTION

1.1 Secura Group Limited (“**Company**” and together with its subsidiaries, “**Group**”) is principally engaged in the business of providing security products, services and solutions. The Group’s suite of security offerings includes, *inter alia*, the provision of unarmed, manned security guarding services, security consulting, risk assessment, tender management and project management solutions (“**Security Guarding, EP Services and Security Consulting Solutions**”).

1.2 The Group was formed on 15 January 2016 through a merger of the Secura group of companies and the Soverus group of companies, and the Company became the holding company of the Group. Soverus group of companies provides security consultancy and other security-related services while the Secura group of companies provides security printing services.

Kestrel Investments Pte. Ltd. (“**Kestrel Investments**”) is a controlling shareholder of the Company, holding 38.7% shareholding interest in the Company as at the Latest Practicable Date. Kestrel Investments is wholly owned by Mr Lim Eng Hock (“**Mr Peter Lim**”), who has a direct interest in the entire issued share capital of Kestrel Investments. Accordingly, Mr Peter Lim has 38.7% deemed shareholding interest in the Company and is a controlling shareholder of the Company.

1.3 It is envisaged that the Group would, in the ordinary course of business and on a recurrent basis, provide Security Guarding, EP Services and Security Consulting Solutions to Mr Peter Lim and/or his associates. As Mr Peter Lim is a controlling shareholder of the Company, pursuant to Chapter 9 of the Listing Manual Section B: Catalyst Rules of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”), Mr Peter Lim and his associates (including Kestrel Investments) would be deemed as interested persons (“**Interested Persons**”) in such transactions. Hence, transactions entered into between the Group and the Interested Persons constitute as interested person transactions (“**Interested Person Transactions**”).

1.4 In view of the time-sensitive nature of such commercial transactions, and the need for efficient conduct of business which may include entering into such Interested Person Transactions

APPENDIX A – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED IPT MANDATE

which are recurring in nature and in the ordinary course of business, the Company is proposing to seek Shareholders' approval for the proposed adoption of a general mandate ("**Proposed IPT Mandate**") in respect of the Interested Person Transactions between the Group and the Interested Persons.

- 1.5 Pursuant to Chapter 9 of the Catalist Rules, a circular to Shareholders seeking their approval for a general mandate must include, amongst others, an independent financial adviser's ("**IFA**") opinion on whether the methods or procedures in determining the prices of the interested person transactions 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 issuer and its minority shareholders. Shareholders' approval must be obtained for any interested person transaction of a value which is equal to or more than 5.0% of the issuer's latest audited net tangible assets ("**NTA**") or when aggregated with other interested person transactions with the same interested person during the same financial year, the value is equal to or more than 5.0% of the issuer's latest audited NTA.
- 1.6 Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed as the IFA to render an opinion to the directors of the Company who are deemed independent in respect of the Proposed IPT Mandate ("**Non-Interested Directors**") on whether the guidelines and review procedures for determining the prices of the Interested Person Transactions, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Proposed IPT Mandate will be subject to Shareholders' approval in the Extraordinary General Meeting ("**EGM**") to be convened.

As at the Latest Practicable Date, all the Directors are deemed as Non-Interested Directors for the purposes of making a recommendation to the Shareholders in respect of the Proposed IPT Mandate.

- 1.7 This letter ("**Letter**") is addressed to the Non-Interested Directors and is to be incorporated into the Circular which provides, *inter alia*, the details of the Proposed IPT Mandate and the recommendations of the Non-Interested Directors thereon.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Non-Interested Directors in respect of the Proposed IPT Mandate. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the Proposed IPT Mandate nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed IPT Mandate or to obtain the approval of the Shareholders for, *inter alia*, the Proposed IPT Mandate, and we do not, by this Letter, warrant the merits of the Proposed IPT Mandate, other than to express an opinion on whether the guidelines and review procedures set out in the Proposed IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed IPT Mandate or to compare their relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future and we have not made such evaluation or comments. Such evaluation or comments, if any, remains the sole responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In rendering our opinion, we have held discussions with the Directors, the Management and/or their professional advisers (if applicable) and have examined and relied to a considerable extent on the information set out in the Circular, other publicly available information collated by us and the information, representations, opinions, facts and statements provided to us, whether written

APPENDIX A – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED IPT MANDATE

or verbal, by the Directors, the Management and/or the professional advisers (if applicable). Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, to the best of their respective knowledge and belief, and having made all reasonable enquiries, information and representations as provided by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and beliefs, all material information available to them in connection with the Proposed IPT Mandate, the Company and the Group, have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the Proposed IPT Mandate have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiry and judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

We would like to highlight that all information relating to the Company and the Group that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and the Management and where applicable, the professional advisers. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company or the Group at any time or as at the Latest Practicable Date.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group. Such review or comment, if any, remain the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Catalist Rules and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We were also not required or authorised to obtain, and we have not obtained, any quotation or transaction price from third parties for the sale, purchase, provision or supply (where applicable) of services and/or products similar to those which are to be covered by the Proposed IPT Mandate, and therefore are not able to, and will not compare the transactions with similar transactions with third parties.

Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information provided and representations provided to us as of the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors or the Company, we have taken into account certain other factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to the Proposed IPT Mandate, which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and

APPENDIX A – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED IPT MANDATE

constraints of any Shareholder or any specific group of Shareholders. As each Shareholder would have different investment objectives and profiles, we recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

We have prepared this Letter for the use of the Non-Interested Directors in connection with their consideration of the Proposed IPT Mandate and their advice to the Shareholders arising thereof. The recommendations made to the Shareholders in relation to the Proposed IPT Mandate remains the sole responsibility of the Non-Interested Directors.

Our opinion in relation to the Proposed IPT Mandate should be considered in the context of the entirety of this Letter and the Circular.

3. THE PROPOSED IPT MANDATE

3.1 Rationale for and benefits of the Proposed IPT Mandate

The full text of the rationale for and the benefits of adopting the Proposed IPT Mandate can be found in Section 5.3 of the Circular, which is reproduced in italics below:

*“It is envisaged that the Group will in its ordinary course of business, continue to enter into transactions providing Security Guarding, EP Services and Security Consulting Solutions to the Interested Persons (collectively, the “**IPTs**”). Such transactions are recurring transactions that are likely to occur with some degree of frequency and are part of the day-to-day operations of the Group, and could arise any time.*

Given that the IPTs are of a revenue nature primarily and are expected to be recurrent and occur at any time, and due to time-sensitive nature of these transactions, obtaining the Proposed IPT Mandate pursuant to Chapter 9 of the Catalist Rules will enable the Group, in the ordinary course of business, to undertake such transactions in a more expeditious manner. Our Directors are seeking the approval of our Shareholders for the Proposed IPT Mandate in respect of the IPTs for the purposes of Chapter 9 of the Catalist Rules and for our Group to enter into the IPTs, provided such IPTs are made on normal commercial terms and are in the interests of the Company and not prejudicial to the interest of our Company and our minority Shareholders.

In addition, the Proposed IPT Mandate will enhance the Group’s ability to pursue business opportunities which are time-sensitive, revenue and trading in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholder’s prior approval for the entry by the relevant entity in the Group into such IPTs. As such IPTs are also carried out by the Group in its ordinary course of business and/or which are necessary for its day-to-day operations (but not in respect of the purchase or sale of assets, undertakings or businesses), the Proposed IPT Mandate will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives without compromising existing corporate objectives and adversely affecting the business opportunities available to the Company owing to the time-sensitive nature of commercial transactions.

The Proposed IPT Mandate is intended to facilitate the IPTs in the normal course of business of the Group, which are recurrent in nature or necessary for the day-to-day operations of the Group and which may be transacted from time to time with the 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 A – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED IPT MANDATE

3.2 Classes of Interested Persons

The Proposed IPT Mandate will apply to the Interested Person Transactions to be carried out between the Group and Mr Peter Lim and/or his associates.

3.3 Nature and scope of the Interested Person Transactions

The Proposed IPT Mandate will cover Interested Person Transactions relating to the provision of Security Guarding, EP Services and Security Consulting Solutions to the Interested Persons in the ordinary course of the Group's business and on a recurrent basis.

The Proposed IPT Mandate will cover only such recurrent Interested Person Transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations, which are entered into in the ordinary course of business. For the avoidance of doubt, any purchase or sale of any assets, undertakings or businesses will not be covered under the Proposed IPT Mandate.

The Proposed IPT Mandate will also not cover any transaction, by any member of the Group, with an Interested Person, where such transaction is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

Transactions with Interested Persons that do not fall within the ambit of the Proposed IPT Mandate will be subject to the requirements of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

3.4 Guidelines and review procedures for the Interested Person Transactions

The full text of the guidelines and review procedures for the Interested Person Transactions can be found in Section 5.6 titled "Guidelines and Review Procedures for the IPTs" of the Circular.

To ensure that the Interested Person Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Company has put in place the following guidelines and review procedures for the Interested Person Transactions under the Proposed IPT Mandate:

- (i) The general manager of the relevant Group's entity which is providing the services in the Interested Person Transaction (each having no interest, direct or indirect, in the Interested Person Transaction) shall review and compare the pricing and terms of the Interested Person Transaction with two other transactions of a similar nature with non-interested persons. Any Interested Person Transaction entered into with the Interested Persons should be on pricing and terms which are no more favourable to the Interested Persons than the usual commercial terms extended to non-interested third parties, after taking into account, the relevant factors such as the value of the contract, the nature of the product, delivery schedules, order quantity, the nature of the services to be provided, customer requirements and specifications, duration and/or other relevant specifications of the contract.

Where it is not possible to make a comparison with two other transactions of a similar nature with non-interested persons, the Interested Person Transaction will be referred to the Company's audit committee ("**Audit Committee**"). The Audit Committee will then determine whether the pricing and terms of the Interested Person Transaction are consistent with the Group's usual business practices and are beneficial to the interests of the Group after taking into account factors such as, but not limited to, the value of the contract, the nature of the product, delivery schedules, order quantity, the nature of services to be provided, customer requirements and specifications, duration and/or other relevant specifications of the contract. The Audit Committee may, as it deems fit, request for additional information pertaining to the Interested Person Transactions from independent sources or advisers; and

APPENDIX A – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED IPT MANDATE

- (ii) Before entering into any Interested Person Transaction, all such transactions will be subject to review and pre-approval by the relevant authority within the Group based on the value of the Interested Person Transaction. The Interested Person Transaction approval matrix is laid out in the table below:

	Value of each Interested Person Transaction	Approving Authorities <i>(each having no interest, direct or indirect, in the Interested Person Transaction)</i>
1.	less than S\$100,000	Chief Financial Officer
2.	equal to, or exceeding S\$100,000, but less than S\$500,000	Chief Executive Officer and Chief Financial Officer
3.	equal to, or exceeding S\$500,000	Audit Committee

In the event that any member of the Audit Committee has an interest in any Interested Person Transaction under consideration for approval, he shall abstain from reviewing and approving the Interested Person Transaction. Such transaction will be reviewed and approved by the remaining members of the Audit Committee (each having no interest, direct or indirect, in the Interested Person Transaction).

In the event that the Chief Executive Officer or Chief Financial Officer has an interest in any Interested Person Transaction under consideration for approval, he shall also abstain from reviewing and approving the Interested Person Transaction. Such transaction will be reviewed and approved by another person with appropriate seniority in the Group (each having no interest, direct or indirect, in the Interested Person Transaction).

The Non-Interested Directors are of the view that the approval thresholds based on the value of the Interested Person Transactions are reasonable having taken into account the values of past transactions and anticipated values of potential transactions in relation to the provision of Security Guarding, EP Services and Security Consulting Solutions by the Group to the Interested Persons.

The additional guidelines and review procedures to supplement the above guidelines and procedures are set out in Section 5.6.2 of the Circular. These include: (i) maintaining registers of Interested Persons and Interested Person Transactions; (ii) review by Audit Committee; (ii) review by internal auditors; (iii) review by external auditors; and (iv) review by Directors.

3.5 Validity period of the Proposed IPT Mandate

The Proposed IPT Mandate is subject to Shareholders' approval at the EGM. If approved by the Shareholders at the EGM, the Proposed IPT Mandate will take effect from the passing of the ordinary resolution in respect of the Proposed IPT Mandate, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting ("**AGM**").

Approval from the Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the Interested Person Transactions with the Interested Persons.

3.6 Disclosures

The full text on the disclosure requirements to the Shareholders relating to the Interested Person Transactions, under the Proposed IPT Mandate, pursuant to Chapter 9 of the Catalyst Rules, can be found in Section 5.8 of the Circular.

APPENDIX A – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED IPT MANDATE

4. OPINION

In arriving at our opinion in respect of the Proposed IPT Mandate, we have considered, *inter alia*, the following:

- (a) rationale for and benefits of the Proposed IPT Mandate;
- (b) classes of Interested Persons;
- (c) nature and scope of the Interested Person Transactions; and
- (d) guidelines and review procedures for the Interested Person Transactions.

Based on the above, we are of the opinion that the guidelines and review procedures for determining the pricing and terms of the Interested Person Transactions as set out in Section 5.6 of the Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Our opinion is addressed to the Non-Interested Directors for the purpose of their consideration of the Proposed IPT Mandate, and the recommendation to be made by them to Shareholders shall remain the sole responsibility of the Non-Interested Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for the purpose of any matter which does not relate to the Proposed IPT Mandate at any time and in any manner without our prior written consent in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

SECURA GROUP LIMITED

(Incorporated in the Republic of Singapore on 14 August 2015)
(Company Registration Number: 201531866K)

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of **SECURA GROUP LIMITED** (the “**Company**”) will be held at Parkroyal on Pickering, William Ballroom, Level 2, 3 Upper Pickering Street, Singapore 058289 on Thursday, 28 April 2016 at 11.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue) for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions:

All capitalised terms in the Resolutions below and defined in the Circular dated 13 April 2016 to the Shareholders of the Company (the “**Circular**”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.

RESOLUTION 1: ORDINARY RESOLUTION

PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the directors of the Company (the “**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) an on-market purchase (“**Market Purchase**”) transacted on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and/or
 - (ii) an off-market purchase (“**Off-Market Purchase**”) effected pursuant to an equal access scheme (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act,and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (“**Share Buy-Back Mandate**”);
- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by an ordinary resolution of shareholders of the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back 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 earliest of:
 - (i) the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is earlier;
 - (ii) the date on which the authority conferred by the Share Buy-Back Mandate, if renewed, is revoked or varied by Shareholders in general meeting; or
 - (iii) the date on which Share Buy-Backs are carried out to the full extent mandated;

NOTICE OF EXTRAORDINARY GENERAL MEETING

(d) in this Resolution:

“Maximum Limit” means 10% of the issued Shares as at the date of the passing of this Ordinary Resolution;

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duty, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 5% above the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on the SGX-ST, on which transactions in the Shares recorded immediately preceding the day of the Market Purchase and deemed to be adjusted for any corporate action occurring after such 5-Market Day period; and
- (ii) in the case of an Off-Market Purchase, 20% above the average of the closing market prices of the Shares over the last five (5) consecutive Market Days on the SGX-ST, on which transactions in the Shares recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme; and

“Market Day” means a day on which the SGX-ST is open for trading in securities; and

(e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

RESOLUTION 2: ORDINARY RESOLUTION

PROPOSED ADOPTION OF THE IPT MANDATE

That:-

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (**“Chapter 9”**), for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into the IPTs with the Interested Persons, provided that such transactions are (i) made on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders and (ii) in accordance with the review procedures for such IPTs (the **“Proposed IPT Mandate”**);
- (b) the Proposed IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and
- (c) the Non-Interested Directors of the Company and each of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the Proposed IPT Mandate as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

By Order of the Board

NG TZE LEE

Company Secretary

Singapore
13 April 2016

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:-

- (1) A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one proxy or two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (2)
 - (a) A member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend and vote at the Extraordinary General Meeting (the "**Meeting**").
 - (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

- (3) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Pioneer Road North, Singapore 628460, not less than 48 hours before the time appointed for the meeting.
- (4) The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her 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 any officer or attorney duly authorised.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable 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.

PROXY FORM

SECURA GROUP LIMITED

Company Registration No. 201531866K
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see note 4 for the definition of "Relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____

of _____

being a member/members of Secura Group Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting (as hereinafter defined) as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "Meeting") of the Company to be held at Parkroyal on Pickering, William Ballroom, Level 2, 3 Upper Pickering Street, Singapore 058289 on Thursday, 28 April 2016 at 11.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue). I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾
1	The Proposed Share Purchase Mandate		
2	The Proposed IPT Mandate		

If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable



PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, 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 appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means

- (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) ("**Act**"), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Pioneer Road North, Singapore 628460, not less than 48 hours before the time appointed for the Meeting.
 7. 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 seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 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 Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 13 April 2016.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.