

CIRCULAR DATED 23 MARCH 2017

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

This Circular is issued by Nam Cheong Limited (“**Company**”). If you are in any doubt as to the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should at once hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

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



NAM CHEONG LIMITED

(Registration No. 25458)
(Incorporated in Bermuda)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	22 April 2017 at 10.15 a.m.
Date and time of Special General Meeting	:	24 April 2017 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)
Place of Special General Meeting	:	Grand Copthorne Waterfront Hotel Waterfront Ballroom, Level 2 392 Havelock Road Singapore 169663

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DEFINITIONS

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

- “2016 Mandate”** : Has the meaning ascribed to it in Section 2.1 of this Circular;
- “Act”** : The Companies Act (Chapter 50) of Singapore, as may be amended or modified from time to time;
- “AGM”** : The annual general meeting of the Company;
- “Associate”** : (a) In relation to any 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.
- (b) in relation to a controlling shareholder (being a company) means any other company which 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;
- “Associated Company”** : A company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- “Average Closing Price”** : Has the meaning ascribed to it in Section 2.3(d) of this Circular;
- “Bermuda Companies Act”** : The Companies Act 1981 of Bermuda, as amended or modified from time to time;
- “Board”** : The Board of Directors of the Company, as at the date of this Circular;
- “Bye-laws”** : The bye-laws of the Company as amended, supplemented or modified from time to time;
- “CDP”** : The Central Depository (Pte) Limited;
- “Circular”** : This circular to Shareholders dated 23 March 2017 in respect of the proposed renewal of the Share Buy-Back Mandate;

DEFINITIONS

“Company”	:	Nam Cheong Limited;
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding Treasury Shares in the Company (the SGX-ST may determine that a person who satisfies the above is not a controlling shareholder); or (b) in fact exercises control over the Company;
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
“Director”	:	A director of the Company as at the date of this Circular;
“EPS”	:	Earnings per Share;
“Executive Director”	:	A director of the Company who performs an executive function;
“FY”	:	Financial year ended or ending 31 December, as the case may be;
“Group”	:	The Company and its subsidiaries;
“Highest Last Dealt Price”	:	Has the meaning ascribed to it in Section 2.3(d) of this Circular;
“Independent Director”	:	Any independent director of the Company as may be appointed from time to time;
“Latest Practicable Date”	:	9 March 2017, being the latest practicable date prior to the despatch of this Circular;
“Listing Manual” or “Listing Rules”	:	The listing manual of the SGX-ST and its relevant rule(s), as amended or modified from time to time;
“Market Day”	:	A day on which the SGX-ST is open for trading in securities;
“Memorandum and Bye-laws”	:	Memorandum of Association and Bye-laws of the Company;
“Minimum Free Float”	:	Has the meaning ascribed to it in Section 2.11 of this Circular;
“Non-Executive Director”	:	Any director of the Company, which shall include any Independent Director, who performs a non-executive function;

DEFINITIONS

“Notes”	:	Collectively, (a) the S\$90,000,000 5.00 per cent. fixed rate notes issued on 28 August 2013 and listed on the Official List of the SGX-ST on 29 August 2013; (b) the S\$200,000,000 5.05 per cent. fixed rate notes due 2019 issued on 26 August 2014 and listed on the Official List of the SGX-ST on 27 August 2014; and (c) the S\$75,000,000 6.5 per cent fixed rate notes due 2018 issued on 23 July 2015 and listed on the Official List of the SGX-ST on 24 July 2015, under the Company’s S\$200,000,000 (which was increased to S\$600,000,000 as announced by the Company on 17 December 2013) multi-currency medium term note programme pursuant to the Information Memorandum issued on 12 October 2012;
“NTA”	:	Net tangible assets;
“Off-Market Share Purchases”	:	Has the meaning ascribed to it in Section 2.3(c)(ii) of this Circular;
“On-Market Share Purchases”	:	Has the meaning ascribed to it in Section 2.3(c)(i) of this Circular;
“Relevant Period”	:	The period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required to be held, or the date on which the purchases of Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or superseded by resolution of the Shareholders in general meeting;
“Securities Accounts”	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent;
“SGM”	:	The special general meeting of the Company to be held on 24 April 2017 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place) the notice of which is set out on page SGM-1 of this Circular;
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited;
“Share Buy-Back Mandate”	:	The proposed general mandate to be given by the Shareholders to authorise the Directors to exercise all powers of the Company to purchase or acquire on behalf of the Company, Shares in accordance with the terms set out in this Circular;
“Share Purchase”	:	The purchase of Shares by the Company pursuant to the Share Buy-Back Mandate;

DEFINITIONS

“Shareholders”	:	Registered holders of the Shares;
“Shares”	:	Ordinary shares of a par value of HK\$0.50 each in the share capital of the Company;
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares of the Company;
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers;
“Treasury Share”	:	A Share 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;

Currencies, Units and Others

“%” or “per cent”	:	Percentage or per centum;
“HK\$”	:	Hong Kong dollar, being the lawful currency of Hong Kong;
“RM” and “Sen”	:	Malaysian ringgit and sen, respectively, being the lawful currency of Malaysia; and
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore.

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.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Bermuda Companies Act, the Listing Manual or any statutory modification thereof, and used in this Circular but not defined herein, shall have the meaning assigned to it under the Act, the Bermuda Companies Act, the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

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

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

DEFINITIONS

All discrepancies in figures included in this Circular between the amounts shown 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.

Unless otherwise stated, the following exchange rate has been used in this Circular: S\$1.00: RM3.14824.

The exchange rate as set out above is used for illustration purposes only and should not be construed as a representation that the relevant amounts have been or could be converted at the rate above or at any other rate or at all.

LETTER TO SHAREHOLDERS

NAM CHEONG LIMITED

(Registration No. 25458)
(Incorporated in Bermuda)

Directors

Tan Sri Datuk Tiong Su Kouk (Executive Chairman)
Tiong Chiong Hiiung (Executive Vice Chairman)
Leong Seng Keat (Chief Executive Officer)
Ajaib Hari Dass (Lead Independent Director)
Yee Kit Hong (Independent Director)
Kan Yut Keong, Benjamin (Independent Director)

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

23 March 2017

To: The Shareholders of the Company

Dear Sir/Madam,

1. INTRODUCTION

- 1.1 The Board has convened a special general meeting to be held on 24 April 2017 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place) to seek the Shareholders' approval for the proposed renewal of the Share Buy-Back Mandate.
- 1.2 The purpose of this Circular is to provide the Shareholders with information relating to, the proposed renewal of the Share Buy-Back Mandate.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Introduction

- 2.1.1 The Share Buy-Back Mandate is a general mandate to be given by the Shareholders that allows the Company to purchase or acquire its issued Shares at any time during the duration and on the terms of the Share Buy-Back Mandate. It is a requirement under the Bye-laws that for so long as the Shares are listed on the SGX-ST, the prior approval of the Shareholders in a general meeting must be obtained before any power of the Company to purchase or otherwise acquire its own Shares may be exercised by the board of directors of the Company. The Share Buy-Back Mandate was first approved by the Shareholders at a special general meeting of the Company held on 30 December 2011 and the authority conferred on the Directors pursuant to the said Share Buy-Back Mandate expired at the conclusion of the AGM or the date by which such AGM was required to be held, whichever is earlier.
- 2.1.2 At the special general meeting held on 25 April 2016, the Shareholders had approved a resolution stated as Resolution 1 in the notice of the special general meeting dated 24 March 2016 in relation to the renewal of the Share Buy-Back Mandate (the "**2016 Mandate**"). The authority conferred on the Directors pursuant to the 2016 Mandate will expire on the conclusion of the next AGM following the passing of the said resolution or the date by which such AGM is required to be held, whichever is the earlier, and, as such, the 2016 Mandate would be expiring on 24 April 2017, being the date of the forthcoming AGM.

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Although the Company has not undertaken any purchases or acquisitions of its Shares pursuant to the authority conferred by the 2016 Mandate, it is proposed nonetheless that such authority be renewed. Accordingly the renewal of the Share Buy-Back Mandate will be tabled as an ordinary resolution for Shareholders' approval at the SGM.

2.2 Rationale for the Proposed Renewal of the Share Buy-Back Mandate

2.2.1 The Company proposes to seek Shareholders' approval for the proposed renewal of the Share Buy-Back Mandate to give Directors the flexibility to undertake share purchases or acquisitions up to the 10% limit described in Section 2.3 below at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force.

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

- (a) In managing the business of the Group, management strives to increase Shareholders' value by improving, *inter alia*, EPS, NTA, and the return on equity of the Group. A Share Purchase made at an appropriate price level is one of the ways through which the EPS, NTA and the return on equity of the Group may be enhanced.
- (b) The Directors believe that the Share Buy-Back Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above the Group's working capital requirements in an expedient and cost efficient manner.
- (c) Share repurchase programmes also allow the Directors to exercise control over the Company's share structure and, depending on market conditions, may lead to an enhancement of the EPS of the Group. The Directors further believe that Share Purchases may also help to mitigate short-term market volatility and to offset the effects of share price speculation and, in turn, bolster shareholder confidence and employee morale.

2.2.3 The Share Purchases will only be undertaken as and when the Directors consider it to be in the best interests of the Company and the Shareholders. No purchases or acquisitions of Shares will be made in circumstances which the Directors believe will have or may have a material adverse effect on the liquidity and the orderly trading of the Shares and the working capital requirements and gearing level of the Company and the Group.

2.2.4 If and when circumstances permit, the Directors will decide whether to effect the Share Purchases via On-Market Share Purchases (as defined in Section 2.3(c)(i) of this Circular) or Off-Market Share Purchases (as defined in Section 2.3(c)(ii) of this Circular), after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

2.2.5 Any Share Purchase will have to be made in accordance with, and in the manner prescribed by, the Bermuda Companies Act, the Memorandum and Bye-laws and such other laws and regulations as may, for the time being, be applicable. As the Company is listed on the SGX-ST, it is also required to comply with Part XIII of Chapter 8 of the Listing Manual, which relates to the purchase or acquisition of issued ordinary shares in the capital of a company listed on the SGX-ST.

LETTER TO SHAREHOLDERS

2.3 Authority and limits of the Share Buy-Back Mandate

The authority and limitations placed on Share Purchases by the Company under the proposed renewal of the Share Buy-Back Mandate, if approved at the SGM, are summarised below:

(a) Maximum number of Shares

As at the Latest Practicable Date, the issued and paid-up share capital (excluding Treasury Shares) of the Company is HK\$1,048,232,942.50 comprising 2,096,465,885 Shares of par value HK\$0.50 each.

Only Shares that are issued and fully paid-up may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

Under the Bermuda Companies Act, there is no prescribed limit to the maximum number of Shares which can be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate, save that the Company may not acquire its own Shares to be held as Treasury Shares if, as a result of the acquisition, all of the Company's issued Shares, other than the Shares to be held as Treasury Shares, would be non-voting Shares. In addition, the Company may not acquire its own Shares if as a result thereof, the issued share capital of the Company would be reduced below the minimum subscribed capital specified in its Memorandum of Association. The Memorandum of Association of the Company states that the minimum subscribed share capital of the Company is HK\$100,000.

However, the Company shall, in accordance with Rule 882 of the Listing Manual, limit the maximum number of Shares that may be purchased or acquired pursuant to the Share Buy-Back Mandate to that number of Shares representing not more than 10% of the issued and paid-up Shares (excluding Treasury Shares) in the capital of the Company, ascertained as at the date of the SGM. In the event the Company effects, at any time during the Relevant Period, a reduction of its share capital in accordance with the applicable provisions of the Bermuda Companies Act, the issued and paid-up share capital of the Company shall be taken to be the amount of the issued and paid-up share capital of the Company as altered (excluding any Treasury Shares that may be held by the Company from time to time).

Based on the issued and paid-up share capital of the Company as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the SGM, the purchase by the Company of up to the maximum limit of ten per cent (10%) of its issued and paid-up Shares (excluding Treasury Shares, if any) will result in the purchase or acquisition of up to 209,646,588 Shares.

As at the Latest Practicable Date, 6,678,597 issued Shares are held as Treasury Shares.

Under the Bermuda Companies Act, no acquisition by a company of its own shares for cancellation or to be held as treasury shares may be effected if on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the acquisition would be, unable to pay its liabilities as they become due.

LETTER TO SHAREHOLDERS

(b) Duration of authority

Under the Share Buy-Back Mandate, Share Purchases may be made, at any time and from time to time, commencing from the date of the passing of the resolution approving the renewal of the Share Buy-Back Mandate at the SGM, up to the earliest of:

- (i) the conclusion of the next AGM;
- (ii) the date by which such AGM is required to be held;
- (iii) the date on which Share Purchases are carried out to the full extent mandated;
or
- (iv) the date on which the authority granted by the Share Buy-Back Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

The authority conferred on the Directors by the Share Buy-Back Mandate to purchase or acquire Shares may be renewed at each AGM or other general meeting of the Company.

(c) Manner of Share Purchases

Share Purchases may be made by way of:

- (i) on-market purchases through the SGX-ST's ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**On-Market Share Purchases**"); and/or
- (ii) off-market purchases (if effected otherwise than on the SGX-ST) pursuant to an equal access scheme(s) (as defined in Section 76C of the Act), which scheme(s) shall satisfy all the conditions prescribed by Section 76C and the Listing Manual ("**Off-Market Share Purchases**").

The Directors may impose such terms and conditions, which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual, the Bye-laws, the Bermuda Companies Act and Section 76C of the Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

While the Company is not bound by Section 76C of the Act, any equal access scheme pursuant to the Share Buy-Back Mandate will need to satisfy the conditions of Section 76C of the Act. Under Section 76C of the Act, an equal access scheme must satisfy all of the following conditions:

- (i) offers for the Share Purchases shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

LETTER TO SHAREHOLDERS

- (iii) the terms of all the offers are the same, except that there shall be disregarded:
 - (A) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;
 - (B) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed Share Purchase;
 - (iv) the consequences, if any, of the Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
 - (v) whether the Share Purchase, if made, could affect the listing of the Shares on the Official Listing of SGX-ST;
 - (vi) details of any Share Purchase made by the Company in the previous 12 months (whether On-Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
 - (vii) whether the Shares purchased will be cancelled or kept as Treasury Shares.
- (d) Maximum Purchase Price

The purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for a Share pursuant to the Share Purchases as determined by the Directors must not exceed:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Highest Last Dealt Price (as defined hereinafter) of the Shares,

LETTER TO SHAREHOLDERS

in either case, excluding related expenses of the Share Purchase (“**Maximum Price**”). For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last 5 Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the making of the On-Market Share Purchase or, as the case may be, immediately preceding the date of making an announcement by the Company of an offer for an Off-Market Share Purchase and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period.

“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Share immediately preceding the day of the making of the offer pursuant to the Off-Market Share Purchase.

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

2.4 Status of purchased Shares

2.4.1 Any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on such cancellation) unless such Share is purchased or acquired to be held, and is held by the Company as a Treasury Share. Where Shares purchased or acquired are cancelled and not held as Treasury Shares, the issued share capital of the Company will be diminished by the aggregate nominal value of such Shares purchased or acquired by the Company. This shall not be taken as reducing the Company’s authorised share capital.

2.4.2 Any Shares purchased or acquired by the Company (and not held as Treasury Shares by the Company) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase.

2.4.3 Treasury Shares

(a) Purchased Shares held as Treasury Shares

Under the Bermuda Companies Act, a company may purchase its own shares if authorised to do so by its memorandum of association or bye-laws. The shares so purchased may either be cancelled or, if authorised by its memorandum of association or bye-laws, be held as treasury shares. If the shares purchased are cancelled, the amount of the company’s issued share capital shall be diminished by the nominal value of those shares, but the cancellation of shares shall not be taken as reducing the amount of the company’s authorised share capital. Under the laws of Bermuda, if a company holds shares as treasury shares, the company shall be entered in the register of members of the company as the member holding those treasury shares but the company is not permitted to exercise any rights in respect of those treasury shares.

LETTER TO SHAREHOLDERS

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

(b) Voting and other rights

The Company cannot exercise any rights in respect of Treasury Shares, including any right to attend or vote at meetings, and any purported exercise of such a right is void.

In addition, no dividend may be paid, and no other distribution of the Company's assets (whether in cash or otherwise) 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. Any such bonus Shares so allotted shall be treated for the purposes of the Bermuda Companies Act as if they had been acquired by the Company at the time they were allotted.

(c) Disposal and cancellation

Where purchased Shares are held as Treasury Shares, the Company may:

- (i) continue to hold all or any of such Treasury Shares;
- (ii) dispose of or transfer all or any of the Treasury Shares for cash or other consideration; or
- (iii) cancel all or any of the Treasury Shares.

In the event of any sale, transfer and/or cancellation of Treasury Shares, the Company will immediately make an announcement stating the following:

- (i) day of the sale, transfer and/or cancellation;
- (ii) purpose of such sale, transfer and/or cancellation;
- (iii) number of Treasury Shares sold, transferred and/or cancelled;
- (iv) number of Treasury Shares before and after such sale, transfer and/or cancellation;
- (v) 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 and/or cancellation; and
- (vi) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

LETTER TO SHAREHOLDERS

2.5 Source of funds

- 2.5.1 In undertaking Share Purchases, the Company may only apply funds legally available for such purchase in accordance with the Bermuda Companies Act, the Bye-laws and the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than cash or, in the case of an On-Market Share Purchase, for settlement other than in accordance with the trading rules of the SGX-ST.
- 2.5.2 Under the Bermuda Companies Act, a purchase of shares by a Bermuda company may only be funded out of the capital paid up on the shares to be purchased, or out of the funds of the company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of shares made for the purpose of the purchase. The premium, if any, payable on the purchase (i.e. the amount paid in excess of the nominal value of the shares to be purchased) must be provided for out of the funds of the company which would otherwise be available for dividend or distribution, or out of the company's share premium account before the shares are purchased. Any amount due to a shareholder by the company on purchase of its own shares may (i) be paid in cash, (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value or (iii) be satisfied partly in cash and partly by the transfer of any part of the undertaking or property of the company having the same value.
- 2.5.3 The Company may use its internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance its Share Purchases. The Directors will only make purchases or acquisitions pursuant to the Share Buy-Back Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, and would not cause the Company to be insolvent.

2.6 Financial effects of the Share Buy-Back Mandate

- 2.6.1 It is not possible for the Company to realistically calculate or quantify the impact of Share Purchases that may be made pursuant to the Share Buy-Back Mandate as the financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the Share Purchases are made by way of On-Market Share Purchases or Off-Market Share Purchases, the price at which the Share Purchases are made, the amount (if any) borrowed by the Company to fund the Share Purchases and whether the Shares are cancelled or held in treasury.

2.6.2 Purchase or acquisition out of capital or profits

Under the Bermuda Companies Act, a purchase by a Bermuda company of its own shares may only be effected (1) if there are no reasonable grounds for believing that on the date on which the purchase is to be effected the company is, or after the purchase would be, unable to pay its liabilities as they become due, (2) out of capital paid up on the purchased shares or out of the funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a share purchase over the par value of the share to be purchased must be provided for out of funds of the company which would otherwise be available for dividend or distribution or out of the company's share premium account before the share is purchased. Any amount due to a shareholder on a purchase by the company of its own shares may (a) be paid in cash; or (b) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (c) be satisfied partly under (a) and partly under (b).

LETTER TO SHAREHOLDERS

Under the Bermuda Companies Act, a purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. No purchase by a company of its own shares may be made if on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due.

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

For illustrative purposes only, the financial effects on the Company and the Group arising from the Share Purchases, based on the audited financial statements of the Company and of the Group for FY2016 are prepared on the assumptions set out below:

- (a) the number of Shares purchased was 209,464,589 Shares (representing 10% of the 2,096,465,885 issued and paid-up Shares as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as Treasury Shares on or prior to the SGM);
- (b) in the case of On-Market Share Purchases, the Maximum Price was S\$0.056 (being 5% above the Average Closing Price of the Shares for the last 5 Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date) and accordingly the maximum amount of funds required for effecting such On-Market Share Purchases (excluding brokerage, stamp duties, commission, applicable goods, and services tax and other related expenses), would amount to S\$11,740,000 (approximately RM39,961,000);
- (c) in the case of Off-Market Share Purchases, the Maximum Price was S\$0.067 (being 20% above the Highest Last Dealt Price of the Shares on the Market Day on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date) and accordingly the maximum amount of funds required for effecting such Off-Market Share Purchases (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses), would amount to S\$13,627,000 (approximately RM42,901,000);
- (d) the Share Purchases took place on 31 December 2016; and
- (e) the Share Purchases were made entirely out of the Company's capital and financed by internal cash of the Group.

LETTER TO SHAREHOLDERS

Share Purchases and Cancellation

	Group			Company		
	Before Share Purchases	After Share Purchases		Before Share Purchases	After Share Purchases	
		On-Market Share Purchase	Off-Market Share Purchase		On-Market Share Purchase	Off-Market Share Purchase
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2016						
Share capital and share premium	488,309	451,348	445,408	488,309	451,348	445,408
Shareholders' fund	1,368,033	1,331,072	1,325,132	1,321,233	1,284,272	1,278,332
NTA	1,368,033	1,331,072	1,325,132	1,321,233	1,284,272	1,278,332
Current assets	3,453,382	3,416,421	3,410,481	162,094	125,133	119,193
Current liabilities	1,851,374	1,851,374	1,851,374	300,950	300,950	300,950
Cash & cash equivalents	301,493	264,532	258,592	61,511	24,550	18,610
Total borrowings	1,823,501	1,823,501	1,823,501	1,141,685	1,141,685	1,141,685
Net borrowings ⁽¹⁾	1,522,008	1,558,969	1,564,909	1,080,174	1,117,135	1,123,075
Net (loss)/profit for FY2016	(42,771)	(42,771)	(42,771)	38,558	38,558	38,558
Number of Shares as at Latest Practicable Date ('000)	2,096,466	1,886,819	1,886,819	2,096,466	1,886,819	1,886,819
Financial Ratios						
NTA per Share (sen) ⁽²⁾	65.25	70.55	70.23	63.02	68.07	67.75
Gross gearing (times) ⁽³⁾	1.33	1.37	1.38	0.86	0.89	0.89
Net gearing (times) ⁽⁴⁾	1.11	1.17	1.18	0.82	0.87	0.88
Current ratio (times) ⁽⁵⁾	1.87	1.85	1.84	0.54	0.42	0.40
Earnings per Share (sen) ⁽⁶⁾	(2.04)	(2.04)	(2.04)	1.84	1.84	1.84

Notes:

- (1) "Net borrowings" represents total borrowings less cash and cash equivalents.
- (2) "NTA per Share" represents NTA divided by the number of Shares as at the Latest Practicable Date.
- (3) "Gross gearing" represents total borrowings divided by total equity.
- (4) "Net gearing" represents net borrowings divided by total equity.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) Earnings per Share represents net profit for FY2016 divided by the number of Shares as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

Share Purchases and Shares held as Treasury Shares

	Group			Company		
	Before Share Purchases	After Share Purchases		Before Share Purchases	After Share Purchases	
		On-Market Share Purchase	Off-Market Share Purchase		On-Market Share Purchase	Off-Market Share Purchase
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2016						
Share capital and share premium	488,309	488,309	488,309	488,309	488,309	488,309
Treasury Shares	(4,097)	(41,058)	(46,998)	(4,097)	(41,058)	(46,998)
Shareholders' fund	1,368,033	1,331,072	1,325,132	1,321,233	1,284,272	1,278,332
NTA	1,368,033	1,331,072	1,325,132	1,321,233	1,284,272	1,278,332
Current assets	3,453,382	3,416,421	3,410,481	162,094	125,133	119,193
Current liabilities	1,851,374	1,851,374	1,851,374	300,950	300,950	300,950
Cash & cash equivalents	301,493	264,532	258,592	61,511	24,550	18,610
Total borrowings	1,823,501	1,823,501	1,823,501	1,141,685	1,141,685	1,141,685
Net borrowings ⁽¹⁾	1,522,008	1,558,969	1,564,909	1,080,174	1,117,135	1,123,075
Net profit for FY2016	(42,771)	(42,771)	(42,771)	38,558	38,558	38,558
Number of Shares as at Latest Practicable Date ('000)	2,096,466	1,886,819	1,886,819	2,096,466	1,886,819	1,886,819
Financial Ratios						
NTA per Share (sen) ⁽²⁾	65.25	70.55	70.23	63.02	68.07	67.75
Gross gearing (times) ⁽³⁾	1.33	1.37	1.38	0.86	0.89	0.89
Net gearing (times) ⁽⁴⁾	1.11	1.17	1.18	0.82	0.87	0.88
Current ratio (times) ⁽⁵⁾	1.87	1.85	1.84	0.54	0.42	0.40
Earnings per Share (sen) ⁽⁶⁾	(2.04)	(2.27)	(2.27)	1.84	2.04	2.04

Notes:

- (1) "Net borrowings" represents total borrowings less cash and cash equivalents.
- (2) "NTA per Share" represents NTA divided by the number of Shares as at the Latest Practicable Date.
- (3) "Gross gearing" represents total borrowings divided by total equity.
- (4) "Net gearing" represents net borrowings divided by total equity.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) Earnings per Share represents net profit for FY2016 divided by the number of Shares as at the Latest Practicable Date.

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The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company and the Group. The Share Purchases will only be effected after taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements of the Group) and non-financial factors (such as market conditions and performance of the Shares).

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and of the Group for FY2016 and is not necessarily representative of the future financial performance of the Company and the Group. Although the Share Buy-Back Mandate would authorise the Company to purchase or acquire up to 10% of the Company's issued and paid-up Shares (excluding Treasury Shares) as at the date the Share Buy-Back Mandate is obtained, the Company may not necessarily buy-back or be able to buy-back 10% of the issued Shares (excluding Treasury Shares) in full.

2.7 Listing Manual

2.7.1 Under the Listing Manual, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market price of shares over the last 5 Market Days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to market purchases by the Company, referred to in Section 2.3(d) of this Circular, conforms to this restriction.

2.7.2 Reporting requirements

Additionally, the Listing Manual also specifies that a listed company shall notify all purchases or acquisitions of its Shares to SGX-ST not later than 9.00 a.m.:

- (a) in the case of an On-Market Share 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 Share Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer.

Such notification must include *inter alia*, details of the total number of Shares purchased and the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable.

2.7.3 No share purchase during development of price-sensitive information

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase of its issued shares, the Company will not undertake any Share Purchase pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision until such price sensitive information has been publicly announced. In particular, in line with the best practices on dealings with securities issued by SGX-ST, the Company will not purchase or acquire any Shares pursuant to the Share

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Buy-Back Mandate during the period commencing two weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month immediately preceding the announcement of the Company's financial statements of its full-year and ending on the date of the announcement of the relevant results.

The Listing Manual requires a listed company to ensure that it maintains a Minimum Free Float. As at the Latest Practicable Date, the Directors, chief executive officer, and Substantial Shareholders of the Company, together with their associates, have a direct and deemed interest in an aggregate of approximately 58.56% of the issued share capital of the Company. On the basis of the foregoing, at the Latest Practicable Date, approximately 41.44% of the issued Shares are held by public Shareholders (as defined in the Listing Manual).

For illustrative purposes, in the event the Company purchases the maximum of 10% of the issued Shares (excluding Treasury Shares) from such public Shareholders, the resultant percentage of the issued Shares held by the public Shareholders will be reduced to approximately 34.94%. Accordingly, the Company is of the view that there is a sufficient number of issued Shares which would permit the Company to undertake purchase or acquisitions of its issued Shares up to the full 10% limit pursuant to the proposed renewal of the Share Buy-Back Mandate, without adversely affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading of the Shares.

As at the Latest Practicable Date, the Company has no securities apart from its Shares and the Notes listed on the SGX-ST.

2.8 Tax implications

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

2.9 Take-over Code implications arising from Share Purchases

2.9.1 Obligation to make a take-over offer

If, as a result of Share Purchases, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in the change of control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

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), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

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Unless the contrary is established, the following persons 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 as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any Associated Companies of the above companies, and any company whose Associated Companies include any of the above companies.
- (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;
- (e) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 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 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 in accordance to his instructions and companies controlled by any of the above.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a Share Purchase by the Company are set out in Appendix 2 of the Takeover 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 for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months.

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

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However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after the Company's Share Purchases. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases 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 1% in any period of 6 months.

Shareholders (including Directors) and their concert parties who hold more than 50% of our 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 our Company purchasing or acquiring shares.

If the Company decides to cease the Share Purchases before it has purchased in full such number of Shares authorised by its Shareholders at the SGM, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14 of the Take-over Code.

2.9.4 Application of the Take-over Code

The shareholdings of the Substantial Shareholders and Director(s) as at the Latest Practicable Date and after the purchase by the Company (assuming the Company purchased a maximum 209,646,589 Shares, being 10% of the total number of shares in the issued share capital of the Company as at the Latest Practicable Date, and there was no change in the number of Shares held or deemed to be held by the Substantial Shareholders and Director(s)) pursuant to the Share Buy-Back Mandate as the case may be, are as follows:

	Before Share Purchase			After Share Purchase		
	Number of Shares			Number of Shares		
	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%
Directors						
Tan Sri Datuk Tiong Su Kouk ⁽¹⁾	104,936,517	969,768,115	51.26	104,936,517	969,768,115	56.96
Tiong Chiong Hiiung ⁽²⁾	14,259,240	9,629,881	1.14	14,259,240	9,629,881	1.27
Leong Seng Keat ⁽³⁾	15,833,890	80,487,987	4.59	15,833,890	80,487,987	5.10
Ajaib Hari Dass	–	–	–	–	–	–
Yee Kit Hong	–	–	–	–	–	–
Kan Yut Keong, Benjamin	–	–	–	–	–	–
Substantial Shareholders (other than directors)						
S.K. Tiong Enterprise Sdn. Bhd. ⁽⁴⁾	574,342,840	319,954,845	42.66	574,342,840	319,954,845	47.40
Hung Yung Enterprise Sdn. Bhd.	319,954,845	–	15.26	319,954,845	–	16.96
Puan Sri Datin Wong Bak Hee ⁽⁵⁾	15,420,430	1,059,284,202	51.26	15,420,430	1,059,284,202	56.96

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Notes:

- (1) Tan Sri Datuk Tiong Su Kouk is deemed to have an interest in the shares held by Hung Yung Enterprise Sdn. Bhd., S.K Tiong Enterprise Sdn. Bhd., his wife, Puan Sri Datin Wong Bak Hee, and 60,000,000 shares held by UOB Nominees (Private) Limited (as nominee) by virtue of Section 4 of the Securities and Futures Act (Cap. 289).
- (2) Tiong Chiong Hiiung is deemed to have an interest in the shares held by Starcity Housing Sdn. Bhd. by virtue of Section 4 of the Securities and Futures Act (Cap. 289).
- (3) Leong Seng Keat is deemed to have an interest in the shares held by Dominion Energy Sdn. Bhd., Dominion Capital Limited and his wife, Tiong Eng Ming, by virtue of Section 4 of the Securities and Futures Act (Cap. 289).
- (4) S.K Tiong Enterprise Sdn. Bhd. is deemed to have an interest in the shares held by Hung Yung Enterprise Sdn. Bhd. by virtue of Section 4 of the Securities and Futures Act (Cap. 289).
- (5) Puan Sri Datin Wong Bak Hee is deemed to have an interest in the shares held by S.K. Tiong Enterprise Sdn. Bhd., Hung Yung Enterprise Sdn. Bhd., her husband, Tan Sri Datuk Tiong Su Kouk and 50,000 shares held by Phillip Securities Pte. Ltd. (as nominee) and 60,000,000 shares held by UOB Nominees (Private) Limited (as nominee) by virtue of Section 4 of the Securities and Futures Act (Cap. 289).

Based on the above interests of Substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the Share Purchases by the Company of the maximum limit of 10% of the total number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date.

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Take-over Code. Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Purchases pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buy-Back Mandate is in force.

2.10 Details of Share Purchases pursuant to a Share Buy-Back Mandate

The Company has not purchased any Shares during the 12 months preceding the Latest Practicable Date.

2.11 Limits on shareholdings

There are no limitations under Bermuda law on the rights of owners of the Shares to hold or vote their Shares solely by reason that they are non-Bermudians. The Company does not have any limits on the shareholdings of the Shareholders. However, under Rule 723 of the Listing Manual, a company should ensure that at least ten per cent. (10%) of a class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) is at all times held by the public (as defined in the Listing Manual) ("**Minimum Free Float**"). The Company shall use its best efforts to ensure that it does not effect a Share Purchase if the Share Purchase would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

LETTER TO SHAREHOLDERS

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders, respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ^(*)	Number of Shares	% ^(*)	Number of Shares	% ^(*)
Directors						
Tan Sri Datuk Tiong Su Kouk ⁽¹⁾	104,936,517	5.01%	969,768,115	46.26%	1,074,704,632	51.26%
Tiong Chiong Hiiung ⁽²⁾	14,259,240	0.68%	9,629,881	0.46%	23,889,121	1.14%
Leong Seng Keat ⁽³⁾	15,833,890	0.76%	80,487,987	3.84%	96,321,877	4.59%
Substantial Shareholders (other than Directors)						
S.K. Tiong Enterprise Sdn. Bhd. ⁽⁴⁾	574,342,840	27.40%	319,954,845	15.26%	894,297,685	42.66%
Hung Yung Enterprise Sdn. Bhd.	319,954,845	15.26%	–	–	319,954,845	15.26%
Puan Sri Datin Wong Bak Hee ⁽⁵⁾	15,420,430	0.74%	1,059,284,202	50.53%	1,074,704,632	51.26%

(*) – Based on 2,096,465,885 Shares as at Latest Practicable Date

Notes:

- (1) Tan Sri Datuk Tiong Su Kouk is deemed to have an interest in the shares held by Hung Yung Enterprise Sdn. Bhd., S.K Tiong Enterprise Sdn. Bhd. and his wife, Puan Sri Datin Wong Bak Hee, and 60,000,000 shares held by UOB Nominees (Private) Limited (as nominee) by virtue of Section 4 of the Securities and Futures Act (Cap. 289).
- (2) Tiong Chiong Hiiung is deemed to have an interest in the shares held by Starcity Housing Sdn. Bhd. by virtue of Section 4 of the Securities and Futures Act (Cap. 289).
- (3) Leong Seng Keat is deemed to have an interest in the shares held by Dominion Energy Sdn. Bhd, Dominion Capital Limited and his wife, Tiong Eng Ming, by virtue of Section 4 of the Securities and Futures Act (Cap. 289).
- (4) S.K Tiong Enterprise Sdn. Bhd. is deemed to have an interest in the shares held by Hung Yung Enterprise Sdn. Bhd. by virtue of Section 4 of the Securities and Futures Act (Cap. 289).
- (5) Puan Sri Datin Wong Bak Hee is deemed to have an interest in the shares held by S.K. Tiong Enterprise Sdn. Bhd., Hung Yung Enterprise Sdn. Bhd., her husband, Tan Sri Datuk Tiong Su Kouk and 50,000 shares held by Phillip Securities Pte. Ltd. (as nominee) and 60,000,000 shares held by UOB Nominees (Private) Limited (as nominee) by virtue of Section 4 of the Securities and Futures Act (Cap. 289).

4. SPECIAL GENERAL MEETING

The Board has convened a special general meeting to be held at Grand Copthorne Waterfront Hotel, Waterfront Ballroom, Level 2, 392 Havelock Road, Singapore 169663 on 24 April 2017 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and at the same place) to seek the approval of the Shareholders for the ordinary resolution proposed in relation to the renewal of the Share Buy-Back Mandate. The Notice of SGM is set out on page SGM-1 of this Circular.

LETTER TO SHAREHOLDERS

5. ACTION TO BE TAKEN BY SHAREHOLDERS

- 5.1 A Shareholder entitled to attend and vote at the SGM who is the holder of two or more Shares but is unable to attend the SGM in person shall be entitled to appoint not more than two proxies to attend and vote at the SGM on his behalf. Attached to this Circular is a Shareholder Proxy Form which such a Shareholder is 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 offices of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619 not less than forty-eight (48) hours before the time appointed for the SGM. The completion and return of a Shareholder Proxy Form by a Shareholder does not preclude him from attending and voting in person at the SGM in place of his proxy if he finds that he is able to do so, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- 5.2 Depositors who wish to attend and vote at the SGM, and whose names are shown in the records of CDP as at a time not earlier than forty-eight (48) hours before the time appointed for the SGM supplied by CDP to the Company, may attend and vote as CDP's proxies. Such Depositors who are individuals and who wish to attend the SGM in person need not take any further action and may attend and vote as the CDP's proxies at the SGM without the lodgment of any proxy form. Depositors which are not individuals and Depositors who are individuals but are unable to attend personally and wish to appoint a nominee to attend and vote on his behalf as CDP's proxies, will find attached to this Circular a Depositor 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 offices of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. not less than forty-eight (48) hours before the time appointed for the SGM. The completion and return of a Depositor Proxy Form by a Depositor who is an individual does not preclude him from attending and voting in person as CDP's proxy at the SGM in place of his nominee if he finds that he is able to do so, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. DIRECTORS' RECOMMENDATION

The Directors, having considered carefully, the terms and rationale of the renewal of the Share Buy-Back Mandate set out in Paragraph 2 above, are of the view that the proposed renewal is in the best interests of the Company and accordingly, recommend that Shareholders vote in favor of the ordinary resolution to be proposed at the SGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

- 7.1 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 renewal of Share Buy-Back Mandate and 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.
- 7.2 Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, during normal business hours from the date of this Circular up to and including the date of the SGM:

- (a) The Memorandum of Association and Bye-laws of the Company; and
- (b) The Company's annual report for FY2016.

Yours faithfully

For and on behalf of the Board of Directors of
Nam Cheong Limited

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

NOTICE OF SPECIAL GENERAL MEETING

NAM CHEONG LIMITED

(Incorporated in Bermuda)
(Company Registration No. 25458)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting (“**SGM**”) of Nam Cheong Limited (“**Company**”) will be held at Grand Copthorne Waterfront Hotel, Waterfront Ballroom, Level 2, 392 Havelock Road, Singapore 169663 on Monday, 24 April 2017 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the following resolution as an Ordinary Resolution:

Resolution No. 1: Proposed Renewal of the Share Buy-Back Mandate

That:

- (a) the resolution empowering the directors of the Company (“**Directors**”) to purchase and acquire shares in the capital of the Company passed in the Company’s special general meeting on 25 April 2016 be superseded by the following resolutions in paragraphs 1(b) to (f);
- (b) the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire the issued and paid-up ordinary shares of a par value of HK\$0.50 each in the share capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), and subject to the Minimum Free Float (as hereinafter defined), at such price or 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) on-market purchases, transacted on the ready market of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), or as the case may be, any other stock exchange on which the Shares may for the time being be listed or quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose (“**On-Market Share Purchases**”); and/or
 - (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by Section 76C of the Companies Act (Chapter 50) of Singapore and the Listing Manual of the SGX-ST (“**Off-Market Share Purchases**”),

and otherwise in accordance with all other applicable laws and regulations (including the provisions of the Companies Act 1981 of Bermuda, as amended, supplemented or modified from time to time (“**Bermuda Companies Act**”)) and the provisions in the Listing Manual 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**”);

- (c) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the absolute discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Bermuda Companies Act;

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- (d) 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 No. 1 and expiring on the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the date by which the next annual general meeting of the Company is required to be held;
 - (iii) the date on which the purchases of Shares by the Company are carried out to the full extent mandated; or
 - (iv) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in general meeting.
- (e) in this Resolution No. 1 –

“Prescribed Limit” means the number of Shares representing 10% of the total issued and paid-up ordinary shares (excluding treasury shares) in the capital of the Company as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Bermuda Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the issued and paid-up ordinary share capital of the Company shall be taken to be the amount of the issued and paid-up ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

“Relevant Period” means the period commencing from the date on which the last annual general meeting of the Company was held and expiring on the date the next annual general meeting of the Company is held or is required to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or superseded by resolution of the shareholders of the Company in general meeting;

“Minimum Free Float” means at least 10% of the total number of issued Shares of the Company (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public;

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

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price;
- (ii) in the case of an Off-Market Share Purchase, 120% of the Highest Last Dealt Price,

where:

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

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“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Share immediately preceding the day of the making of the offer pursuant to the Off-Market Share Purchase;

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

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

- (f) the Directors be and are hereby authorised to complete and do all such acts and things (including executing any documents) as they/he/she may consider expedient, necessary, desirable, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution No. 1.

(Resolution No. 1)

By Order of the Board

Company Secretary
Singapore

23 March 2017

Notes:

Unless The Central Depository (Pte) Limited (“**CDP**”) specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed as CDP’s proxies to vote on behalf of CDP at the SGM each of the Depositors who are individuals and whose names are shown in CDP’s records as a time not earlier than forty-eight (48) hours prior to the time of the SGM. Therefore, such Depositors who are individuals can attend and vote at the SGM without the lodgement of any Depositor Proxy Form (as defined below).

Such a Depositor registered and holding Shares through CDP who is an individual but is unable to attend the SGM personally and wishes to appoint a nominee to attend and vote on his/her behalf as CDP’s proxy must complete, sign and return the proxy form which is despatched together with this Circular to Depositors (“**Depositor Proxy Form**”) completed by CDP in accordance with the instructions printed thereon and deposit the duly completed Depositor Proxy Form at the office of the Company’s Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, not less than forty-eight (48) hours before the time appointed for holding the SGM. Similarly, a Depositor which is a corporation and which wishes to attend the SGM must submit the Depositor Proxy Form for the appointment of nominees(s) to attend and vote at the SGM on its behalf as CDP’s proxy.

If a Shareholder (who is not a Depositor) is unable to attend the SGM and wishes to appoint a proxy to attend and vote at the SGM in his/her stead, then he/she should complete and sign the proxy form despatched to Shareholders who are not Depositors (“**Shareholder Proxy Form**”) and deposit the duly completed Shareholder Proxy Form at the office of the Company’s Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, not less than forty-eight (48) hours before the time appointed for holding the SGM. Such proxy need not be a member of the Company.

To be effective, the Depositor Proxy Form or the Shareholder Proxy Form must be deposited by a Depositor or a Shareholder (as the case may be) at the office of the Company’s Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, not less than forty-eight (48) hours before the time appointed for holding the SGM in accordance with the instructions stated herein.

The completion and return of the Depositor Proxy Form or the Shareholder Proxy Form by a Depositor or a Shareholder, as the case may be, will not prevent such Depositor or Shareholder, as the case may be, from attending and voting in person at the SGM if he/she wishes to do so, in place of his/her/its nominee or proxy, as the case may be.

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PERSONAL DATA PRIVACY

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

