

**CIRCULAR DATED 11 JULY 2017**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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

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



**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS TO  
INCLUDE THE PROPERTY BUSINESS (AS DEFINED HEREIN)**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	23 July 2017 at 10 a.m.
Date and time of Extraordinary General Meeting	:	26 July 2017 at 10 a.m.
Place of Extraordinary General Meeting	:	37 Jalan Pemimpin #07-16 Mapex Singapore 577177

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## DEFINITIONS

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

<b>“2017 Placement”</b>	:	The placement of 9,281,166 new ordinary shares in the Company at the offer price of S\$0.348 for each share pursuant to a subscription agreement entered into by the Company dated 20 June 2017, further details of which may be found in the Company’s announcement dated 20 June 2017
<b>“Act” or “Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
<b>“ASEAN”</b>	:	Association of Southeast Asian Nations
<b>“Audit Committee”</b>	:	The audit committee of the Company
<b>“Board” or “Board of Directors”</b>	:	The board of directors of the Company, as at the date of this Circular
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 11 July 2017
<b>“Company”</b>	:	PSL Holdings Limited
<b>“Director”</b>	:	A director of the Company, as at the date of this Circular
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on 26 July 2017, notice of which is set out on page N-1 of this Circular
<b>“EPS”</b>	:	Earnings per share
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Latest Practicable Date”</b>	:	5 July 2017, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
<b>“Marine Logistics Business”</b>	:	The Group’s existing marine logistics business of charter of tugs and barges and provision of other marine logistics in Indonesia
<b>“Notice of EGM”</b>	:	The notice of the Extraordinary General Meeting
<b>“NTA”</b>	:	Net tangible assets

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## DEFINITIONS

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<b>“Property Business”</b>	:	The Group’s proposed property business, which, subject to Shareholders’ approval at the EGM, shall include: <ul style="list-style-type: none"><li>(i) developing and investing in property projects;</li><li>(ii) acquiring, developing and/or selling of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including mixed development properties);</li><li>(iii) holding land, properties and property related assets for the purposes of long term investment; and/or</li><li>(iv) purchasing and holding properties for the collection of rent, capital growth potential and/or provision of property related services and facilities;</li></ul> in ASEAN member states
<b>“Proposed Diversification”</b>	:	The proposed diversification of the Group’s business to include the Property Business
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM as set out in this Circular
<b>“PT MII”</b>	:	PT Momentum Indonesia Investama
<b>“Working Committee”</b>	:	The Company’s working committee, which, subject to Shareholders approval for the Proposed Diversification, shall be established to, <i>inter alia</i> , manage the Group’s risks relating to the Proposed Diversification
<b>“Securities Account”</b>	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
<b>“SFRS”</b>	:	Singapore Financial Reporting Standards
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company

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## DEFINITIONS

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- “Substantial Shareholders”** : A person who has an interest in the voting Shares (excluding Treasury Shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than 5.0% of all the voting Shares
- “Treasury Shares”** : **“Treasury Shares”** shall have the meaning ascribed to it in Section 4 of the Companies Act
- “S\$”, “SGD” or “\$” and “cents”** : Singapore dollars and cents respectively

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

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

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

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

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

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

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## LETTER TO SHAREHOLDERS

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### PSL HOLDINGS LIMITED

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

#### Directors:

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

#### Registered Office:

37 Jalan Pemimpin  
#07-16 Mapex  
Singapore 577177

11 July 2017

To: The Shareholders of PSL Holdings Limited

Dear Sir/Madam,

#### 1. INTRODUCTION

##### 1.1 EGM

The Directors are convening an EGM to be held on 26 July 2017 to seek Shareholders' approval for the proposed diversification of the Group's business to include the Property Business (the "**Proposed Diversification**").

The Proposed Diversification is set out as an ordinary resolution in the Notice of the EGM accompanying this Circular.

##### 1.2 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the abovementioned Proposed Diversification. Shareholders' approval will be sought at the EGM to be held on 26 July 2017 at 10 a.m., notice of which is set out on page N-1 of this Circular.

#### 2. THE PROPOSED DIVERSIFICATION INTO THE PROPERTY BUSINESS

##### 2.1 Introduction

The Directors are seeking Shareholders' approval for the proposed diversification of the Group's business to include the Property Business at the EGM.

Section 2 of this Circular is intended to provide Shareholders with information relating to, and explain the rationale for, the Proposed Diversification.

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## LETTER TO SHAREHOLDERS

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### 2.2 Background and Rationale

The Group is currently principally engaged in providing logistics and support services to the construction industry in Singapore. On 18 November 2015, the Group obtained Shareholders' approval for the diversification of its business into the Marine Logistics Business to, *inter alia*, provide alternative streams of income for the Group and enhance Shareholders' value by having additional revenue streams, as part of the corporate strategy of the Group. Subsequent to Shareholders' approval for the diversification of its business into the Marine Logistics Business being obtained on 18 November 2015, the Group announced the completion of the acquisition by the Company of approximately 49% of the entire issued and paid-up capital of PT MII in its announcement dated 25 November 2015. The acquisition of PT MII is under the Group's Marine Logistics Business segment. On 7 October 2016, the Company announced that a civil summon issued by the Head of the District Court of Batam, Indonesia (with Sudirman Kurniawan as plaintiff) has been served on the Company. The Company has since appointed an Indonesian law firm to represent the Company in the Indonesian proceedings commenced by Sudirman Kurniawan, as well as a Singapore law firm to commence proceedings against Sudirman Kurniawan in the Singapore High Court. The aforementioned PT MII proceedings are ongoing as at the Latest Practicable Date. Further details on the PT MII proceedings have been provided in the Company's announcements dated 22 August 2016, 15 September 2016, 7 October 2016, 24 November 2016, 30 November 2016, 18 January 2017 and 24 January 2017.

The Directors propose to further diversify the Group's business to include the Property Business due to the following principal reasons:

- (a) The Board believes that the Proposed Diversification represents an opportunity to establish a new business segment for the Group which has the potential to provide the Group with a new revenue stream by tapping into the property market value chain as part of its strategic growth initiatives. Through the Proposed Diversification, the Group may also be able to enhance its profitability, shareholder value and returns through the introduction of possible recurring rental income and/or management income, and capital gains from such investments.
- (b) The Board also believes that the Proposed Diversification will help to mitigate geographical and industry risks in the Group's existing geographical markets and industries. The Group intends to explore opportunities in property development in ASEAN member states. As the Group's existing core business in logistics and support services to the construction industry is exposed to the general economy in Singapore and the Marine Logistics Business is entirely dependent on the marine logistics industry in Indonesia, the Board believes that the Group may mitigate such risks by seeking geographical and industry diversification of its earning base.
- (c) Pursuant to Rule 1014 and 1015 of the Listing Manual, an acquisition is a major transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20% but is less than 100% (a "**Major Transaction**"). A Major Transaction must be made conditional upon approval by shareholders in general meeting.



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## LETTER TO SHAREHOLDERS

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A Major Transaction does not include an acquisition or disposal which is, or in connection with, the ordinary course of an issuer's business or of a revenue nature. In addition, pursuant to Practice Note 10.1 of the Listing Manual, save where the acquisition changes the risk profile of the issuer, shareholders' approval is not required for a Major Transaction if the acquisition will result in an expansion of the issuer's existing core business. Practice Note 10.1 of the Listing Manual further states that the SGX-ST takes the view that it should not in normal circumstances require an issuer to seek shareholders' approval if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer would not require shareholders' approval.

Clause 3.2.2 of Practice Note 10.1 of the Listing Manual requires the Company to seek Shareholders' approval if an acquisition will change the Company's risk profile. The following factors will be considered in determining whether the risk profile of the Company will change:

- (i) when the acquisition will increase the scale of the Company's existing operations such that any of the relative figures computed on the bases set out in Listing Rule 1006(c) and 1006(d) is 100% or more;
- (ii) when the acquisition will result in a change of control of the Company;
- (iii) when the acquisition will have a significant adverse impact on the Company's earnings, working capital and gearing;
- (iv) when the acquisition will result in an expansion of the Company's business to a new geographical market and/or a new business sector; and
- (v) the extent to which the intended expansion has been foreshadowed and investors have had an opportunity to vote at previous general meetings on the Company's proposal or waiving their rights to approve the Company's proposal.

Clause 3.2.4 of Practice Note 10.1 of the Listing Manual further provides that the factors in determining whether an acquisition would change the Company's risk profile are neither exhaustive nor conclusive.

Following the receipt of shareholders' approval for the Proposed Diversification, save for the first Major Transaction (the "**First Major Transaction**") involving the Property Business (or where any of the Rule 1006 figures in respect of several transactions aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 20%, the last of the Aggregated Transactions), the Group will, in its normal course of business, be able to enter into any transaction relating to the Property Business without the need for further Shareholders' approval even though such transaction constitutes a Major Transaction, so long as such transaction does not change the risk profile of the Group.

This would substantially reduce the administrative time and expenses in convening separate general meetings to seek Shareholders' approval and consequently, would facilitate the Group's pursuit of its corporate objectives and increasing the Group's responsiveness to Property Business opportunities.

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For the avoidance of doubt, notwithstanding the Proposed Diversification of the Group's existing core business to include the Property Business, in respect of transactions:

- (i) which fall within the definition of Rule 1002(1) of the Listing Manual, Rules 1005, 1010 and 1014 will still apply;
- (ii) where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 100% or results in a change in control of the issuer, Rule 1015 of the Listing Manual will still apply and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting; and
- (iii) which constitute an "interested person transaction" as defined under the Listing Manual, Chapter 9 of the Listing Manual will apply and the Company will comply with the provisions of Chapter 9 of the Listing Manual.

In consideration of the above factors, the Board is of the view that the Proposed Diversification is in the best interests of the Group.

### **2.3 Description of the Proposed Diversification into the Property Business**

#### **2.3.1 Scope of the Proposed Property Business**

The scope of the proposed Property Business shall be as follows:

- (i) developing and investing in property projects;
- (ii) acquiring, developing and/or selling of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including mixed development properties);
- (iii) holding land, properties and property related assets for the purposes of long term investment; and
- (iv) purchasing and holding properties for the collection of rent, capital growth potential and/or provision of property related services and facilities.

The Group intends to confine the Property Business to member states of ASEAN, with an initial focus on Indonesia, Myanmar and Malaysia.

The Group intends to carry out the Property Business through a new subsidiary to be incorporated in due course.

Subject to Shareholders' approval for the proposed diversification of the Group's business to include the Property Business, the Group intends to initially focus on a potential project to develop a luxury condominium in Pekanbaru, Riau, Indonesia, consisting of 2 blocks of 96 units each. It is intended to be a condominium with a full suite of amenities including swimming pool, gym, park and retail facilities. This potential project is in the business development stage and no definitive agreement has been entered into as at the Latest Practicable Date. The tentative estimated unit cost for each unit of the aforementioned luxury condominium is approximately S\$360,000, consisting of land, development,

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## LETTER TO SHAREHOLDERS

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interest and contingency expenditures in the region of S\$50,000, S\$260,000 and S\$50,000 respectively. The completion of the first phase of the potential project, consisting of 96 units out of the total 192 units, is expected to take approximately 30 months, with progress payments or any profits to be accounted for in accordance with the relevant Financial Reporting Standards. In the event that the aforementioned potential luxury condominium project amounts to the First Major Transaction of the Company under the Property Business, the Company will comply with the requirements of the Listing Manual (including providing further details on the potential luxury condominium project when seeking Shareholders' approval in accordance with Chapter 10 the Listing Manual).

### 2.3.2 Industry Prospects and Market Overview

Subject to Shareholders' approval for the proposed diversification into the Property Business, the Group will be primarily involved in the development and/or investment of (a) mixed-use projects; (b) residential, leisure and hospitality projects (for example resorts, hotels and villas); and (c) purchasing and holding of properties for the collection of rent, capital growth potential and/or provision of property related services and facilities.

The economic outlook in ASEAN member states from the year 2017 to the year 2021 is generally positive, with real GDP growth expected to remain robust at an average of 6.2% over 2017 to 2021, due in part to private consumption making large contributions to GDP growth<sup>1</sup>. The rising prosperity and urbanisation in ASEAN member states is expected to contribute to investment and growth in ASEAN member states' real estate industry.

ASEAN member states have a combined GDP valued at approximately US\$2.43 trillion in 2015 and is projected to rank as the fourth largest economy by 2050<sup>2</sup>. Further, an ASEAN Economic Community ("AEC") was formed in December 2015 to foster free trade for a common market place in ASEAN. The rising affluence amongst populace in Singapore, Thailand, Indonesia and Malaysia, has resulted in buying demand for leisure homes in vacation destinations in ASEAN member states and growth in the property sector.

Indonesia's GDP growth is projected to be just over 5% in 2017 and 2018, underpinned by private consumption<sup>3</sup>, and infrastructure spending in the new few years is expected to have a positive effect on consumer confidence in the property market<sup>4</sup>. In particular, Pekanbaru is a city state in Riau province, Sumatera, Indonesia of a population of approximately 1.01 million<sup>5</sup> with an emerging economic market.

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<sup>1</sup> The information is derived from the website of the Organization for Economic Cooperation and Development (OECD) library at [http://www.keepeek.com/Digital-Asset-Management/oe.cd/development/economic-outlook-for-southeast-asia-china-and-india-2017/summary/english\\_255eb818-en#.WMTRSHgRoUs](http://www.keepeek.com/Digital-Asset-Management/oe.cd/development/economic-outlook-for-southeast-asia-china-and-india-2017/summary/english_255eb818-en#.WMTRSHgRoUs), accessed on 5 July 2017.

<sup>2</sup> The information is derived from the website of the Association of Southeast Asian Nations at <http://asean.org/storage/2017/01/Investing-in-ASEAN-2017-.pdf>, accessed on 5 July 2017.

<sup>3</sup> The information is derived from the website of the Organization for Economic Cooperation and Development (OECD) at <http://www.oecd.org/eco/outlook/indonesia-economic-forecast-summary.htm>, accessed on 5 July 2017.

<sup>4</sup> The information is derived from the website of Knight Frank at <http://www.knightfrank.com.sg/news/2016-round-up-and-2017-outlook-for-real-estate-010192.aspx>, accessed on 5 July 2017.

<sup>5</sup> The information is derived from the website of Statistics Pekanbaru at <https://pekanbarukota.bps.go.id/linkTableDinamis/view/id/14>, accessed on 5 July 2017.

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Myanmar is ideally located at the center of the world's fastest growing region, bordering both China and India and has a projected real GDP growth of approximately 7.7% in 2017 and 8.0% in 2018. Myanmar has a population of almost 54 million, with over 60% percent of which is under the age of 35<sup>6</sup>, representing a potential significant consumer base in the property sector in the foreseeable future.

As a result, considering the industry prospects and market overview above, the Directors are of the view that the proposed diversification of the Group into the Property Business in ASEAN member states, with an initial focus on Indonesia, Myanmar and Malaysia is attractive and will be beneficial to the Group.

### 2.3.3 Relevant Expertise

It is currently envisaged that the Property Business and related management will be initially spearheaded by certain Directors and senior management of the Group, namely (i) Mr Stephen Leong, BBM, the Group's Vice Chairman and Executive Director; (ii) Professor Tay Kheng Soon, who was appointed as Development Planner of the Group with effect from 1 June 2017; (iii) Mr R. Tony Sis Hariyanto, who was appointed as the Estate Planner of the Group with effect from 1 June 2017; (iv) Ms Ng Yoke Chan, the Group's Non-Executive Director and (v) Mr Tan Cheang Shiong, the Group's Chief Executive Officer.

Mr Stephen Leong, BBM, has extensive experience in senior professional management in a variety of industries, including property related industries. In his various capacities as the Director of Singapore Assurance Public Accounting Corporation from 2006 to 2015, Managing Director of Stephen McLaren Consultants Pte Ltd Group from 1985 to 2013 and Chairman of Vistra (SEA) Pte Ltd from 2013 to 2016, Mr Leong has provided corporate and advisory services to a wide range of clients, including those involved in property development, investment and management. Stephen McLaren Consultants Pte Ltd Group and Vistra (SEA) Pte Ltd provides consultancy advisory services in areas including accounting, corporate, tax, share valuation and due diligence. Mr Leong also has extensive experience with dealings in ASEAN member states, especially in Cambodia and Malaysia where he was involved in business and government consultancy projects. In addition, Mr Leong has been involved in property-related businesses as part of his personal investments.

Professor Tay Kheng Soon is a practicing architect since 1965. As a founding member of DP Architects from 1967 to 1974, a founding member and Chairman of the Singapore Planning and Urban Research Group from 1970 to 1971, Chairman of The Substation, the founder and principal partner of the architect firm, Akitek Tenggara since 1976, and the President of the Singapore Institute of Architects from 1991 to 1993, Professor Tay has been actively involved in the creative process of many distinctive buildings locally, and by virtue of his expertise, standing and exposure in the area of architecture, he has also gained relevant property development-related experience over the years.

Mr R. Tony Sis Hariyanto has extensive experience in architectural design. As a former managing director of architect consultant firm PT Tony SSY Anugerah from 1991 to 2003, he has overseen and contributed to the design process of many commercial and residential buildings in Indonesia namely Jakarta Waterfront City, Proyek Reklamasi

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<sup>6</sup> The information is derived from the website of ASEAN Briefing (Business Intelligence from Dezan Shira & Associates) at <http://www.aseanbriefing.com/news/2017/01/10/investing-myanmar-recent-developments-future-outlook.html>, accessed on 5 July 2017.

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## LETTER TO SHAREHOLDERS

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Pantai Mutiara Jakarta Utara as well as hotels across Indonesia. Mr Tony has also provided architectural advisory services in his capacity as an architect consultant and similarly, Mr Tony's expertise and experience will enable him to provide valuable insight to the management of the Property Business.

Ms Ng Yoke Chan has experience in management, finance and business development in Southeast Asia while serving as the Executive Director of Mega Asia Exim Sdn Bhd, a company engaged in the manufacturing of beverage products, and Malindo Exim Sdn Bhd, a company engaged in the trading, import and export of food and beverage products. She also holds a directorship in Hite Jinro Marketing Sdn Bhd, a company engaged in the distribution of Korean Soju. As a former Director of Southeast Global (Hong Kong) Ltd, she has been actively engaged in property development projects.

Mr Tan Cheang Shiong has more than 15 years in financial management. His current position in PSL Holdings Ltd as Chief Executive Officer and his prior experience, notably as Chief Financial Officer of Geo Energy Resources Limited from 2011 to 2016, has given him extensive experience on a wide range of financial functions including accounting, financial reporting, taxation and treasury management, mergers and acquisition, internal controls and risk management.

Mr Stephen Leong, BBM, Professor Tay Kheng Soon and Mr R. Tony Sis Hariyanto will be responsible for overseeing the entire operations of the Property Business. The other members of the Board and management of the Group comprise individuals with varied qualifications and experience, such as business development, finance and management, who can lend their expertise in developing its strategic vision and policy for the Property Business. As the Group intends to incrementally engage in the Property Business, possibly beginning with co-investment(s) with existing property developers, the Group will monitor the development and progress of the Property Business and take the necessary steps to recruit and employ suitable candidates both from within the Group as well as externally to manage the Property Business.

If necessary, the Group may also foster partnerships with various other third parties in the building and construction and property development industries to assist it in undertaking the Property Business more effectively and efficiently. Such partnerships may be on a case by case basis or on a long-term basis. Where necessary, work may be contracted or sub-contracted to third parties who have expertise in the relevant area(s) in relation to the projects concerned. In selecting its partners, the Group will take into account the specific expertise and competencies necessary for the project(s) in question and the experience, track record and financial standing of the party and/or parties concerned.

The Group recognises that the Property Business is ultimately different from its existing businesses. However, the Group is confident of developing and building up the expertise required for the Property Business over time, considering the abovementioned experience in the property development and related industries, and with the guidance and strategic vision of its Board. Before undertaking any project in the Property Business, the management of the Property Business will prepare a proposal containing a cost-benefit analysis, credentials of joint venture partners or co-investor partners (if any), and the funding needs of the project concerned, and will, if necessary, seek the advice of external consultants and experts.

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The Group shall review the risk and returns of the project. Investments or transactions (above an internally-determined threshold which may be approved by the Board from time to time) must be specifically approved by the Working Committee of the Company, which shall be set up for the purposes of monitoring the risk level of the Group following the Proposed Diversification.

The Working Committee will comprise Mr Stephen Leong, BBM, Professor Tay Kheng Soon, Mr R. Tony Sis Hariyanto, Ms Ng Yoke Chan and Mr Tan Cheang Shiong, and will periodically report its findings to the Audit Committee. In addition, the Board and the Working Committee of the Company, which will be tasked with reviewing the risk exposure of the Property Business of the Group at regular intervals, will review the risk exposure of the Property Business at intervals of not less than annually.

Further information relating to the Company's Working Committee and the risk management measures relating to the proposed diversification into the Property Management Business may be found in section 2.4 below.

### 2.3.4 Funding for the Property Business

The proposed diversification into the Property Business will be funded primarily through internal resources and, if required, tapping from capital markets or external borrowings. As at 31 March 2017, the unaudited cash and cash equivalents of the Company and the Group amounts to approximately S\$10,516,000 and S\$11,610,000 respectively. As announced on 20 June 2017, the Group also intends to raise net proceeds of approximately S\$3,164,846 from the 2017 Placement, of which 80% is intended to be used for further growth and expansion of the Group's business as and when the appropriate opportunities arise.

The Group will remain prudent and take into account the financial condition of the Group in deciding the types of property development projects and related investments it undertakes, and the amounts thereof.

### 2.3.5 Approvals, Licences and Permits

As and where necessary, desirable or required for any activities carried out under the Property Business, the Group will apply for the requisite licences and/or permits.

## 2.4 **Risk Management Procedures**

To address the risks presented by the proposed diversification of the Group's business into the Property Business, the Board will set up a Working Committee comprising Mr Stephen Leong, BBM, Professor Tay Kheng Soon, Mr R. Tony Sis Hariyanto, Ms Ng Yoke Chan and Mr Tan Cheang Shiong.

The Working Committee will be tasked with the responsibility of overseeing the risk management activities of the Group in relation to the Property Business following the Proposed Diversification. The Working Committee will be required to approve appropriate risk management procedures and measurement methodologies, and be involved in identifying and managing the various business risks for the Property Business.

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Professor Tay Kheng Soon and the Company's senior management will be tasked to oversee the hiring, and will review the suitability of potential employees and professionals to be engaged to carry out the Property Business.

The Group will endeavour to ensure that the risk management systems implemented are commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the Property Business, and will review such risk management systems periodically to assess adequacy.

The Board and the Audit Committee, with the recommendations of the Working Committee, will adopt internal policies and procedures for the management to consider before tabling proposals for any new projects or investments under the Property Business. Such policies and procedures will require the management to consider factors such as:

- (a) projected rate of return of projects or investments;
- (b) project or investment capital involved;
- (c) cash flow requirements of the proposed project or investment;
- (d) estimated profit margins;
- (e) type of investment or project;
- (f) project location (where applicable);
- (g) borrowing costs involved (where applicable); and
- (h) prevailing local and general market conditions.

Investments above an internally-determined threshold (as approved by the Board from time to time) must be specifically approved by the Working Committee. In addition, the Board and the Working Committee, which review the risk exposure of the Property Business of the Group at regular intervals, will review the risk exposure of the Property Business at intervals of not less than annually.

The risk management and internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Group and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

### **2.5 Risk Factors relating to the Proposed Diversification**

To the best of the Directors' knowledge and belief, all risk factors which are material in making an informed decision in relation to the Proposed Diversification have been set out below.

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## LETTER TO SHAREHOLDERS

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If any of the factors and/or uncertainties described below develops into actual events affecting the proposed Property Business, this may have a material and adverse impact on the proposed Property Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly affected.

The risks declared below are not intended to be exhaustive. New risk factors may emerge from time to time and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the proposed Property Business or the extent to which any factor or combination of factors may affect the proposed Property Business.

There may be also other risks associated with the entry into the proposed Property Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below.

### 2.5.1 Risks in relation to the Property Business

***The Group does not have any proven track record and business history in the operation of the Property Business***

The Group does not have a proven track record in carrying out the Property Business and managing property-related investments. There is no assurance that the Property Business will be commercially successful and that the investments carried out pursuant to the Property Business will be able to derive sufficient revenue to offset the capital, start-up and financing costs as well as operating costs arising from the new business initiatives. The Property Business may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Property Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Property Business effectively, the overall financial position and profitability of the Group may be adversely affected.

***The Property Business is volatile in nature and may be adversely affected by changes in market forces***

The revenue and profit from the Property Business is dependent on the number and value of projects that the Group undertakes, as well as the timing of project launches and general property market conditions. There is no certainty that the Group will be able to consistently secure new and sizeable property projects at suitable amounts or launch its property projects on schedule. Property prices are subject to market forces of demand and supply, the state of the economy and other economic, political or social factors. The budgeted sale prices for a development project may not be achieved due to fluctuations in property prices and there may be unsold stock of properties owing to the lack of demand. This will directly and adversely affect the profitability of the development and as a result, may materially and adversely affect the financial performance and cash flow of the Group.



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## LETTER TO SHAREHOLDERS

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***The operations and profitability of the Property Business may be disrupted by violence or unrest in the ASEAN region, such as in Indonesia***

Certain ASEAN member states, such as Indonesia, may be prone to civil or political unrest. Any acts of violence, such as terrorist attacks, civil unrest or wars in the markets in which the Property Business operates, may lead to destruction of the areas where the Group may hold land, uncertainty in the economic outlook of its markets and there is no assurance that such markets will not be adversely affected. Any such violence, civil or political unrest and the subsequent economic outlook may have a negative impact on the demand for the Group's Property Business, and the Group's business operations, financial performance, and financial condition may be adversely affected.

***The performance of the Property Business is dependent on the progress of the economy along with the property industry***

The performances of the Group's property development projects, property investments and holding of properties for the collection of rent, capital growth potential and/or provision of property related services and facilities depend largely on the economic development and the performance of the property industry in the countries it operates or will expand into. A downturn in the regional or the relevant local economy will invariably have a material adverse effect on the Group's business and financial performance. In addition, dampened general sentiments in the regional or the relevant local economy may also erode profit margins for the Group's property development projects or property investment projects due to lower demand, and affect the value of the Group's investments. Should the economies or the property markets in the countries where the Group will operate in or expand into experience a downturn, due to reasons such as government regulations or global economic conditions, the performance of the Group's Property Business may be materially and adversely affected.

***The Group may not be able to compete successfully with other property development competitors***

The property development industry is a competitive industry. For instance, in Singapore, the property development and investment industry is a mature industry with many established players. The Group may face keen competition from existing property developers and new entrants to the property business. Some of the Group's competitors may possess significant financial, managerial, marketing and other resources, as well as experience in property and land development and management. Competition between property developers is intense and may result in, amongst other things, increased costs of the acquisition of land for development, a slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, an increase in construction costs and difficulty in obtaining high quality third party contractors and qualified employees. In addition, intense competition may lead to an oversupply of development properties which may result in unhealthy price competition. Failure to secure buyers or significant reductions in property prices due to price competition will have an adverse effect on the Group's revenue and profitability. Also, the real estate market may be subject to rapid change and fluctuations. If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors do, its ability to generate revenue and/or profits from the Property Business and its financial condition and results of operations will be adversely affected.

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## LETTER TO SHAREHOLDERS

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### ***The Property Business will be subject to risks in relation to supply of raw materials and fluctuations in commodity prices***

The Property Business will require building materials for construction works, such as concrete, cement, sand, granite and steel. These building materials are generally subject to international market forces. As a property developer, the practice is to enter into fixed or guaranteed maximum price construction contracts with construction companies (which may not be part of the Group), each of which concerns the development of a significant part of the overall development project and which typically cover both the supply of the building materials and the construction of the property for a construction period of one to three years. Therefore, should the price of building materials increase significantly prior to the entering into a fixed or guaranteed maximum price construction contract, the Group (as either a property developer or property development project investor) might be required to pay more to prospective contractors, which could materially and adversely affect the results of operations and financial condition of the Property Business. Any disruption in the supply or cost increase of these materials may also have a direct adverse impact on project timing and costs and hence the profitability of the Property Business, causing the Group to suffer an adverse impact on its financial performance.

### ***The Group is subject to liquidity or late payment or non-payment risks***

The Group faces uncertainties over the timeliness of customers' payments and their solvency or creditworthiness in respect of purchases of the Group's development properties. There is no assurance that the Group will be able to collect any progress payments on a timely basis, or at all. In the event that there are defaulting purchasers or a significant delay in collecting progress payments from purchasers, the Group may face stress on its liquidity and cash flow. Furthermore, some of the Group's customers may default on their payments to the Group, owing to events or circumstances that are difficult to anticipate or detect that would have an impact on the Group's customers' ability to make timely payments. As a result of the Group's customers defaulting on their payment to it, it would have to make provisions for doubtful debts, or to incur write-offs, which may have an adverse effect on its operating results and profitability.

### ***The Property Business will be subject to risks in relation to pre-sold properties***

The Group intends to pre-sell most of its properties prior to completion in line with industry practice. In the event of a failure or delay in the delivery of pre-sold properties to purchasers, the Group may be liable for potential losses that purchasers may suffer as a result. Such failure or delay may be attributed to factors such as the time taken and the costs involved in completing construction, which are in turn adversely affected by factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour or raw materials, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period, the purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and/or compensation for late delivery. There is no assurance that the Property Business will not experience significant delays in completion or delivery of pre-sold properties. Such failure and delay may therefore have a material adverse effect on the Group's revenue, financial performance, prospects and profitability.

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## LETTER TO SHAREHOLDERS

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### ***The Property Business will be subject to risks in relation to interest rate movements***

Risks arising from increasing interest rates, particularly as a result of the debts that may be undertaken to finance developments and the cost of building materials in its operations, may affect the Group's proposed Property Business. Changes in interest rates will affect the Group's interest income and interest expense from short term deposits and other interest-bearing financial assets and liabilities which could have a material and adverse effect on net profits. An increase in interest rates would also adversely affect the willingness and ability of prospective customers to purchase properties, the Group's ability to service loans and its ability to raise and service long term debt.

### ***The Property Business may be adversely affected by changes in laws and regulations***

The property industry in countries in which the Group may operate is subject to various laws and regulations which may require the Group to obtain the requisite regulatory approvals, permits, certificates, consents, and/or licences to engage in the Property Business. This includes the need to obtain a developer's licence and approval of the building plan for each project. In the event that the Group is unable to obtain such approvals and/or licences, or where there is a delay in obtaining them, the Group's ability to engage in the Property Business will be adversely affected.

The property industry is also regulated by a multitude of laws and regulations which may apply in relation to workplace health and safety, environmental public health and environmental pollution control. Changes in relevant laws and regulations may also have a negative impact on the Property Business, and the failure to comply with the applicable laws and regulations may subject the Group to penalties or have its licences or approvals revoked, or lose the right to own, develop or manage its properties, all of which could adversely affect the Group's operations and financial performance.

Property development is also subject to regulatory controls on zoning and development, planning, design and construction as well as mortgage and financing requirements. In the event that there are changes to these requirements which result in the Group not being able to fulfill its development plans for any of its properties or having to make changes to its property development plans, or the implementation of short term, medium term and/or long term measures by the relevant authorities to regulate the construction, property or other related markets which affects consumer sentiments or demands, the Group's profitability and financial condition could be adversely affected. Changes in policies in the property industry of other countries into which the Group intends to expand may have a material adverse effect on the Group's Property Business, financial condition, results of operations and prospects.

### ***The Group may not have adequate resources to finance land acquisitions or to undertake property development and property investment projects***

Property development projects typically require substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through the sale of units whether under development or completed. Depending on the size and complexity of the project, it usually takes more than 12 months to complete a property development.

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## LETTER TO SHAREHOLDERS

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The availability of adequate financing is critical to the Group's ability to acquire land for the undertaking of property development projects and/or property investment projects. The Group plans to finance its land acquisitions and development projects using a combination of internal sources of funds, progress payments as well as capital markets financing and financial institution borrowings. The Group may also seek access into the capital markets to raise funds for the Property Business through equity and/or debt financing and as and when necessary. The Group cannot assure that it will have sufficient funds at its disposal for land acquisitions or property developments, be able to sell or finance the development of the project through the sale and/or lease of units in any particular development, be able to secure adequate financing, if at all, or obtain or renew credit facilities granted by banks and financial institutions for the projects in question. The Group's ability to obtain adequate financing for land acquisitions or property developments with a commercially acceptable rate of return is dependent on many factors, some of which may be beyond its control, such as general economic conditions, the terms of credit offered by financial institutions and the availability of other sources of equity or debt financing. Furthermore, the incurrence of debt will increase the Group's financing costs and obligations and could result in operating and financial covenants imposed by financial institutions that restrict its operations and its ability to pay dividends to Shareholders. This will have an adverse effect on the Property Business.

### ***The Property Business is sensitive to changes to general economic conditions***

Property development projects and property investment projects are also sensitive to changes in the economic and business conditions, such as the supply of materials or labour. Any changes to the business environment during the length of the project may affect the revenue and cost of the development, which in turn has a direct impact on the profitability of the project. Examples of factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure by contractors to complete construction according to original specifications, schedule or budget, the unavailability and/or the escalating costs of building materials, equipment and/or labour, disputes with contractors, accidents, changes in building regulations, mismanagement of projects, default by contractors, low volume of sales or leasing of the properties and other unforeseen circumstances. Factors that may affect the revenue of property development and property investment projects include the international, regional and local economic climate, local real estate conditions, perceptions of property buyers, businesses, retailers or shoppers in terms of the convenience and attractiveness of the projects, competition from other available properties and changes in market rates for comparable sales. The eventuation of any of the risks described above may adversely affect the Group's returns on investments for the Property Business and the Group's financial performance will be materially and adversely affected.

### ***The Group may not be able to identify, acquire, develop and/or sell profitable property development projects***

The performance and success of the Property Business is dependent on the Group's ability to identify profitable property development projects and following such identification, to successfully acquire, develop, sell and/or lease such projects. This ability may be undermined by various factors, including changes to the general economic conditions in countries where the Group intends to operate its Property Business and changes to relevant interest rates, construction costs, land costs and property prices. There is thus no assurance that the Group will always be successful in identifying suitable

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## LETTER TO SHAREHOLDERS

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property development projects or completing such property development projects profitably. The Group's inability to identify and acquire attractive new sites at commercially acceptable prices could impair its ability to compete with other property developers and materially and adversely affect the Group's ability to grow the Property Business.

***The Group is subject to risks inherent in investing in entities and the manner in which its interests are held which it does not control***

In the event that a suitable opportunity arises, the Group may hold property investments through or make investments in entities that are not part of the Group and over which the Group does not have majority control, or only has a minority stake. The performance of these entities and the Group's share of their results are subject to the same or similar risks relating to the Property Business that affect the Group as described herein. There is no assurance that the Group will be able to influence the management, operation and performance of these entities, whether or not through its voting rights, in a manner which would be favourable to the Group, or at all. While the Group will carefully consider the merits of each investment (whether in a minority stake or otherwise) undertaken in accordance with its risk management procedures, any risk management and internal control system, no matter how sophisticated in design, may still contain inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that any such investment undertaken by the Group under its Property Business, whether in a minority stake or otherwise, will be able to generate profits for the Group. If all or any of these entities were to perform poorly, the financial condition, results of operations and prospects of the Property Business and the Group may be adversely affected.

***The Property Business will be dependent on the recruitment and retention of qualified employees and consultants for its operations and profitability and may be affected by a shortage of skilled construction resources***

In addition to existing management team, the Group may recruit appropriate management resources for its Property Business to provide guidance and/or its investment partners to jointly undertake the projects coming within the Property Business. The Group cannot assure that it will not experience initial operational difficulties or disputes with its investment partners or that its operations will achieve the expected level of revenue and profitability. The growth of the Property Business will be dependent on the Group's ability to identify, recruit, train and retain qualified employees to form a relevant and strong management team with the requisite technical expertise to oversee the operations of the Property Business. The competition for qualified personnel in the Property Business is intense, and the loss of services of one or more of such individuals without adequate replacement, or the inability to attract qualified personnel at a reasonable cost could have a material adverse effect on the Property Business's prospects, operations and financial performance.

The Property Business will also be dependent on the availability of skilled construction labour, supervisors and managerial staff with relevant industry experience. The Group recognises that there may be an increasing shortage of such personnel especially in a rising property market. Any dearth in the availability of such labour resources will have an adverse effect on the operations of the Property Business and eventually its financial performance.

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## LETTER TO SHAREHOLDERS

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The Group may also have limitation in recruiting right personnel or gather sufficient expertise to successfully execute the Property Business. The Group's ability to successfully diversify into the Property Business is further dependent upon its ability to adapt its existing knowledge and expertise and harness the experience and knowledge of the newly recruited personnel in understanding and navigating through the Property Business. The Group may thus not be able to implement the Property Business as successfully or smoothly as expected and this may adversely affect the Group's financial performance and profitability.

***The Property Business will be dependent on subcontractors***

The Group may engage independent third-party contractors and/or subcontractors if necessary to provide various services, including design, construction, piling and foundation, building and property fit-out works, installation of air-conditioning units and elevators and other construction logistics for its property development projects. There is no assurance that the services rendered by such independent third party contractors and/or subcontractors will always be satisfactory or match the targeted quality level. These contractors and/or subcontractors may also be unable to complete the work for which they were contracted on time or at all, either due to financial reasons or otherwise, thus delaying the completion of the Group's property development projects or resulting in additional costs such as cost overruns and/or the payment of liquidated damages. Any lack of satisfactory quality in respect of any aspect of the project or any delay in the completion of projects caused by subcontractors could adversely affect the profitability and the results of operations of the Property Business and may cause damage to the reputation of the Group.

***The Group will be exposed to potential liability and loss arising from damages, injury or death due to accidents at construction worksites***

The Group faces the inherent risk of the property development and construction industry of accidents involving its employees or third parties on its development sites, even if adequate safety measures are in place. Such accidents, or mishaps may severely disrupt the Group's operations and lead to a delay in the completion of a project, and in the event of such delay, the Group could be liable to pay compensation, such as liquidated damages, under the contract with the client. In such an event, the Group's business, operating results and financial performance may be materially and adversely affected.

Further, such accidents or mishaps may subject the Group to claims from workers or other persons involved in such accidents or mishaps for damages suffered by them. In the event that any accidents which are not covered by the Group's insurance policies occur, or if claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Group will be required to pay compensation and its financial performance may be adversely affected. Such insurance claims may also result in higher insurance premiums payable by the Group in the future. These may have an adverse effect on the Group's financial results. In addition, the contractors and/or subcontractors may be required by regulatory authorities, such as the manpower authority, to suspend its operations for a period of time or pay fines. The potential resultant imposition of fines and penalties and possible delays in project completion, cost overruns and/or liquidated damages, may in turn affect the Group's profitability, reputation and the prospects of its construction business and the Property Business.

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## LETTER TO SHAREHOLDERS

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In addition, any accidents or mishaps resulting in significant damage to the Group's machinery or equipment may also have a significant adverse effect on the Group's business, financial condition and operating results.

***The Group may face legal proceedings arising from the operations of the Property Business***

The Group may be involved from time to time in disputes with various parties involved in the development and sale and/or lease of its properties, such as main contractors, subcontractors, suppliers, construction companies, purchasers, lessees, other investment partners and lenders, in the future. Such disputes may include claims relating to delays and defective works and may lead to legal and other proceedings, which could cause the Group to suffer additional costs and further delays. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject the Group to administrative proceedings and unfavourable decrees that result in financial losses and delay the construction or completion of the Group's projects. Any project delays arising from the above will affect the Group's business and financial performance.

***Mergers and acquisitions, joint ventures or co-investment for Property Business may not be successful***

Any merger or acquisition undertaken, or joint venture or co-investment entered into, by the Group for the Property Business may not be successful. If disputes arise out of such mergers or acquisitions or with its joint venture or co-investment partners, the relevant business objectives may not be achieved and may lead to an adverse effect on the operations and financial position of the Group.

***The Group may be adversely affected by the relatively illiquid nature of unsold property assets***

The ability to eventually dispose of the Group's unsold property assets at a profit will depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuations. In the event that the Group is unable to sell a significant proportion of the properties it develops under the Property Business, the Group's financial performance will be materially and adversely affected.

Furthermore, the properties developed and land sites acquired by the Group, as well as unsold properties which the Group continues to hold for sale post completion, are relatively illiquid. The illiquidity of such assets may limit the Group's ability to convert these assets into cash on short notice. Such illiquidity may also have a negative effect in determining the selling prices of the unsold completed property development assets in the future in the event that the Group requires an urgent sale of these assets, and limits the Group's ability to vary its portfolio of property held for sale in response to changes in economic, political, social or regulatory conditions in a timely manner. In such event, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

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## LETTER TO SHAREHOLDERS

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### ***The operations and profitability of the Property Business may be disrupted by outbreaks of diseases***

The operations and profitability of the Property Business may be affected by an outbreak of infectious diseases such as the severe acute respiratory syndrome (SARS) or the H1N1 virus in the countries in which the Group operates may adversely affect its business operations, financial performance and financial condition. If an outbreak of such infectious diseases occurs in any of the countries in which the Group has operations in the future, customer sentiment and spending could be adversely affected and this may have a negative impact on the Group's business operations, financial performance and financial condition. The staff and employees in these countries may also be affected by any outbreak of such infectious diseases and this may affect the Group's day-to-day operations.

### **2.6 Changes to the Board of Directors arising from the Proposed Diversification**

There will be no new appointment to the Board of Directors arising from the Proposed Diversification.

### **2.7 Financial Effects of the Proposed Diversification**

As at the Latest Practicable Date, the Company has no affirmative and binding plans in relation to the Property Business that is expected to materially impact the net profit, EPS or NTA of the Group.

Should there be any material impact on the Group's NTA per Share and EPS for FY2017 as a result of any developments relating to the Property Business, the Company will make the necessary announcements at the appropriate time.

### **2.8 Disclosure of Financial Results of the Property Business**

The Property Business will be accounted for as a new business segment in the Group's financial statements in line with the SFRS and accordingly, the Group will disclose the financial results of Property Business as part of the Group's financial statements. The financial results of the Property Business together with the Group's financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Listing Manual. In these periodic results announcements, the Group may provide segmented financial results relating to the Property Business where appropriate or if required under any applicable accounting standards and Listing Manual.

## **3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

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

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Sucipto <sup>(2)</sup>	–	–	–	–
Stephen Leong, BBM	–	–	–	–
Tan Chee Tong <sup>(3)</sup>	–	–	68,000	0.001
Ng Yoke Chan <sup>(4)</sup>	–	–	1,353,700	2.92



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## LETTER TO SHAREHOLDERS

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	Direct Interest		Deemed Interest	
	Number of Shares	%( <sup>1</sup> )	Number of Shares	%( <sup>1</sup> )
William Teo Choon Kow, BBM	–	–	–	–
Chew Yee Teck, Eric, PBM	–	–	–	–
Wong Wei Boon, Kevin	–	–	–	–
<b>Substantial Shareholders (other than Directors)</b>				
Suman Hadi Negoro <sup>(5)</sup>	6,371,599	13.73	1,750,000	3.77
Melda Veronica	5,002,500	10.78	–	–

**Notes:**

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

#### 4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED RESOLUTION

Subject to Shareholders' approval for the Proposed Diversification, the Group may enter into future transactions and/or projects under its Property Business which Controlling Shareholders and/or Directors may have interests (whether direct or indirect) in or may have referred or otherwise recommended to the Group.

The Company shall comply with the provisions under Chapter 9 of the Listing Manual, if necessary, as and when such transactions are entered into by the Group, including seeking independent Shareholders' approval if a transaction(s) is an "interested person transaction" as defined under Chapter 9 of the Listing Manual and which exceeds (a) 5% of the Group's latest audited NTA; or (b) 5% of the Group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

Save as disclosed above, none of the Directors and Controlling Shareholders has any interest, direct or indirect, in the Proposed Diversification, other than through their respective shareholdings in the Company.

#### 5. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, *inter alia*, the rationale for the Proposed Diversification, as set out above in this Circular, are of the opinion that the Proposed Diversification is in the interest of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

#### 6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, will be held at 37 Jalan Pemimpin #07-16 Mapex Singapore 577177 on 26 July 2017 at 10 a.m. for the purpose of considering and, if thought fit, passing, with or without any modification, the Proposed Diversification set out in the Notice of EGM.

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## LETTER TO SHAREHOLDERS

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### 7. ACTION TO BE TAKEN BY SHAREHOLDERS

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

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

### 8. 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 Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

### 9. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the FY2016 Annual Report of the Company; and
- (b) the Existing Constitution of the Company.

Yours faithfully

Sucipto  
Non-Executive Chairman

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

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### PSL HOLDINGS LIMITED

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

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of **PSL HOLDINGS LIMITED** (the “**Company**”) will be held at 37 Jalan Pemimpin #07-16 Mapex Singapore 577177 on 26 July 2017 at 10 a.m. (for the purpose of considering and, if thought fit, passing with or without modifications, the following:

**ORDINARY RESOLUTION: THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP INTO THE PROPERTY BUSINESS**

That:

- (a) approval be and is hereby given for the diversification by the Company and its subsidiaries of its core business to include the property business that involves activities described in Section 2 of the Company’s circular to the Shareholders dated 11 July 2017 (the “**Property Business**”), and any other activities related to the Property Business.
- (b) the Directors or any of them be and are hereby authorised to do any and all such acts (including executing all such documents as may be required) as they may, in their absolute discretion deem fit, expedient or necessary to give effect to this ordinary resolution.

BY ORDER OF THE BOARD

Gn Jong Yuh Gwendolyn  
Company Secretary

11 July 2017  
Singapore

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Notes:**

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

# PSL HOLDINGS LIMITED

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

## PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

### IMPORTANT:

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

I/We\*, \_\_\_\_\_ (name)

of \_\_\_\_\_ (address)

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

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

and/or\*

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

or failing him/her\*, the Chairman of the EGM (defined below), as my/our\* proxy/proxies\* to vote for me/us\* on my/our\* behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at 37 Jalan Pemimpin #07-16 Mapex Singapore 577177 on 26 July 2017 at 10 a.m. and at any adjournment thereof.

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

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

Ordinary Resolution	For	Against
To approve the proposed diversification into the Property Business		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Total Number of Shares Held

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

\* Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM**

#### NOTES:

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

#### GENERAL:

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

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

#### PERSONAL DATA PRIVACY:

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

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