

**CIRCULAR DATED 7 DECEMBER 2017**

**THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF CIMB BANK BERHAD, SINGAPORE BRANCH. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Circular is issued by Cogent Holdings Limited. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your CHL Shares (as defined herein), you should immediately 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 assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.



**COGENT HOLDINGS LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 200710813D)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**VOLUNTARY CONDITIONAL CASH OFFER**

by

**BANK OF CHINA LIMITED, SINGAPORE BRANCH**  
(Foreign Company registered in the Republic of Singapore)  
(Entity No. S36FC0753G)

for and on behalf of

**COSCO SHIPPING INTERNATIONAL (SINGAPORE) CO., LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 196100159G)

*Independent Financial Adviser to the Independent Directors*



**CIMB BANK BERHAD (13491-P)**  
**SINGAPORE BRANCH**  
(Incorporated in Malaysia)

**SHAREHOLDERS SHOULD NOTE THAT THE OFFER WILL CLOSE AT 5:30 P.M. (SINGAPORE TIME) ON 5 JANUARY 2018 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).**

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## DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

### GENERAL

<b>“3Q2017”</b>	: Third quarter ended 30 September 2017
<b>“9M2017”</b>	: Nine (9)-month period ended 30 September 2017
<b>“9M2017 Results”</b>	: Unaudited consolidated financial statements of the CHL Group for 3Q2017 and 9M2017, which were issued in the Company’s announcement released on the website of the SGX-ST at <a href="http://www.sgx.com">www.sgx.com</a> on 27 November 2017
<b>“9M2017 Review Report”</b>	: Shall have the meaning ascribed to it in paragraph 9.3 of Appendix II to this Circular
<b>“Accepting Shareholder”</b>	: Shall have the meaning ascribed to it in section 2.4 of this Circular
<b>“Adjusted Offer Price”</b>	: Shall have the meaning ascribed to it in section 2.4(b) of this Circular
<b>“Awards”</b>	: Shall have the meaning ascribed to it in section 2.6 of this Circular
<b>“Books Closure Date”</b>	: Shall have the meaning ascribed to it in section 2.4(a) of this Circular
<b>“Business Day”</b>	: A day other than Saturday, Sunday or a public holiday, on which commercial banks are open for business in Singapore
<b>“CEO Service Agreement”</b>	: Shall have the meaning ascribed to it in paragraph 5.2 of Appendix II to this Circular
<b>“CHL Shares”</b>	: Issued and paid-up ordinary shares in the capital of CHL
<b>“Circular”</b>	: This circular to Shareholders enclosing, <i>inter alia</i> , the IFA Letter
<b>“Closing Date”</b>	: 5:30 p.m. on 5 January 2018 (Friday), or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
<b>“Code”</b>	: The Singapore Code on Take-overs and Mergers
<b>“Companies Act”</b>	: The Companies Act (Chapter 50 of Singapore)
<b>“Company Securities”</b>	: (a) CHL Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options or derivatives in respect of the CHL Shares or other securities which carry voting rights in the Company
<b>“Constitution”</b>	: The memorandum and the articles of association of the Company
<b>“CPF”</b>	: The Central Provident Fund
<b>“CPF Agent Banks”</b>	: Agent banks included under the CPFIS
<b>“CPFIS”</b>	: Central Provident Fund Investment Scheme

<b>“CPFIS Investors”</b>	: Investors who purchase CHL Shares using their CPF savings pursuant to the CPFIS
<b>“Deferred Consideration”</b>	: Shall have the meaning ascribed to it in section 8 of this Circular
<b>“Directors”</b>	: The directors of the Company as at the Latest Practicable Date
<b>“Distributions”</b>	: Shall have the meaning ascribed to it in section 2.3(c) of this Circular
<b>“Encumbrances”</b>	: Shall have the meaning ascribed to it in section 2.3(b) of this Circular
<b>“ESOS”</b>	: Shall have the meaning ascribed to it in section 2.6(a) of this Circular
<b>“FAA”</b>	: Form of Acceptance and Authorisation for CHL Shares in respect of the Offer, applicable to Shareholders whose CHL Shares are deposited with CDP and which forms part of the Offer Document
<b>“FAT”</b>	: Form of Acceptance and Transfer for CHL Shares in respect of the Offer, applicable to Shareholders whose CHL Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of the Offer Document
<b>“Final Day Rule”</b>	: Shall have the meaning ascribed to it in section 4.1(e) of this Circular
<b>“Form 1 Disclosure”</b>	: Shall have the meaning ascribed to it in paragraph 4.6 of Appendix II to this Circular
<b>“FY”</b>	: Financial year ended or ending (as the case may be) 31 December of a particular year as stated
<b>“IFA Letter”</b>	: The letter dated 7 December 2017 from CIMB to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular
<b>“Independent Directors”</b>	: The Directors who are considered independent for the purposes of the Offer, namely: <ul style="list-style-type: none"> <li>(a) Mr Tan Yeow Khoon;</li> <li>(b) Mr Tan Min Cheow, Benson;</li> <li>(c) Mr Edwin Tan Yeow Lam;</li> <li>(d) Mr Chan Soo Sen;</li> <li>(e) Mr Chua Cheow Khoon Michael; and</li> <li>(f) Mr Teo Lip Hua Benedict</li> </ul>
<b>“Interested Person”</b>	: As defined in the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: <ul style="list-style-type: none"> <li>(a) a director, chief executive officer, or substantial shareholder of the company;</li> <li>(b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;</li> <li>(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;</li> </ul>

- (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
  - (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
  - (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
- “Irrevocable Undertakings”** : The irrevocable undertakings provided by each of the Undertaking Shareholders to the Offeror to, *inter alia*, accept the Offer, as more particularly described in section 7 of this Circular
- “Latest Practicable Date”** : 30 November 2017, being the latest practicable date prior to the printing of this Circular
- “Listing Manual”** : The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time
- “Offer”** : Shall have the meaning ascribed to it in section 1.1 of this Circular
- “Offer Acceptance Condition”** : Shall have the meaning ascribed to it in section 2.5 of this Circular
- “Offer Announcement”** : The announcement relating to the Offer released by BOC, for and on behalf of the Offeror, on the Offer Announcement Date
- “Offer Announcement Date”** : 3 November 2017, being the date of the Offer Announcement
- “Offer Document”** : The offer document dated 24 November 2017, including the FAA and FAT, and any other document(s) which may be issued by BOC, for and on behalf of the Offeror, to amend, revise, supplement or update such document(s) from time to time
- “Offer Document Despatch Date”** : 24 November 2017, being the date of despatch of the Offer Document
- “Offer Document LPD”** : 17 November 2017, being the latest practicable date prior to the printing of the Offer Document
- “Offer Price”** : Shall have the meaning ascribed to it in section 2.1(a) of this Circular
- “Offer Unconditional Date”** : The date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms
- “Offeror Securities”** : (a) Offeror Shares;
- (b) securities which carry substantially the same rights as the Offeror Shares; and
- (c) convertible securities, warrants, options or derivatives in respect of any Offeror Shares or other securities which carry substantially the same rights as the Offeror Shares
- “Offeror Shares”** : Issued shares in the capital of the Offeror

<b>“Options”</b>	: Shall have the meaning ascribed to it in section 2.6 of this Circular
<b>“Overseas Shareholders”</b>	: Shareholders whose addresses are outside Singapore as shown in the Register, or as the case may be, in the records of CDP
<b>“PSP”</b>	: Shall have the meaning ascribed to it in section 2.6(b) of this Circular
<b>“Register”</b>	: The register of holders of CHL Shares, as maintained by the Registrar
<b>“Resigning Directors”</b>	: Shall have the meaning ascribed to it in section 5.2 of Appendix II to this Circular
<b>“Rule 22.6 Period”</b>	: Shall have the meaning ascribed to it in section 4.1(d) of this Circular
<b>“S\$” and “cents”</b>	: Singapore dollars and cents respectively, being the lawful currency of Singapore
<b>“SFA”</b>	: The Securities and Futures Act (Chapter 289 of Singapore)
<b>“Shareholder”</b>	: Holders of CHL Shares (other than CDP) as indicated on the Register and Depositors who have CHL Shares entered against their name in the Depository Register
<b>“Shut-Off Notice”</b>	: Shall have the meaning ascribed to it in section 4.1(d) of this Circular
<b>“Singapore Subject Properties”</b>	: The properties of the CHL Group at the following locations: <ul style="list-style-type: none"> <li>(a) 1 Buroh Crescent, Cogent 1.Logistics Hub, Singapore 627545;</li> <li>(b) 60 Tuas Crescent, Singapore 638740; and</li> <li>(c) Plot L820168019 at Tembusu Crescent, Jurong Island</li> </ul>
<b>“SRS”</b>	: Supplementary Retirement Scheme
<b>“SRS Agent Banks”</b>	: Agent banks included under the SRS
<b>“SRS Investors”</b>	: Investors who have purchased CHL Shares using their SRS contributions pursuant to the SRS
<b>“Subject Properties”</b>	: The properties of the CHL Group at the following locations: <ul style="list-style-type: none"> <li>(a) 1 Buroh Crescent, Cogent 1.Logistics Hub, Singapore 627545;</li> <li>(b) 60 Tuas Crescent, Singapore 638740;</li> <li>(c) Plot L820168019 at Tembusu Crescent, Jurong Island;</li> <li>(d) Parcel Nos. P119 to P125, Jalan FZ5/P1, Port Klang Free Zone/KS12, 42920 Pulau Indah, Selangor Darul Ehsan; and</li> <li>(e) Parcel Nos. P126 to P129, Jalan FZ5/P1, Port Klang Free Zone/KS12, 42920 Pulau Indah, Selangor Darul Ehsan</li> </ul>
<b>“Undertaking Shareholders”</b>	: The following Shareholders: <ul style="list-style-type: none"> <li>(a) Mr Tan Yeow Khoon;</li> </ul>

- (b) Mr Tan Yeow Lam;
  - (c) Mr Tan Min Cheow, Benson; and
  - (d) Mdm Ng Poh Choo
- “**Valuation Certificates**” : The valuation certificates dated 30 November 2017 issued by the Valuers, as the case may be, in respect of the Subject Properties in connection with the Offer, copies of which are set out in Appendix VI to this Circular
- “**Valuation Reports**” : The reports dated 30 November 2017 issued by the Valuers, as the case may be, in respect of the Subject Properties in connection with the Offer
- “%” or “per cent.” : Percentage or per centum

#### COMPANIES / ORGANISATIONS / PERSONS

- “**BOC**” : Bank Of China Limited, Singapore Branch
- “**CDP**” : The Central Depository (Pte) Limited
- “**CHL**” or the “**Company**” : Cogent Holdings Limited
- “**CHL Group**” : The Company and its subsidiaries
- “**CIMB**” : CIMB Bank Berhad, Singapore Branch, being the independent financial adviser to the Independent Directors in respect of the Offer
- “**CIMB Securities**” : CIMB Securities (Singapore) Pte Ltd
- “**CPF**” : Central Provident Fund
- “**IRAS**” : Inland Revenue Authority of Singapore
- “**Offeror**” : COSCO SHIPPING International (Singapore) Co., Ltd.
- “**Registrar**” : Boardroom Corporate & Advisory Services Pte. Ltd.
- “**SGX-ST**” : Singapore Exchange Securities Trading Limited
- “**SIC**” : Securities Industry Council of Singapore
- “**Valuers**” : Knight Frank Pte Ltd and Knight Frank Malaysia Sdn Bhd, the valuers appointed by the Independent Directors for the purposes of carrying out the valuation of the Subject Properties in connection with the Offer

Unless otherwise defined, the term “**acting in concert**” shall have the meaning ascribed to it in the Code.

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

The terms “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Section 5 and Section 6 of the Companies Act.

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

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other or neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.

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

Any discrepancies in this Circular between the listed amounts 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.

**Statements which are reproduced in their entirety from the Offer Document, the IFA Letter, the Valuation Certificates, the Valuation Reports and the Constitution are set out in this Circular within quotes and in italics and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter, the Valuation Certificates, the Valuation Reports and the Constitution respectively.**

In this Circular, the total number of issued CHL Shares as at the Latest Practicable Date is 478,500,000 CHL Shares. Unless otherwise specified, all references to percentage shareholdings in the capital of the Company in this Circular are based on 478,500,000 CHL Shares in the issued share capital of the Company as at the Latest Practicable Date.



## **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders of the Company should not place undue reliance on such forward-looking statements, and neither the Company nor CIMB guarantees any future performance or event or assumes any obligation to update publicly or revise any forward-looking statement.

## SUMMARY TIMETABLE

Despatch Date	:	7 December 2017
Closing Date <sup>(1)</sup>	:	5:30 p.m. (Singapore time) on 5 January 2018 (Friday), or such later date(s) as may be announced from time to time by or on behalf of the Offeror
Date of settlement of consideration in respect of the Offer <sup>(1)(2)</sup>	:	<p>In respect of valid and complete acceptances received on or before the Offer Unconditional Date, within seven (7) Business Days of the Offer Unconditional Date (or such other time as may be required by the Code)</p> <p>In respect of valid and complete acceptances received after the Offer Unconditional Date but before the Closing Date, within seven (7) Business Days after the date of receipt of each such acceptance (or such other time as may be required by the Code)</p>
Final date of settlement of consideration in respect of the Offer	:	Within seven (7) Business Days after the Closing Date

### **Notes:**

- (1) Please also refer to Appendix A to the Offer Document for further details.
- (2) CPFIS Investors, SRS Investors and other investors who hold CHL Shares through finance companies or Depository Agents will receive notification letter(s) from their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents. Such investors should refer to those notification letter(s) for details of the last date and time (which may be earlier than the Closing Date) to reply to their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents in order to accept the Offer.

**COGENT HOLDINGS LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 200710813D)

**LETTER FROM THE BOARD OF DIRECTORS**

**Board of Directors:**

Mr Tan Yeow Khoon (Executive Chairman)  
Mr Tan Min Cheow, Benson (Executive Director and Chief Executive Officer)  
Mr Edwin Tan Yeow Lam (Managing Director)  
Mr Chan Soo Sen (Lead Independent Director)  
Mr Chua Cheow Khoon Michael (Independent Director)  
Mr Teo Lip Hua Benedict (Independent Director)

**Registered Office:**

1 Buroh Crescent  
#6M-01  
Cogent 1.Logistics Hub  
Singapore 627545

**7 December 2017**

To : The Shareholders of the Company

Dear Sir/Madam

**VOLUNTARY CONDITIONAL CASH OFFER BY BOC FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE CHL SHARES**

**1. INTRODUCTION**

**1.1 Offer Announcement**

On 3 November 2017, being the Offer Announcement Date, BOC, for and on behalf of the Offeror, announced, amongst other things, that the Offeror intends to make a voluntary conditional cash offer for all the CHL Shares, including all CHL Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (the "Offer").

A copy of the Offer Announcement is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

**1.2 Offer Document**

Shareholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in sections 2 to 5 of the Letter to Shareholders in the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer contained in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

**1.3 Purpose of this Circular**

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Independent Directors and the advice of CIMB to the Independent Directors in respect of the Offer.

**Shareholders should consider carefully the recommendation of the Independent Directors and the advice of CIMB to the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer.**

## 2. THE OFFER

### 2.1 Offer Price

Based on the information set out in the Offer Document, BOC has, for and on behalf of the Offeror, made the Offer, in accordance with Section 139 of the SFA and the Code, and subject to the terms and conditions of the Offer Document, for all the CHL Shares on the following basis:

- (a) for each CHL Share: S\$1.02 in cash (the “Offer Price”); and
- (b) the Offeror does not intend to revise the Offer Price or any other terms of the Offer, save that the Offeror reserves the right to do so in a competitive situation.

### 2.2 CHL Shares of Parties Acting in Concert

Section 2.2 of the Letter to Shareholders in the Offer Document states that the Offer is extended, on the same terms and conditions, to all CHL Shares, including any and all CHL Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in connection with the Offer.

### 2.3 No Encumbrances

Section 2.3 of the Letter to Shareholders in the Offer Document states that the CHL Shares will be acquired (a) fully paid-up, (b) free from all liens, equities, pledges, mortgages, charges, encumbrances, rights of pre-emption, rights of first refusal, moratoriums, powers of sale, declarations of trust, hypothecation, retention of title, options or rights to purchase and other third party rights and interests of any kind or nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing (“Encumbrances”), and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (collectively, “Distributions”) that may be announced, declared, paid or made by CHL in respect of the CHL Shares on or after the Offer Announcement Date.

### 2.4 Adjustment for Distributions

Section 2.4 of the Letter to Shareholders in the Offer Document states that without prejudice to the foregoing in section 2.3 above, the Offer Price has been determined on the basis that the CHL Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by CHL on or after the Offer Announcement Date.

Accordingly, as stated in the same section 2.4, if any Distribution is announced, declared, paid or made by CHL on or after the Offer Announcement Date to a Shareholder who validly accepts or has validly accepted the Offer (the “Accepting Shareholder”), the Offer Price payable to such Accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the CHL Shares tendered in acceptance of the Offer by the Accepting Shareholder falls, as follows:

- (a) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “Books Closure Date”), the Offer Price for each CHL Share shall remain unadjusted and the Offeror shall pay the Accepting Shareholder the unadjusted Offer Price for each CHL Share, as the Offeror will receive the Distribution in respect of such CHL Share from CHL; or
- (b) if such settlement falls after the Books Closure Date, the Offer Price for each CHL Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each CHL Share (the Offer Price after such reduction, the “Adjusted Offer Price”) and the Offeror shall pay the Accepting Shareholder the Adjusted Offer Price for each CHL Share, as the Offeror will not receive the Distribution in respect of such CHL Share from CHL.

## 2.5 Offer Acceptance Condition

Section 2.5 of the Letter to Shareholders in the Offer Document states that the Offer is conditional upon the Offeror having received, by the Closing Date, valid acceptances (which have not been withdrawn) in respect of such number of CHL Shares which, when taken together with the CHL Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Offer, and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of CHL Shares carrying more than 50% of the voting rights attributable all the CHL Shares (excluding treasury shares) as at the Closing Date (such condition, the “**Offer Acceptance Condition**”).

**As set out in the same section 2.5:**

- (a) **pursuant to the Irrevocable Undertakings, the aggregate number of CHL Shares held by the Undertaking Shareholders amounts to 403,502,775 CHL Shares, representing approximately 84.33% of all the CHL Shares in issue as at the Offer Document LPD;**
- (b) **based on the total number of issued CHL Shares as at the Offer Document LPD, the Offer Acceptance Condition will be satisfied upon receipt of valid acceptances from the Undertaking Shareholders pursuant to the Irrevocable Undertakings and the Offer will become and be capable of being declared unconditional as to acceptances and in all other respects;**
- (c) **each Undertaking Shareholder has undertaken to the Offeror to accept the Offer on or before 3 January 2018 (Wednesday); and**
- (d) **save for the Offer Acceptance Condition, the Offer is unconditional in all other respects.**

## 2.6 No Options and Awards

Section 2.6 of the Letter to Shareholders in the Offer Document states that, as at the Offer Document LPD, CHL has in place the following employee or performance share incentive schemes:

- (a) the Cogent Holdings Employee Share Option Scheme (the “**ESOS**”); and
- (b) the Cogent Holdings Performance Share Plan (the “**PSP**”).

As set out in the same section 2.6, as at the Offer Document LPD, as CHL has not implemented the ESOS or the PSP, there are no outstanding options granted pursuant to the ESOS (“**Options**”) and no outstanding awards granted pursuant to the PSP (“**Awards**”). Accordingly, the Offer will not be extended to any CHL Share allotted and issued pursuant to the exercise of any Option or the vesting of any Award and no comparable offer for, or other proposal in respect of, any Option or Award will be made by BOC, for and on behalf of the Offeror, in connection with the Offer.

## 3. WARRANTY

Section 3 of the Letter to Shareholders in the Offer Document states that a Shareholder who tenders his CHL Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such CHL Shares, as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any) that may be announced, declared, paid or made by CHL in respect of the CHL Shares on or after the Offer Announcement Date.

## 4. DETAILS OF THE OFFER

### 4.1 Duration of the Offer

As set out in paragraph 1 of Appendix A to the Offer Document:

- (a) **First Closing Date.** The Offer is open for acceptance by Shareholders for at least 42 days from the Offer Document Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5:30 p.m. (Singapore time) on 5 January 2018 (Friday) or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**
- (b) **Subsequent Closing Date(s).** If the Offer is extended and:
  - (i) is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or
  - (ii) is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.
- (c) **No obligation to extend the Offer.** The Offeror is not obliged to extend the Offer if the Offer Acceptance Condition is not fulfilled by the Closing Date.
- (d) **Offer to remain open for 14 days after being declared unconditional as to acceptances.** In order to give Shareholders who have not accepted the Offer the opportunity to do so if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed ("**Rule 22.6 Period**").

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- (i) the Offeror may not give a Shut-Off Notice in a competitive situation; and
- (ii) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with Rule 28.1 of the Code, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

- (e) **Final Day Rule.** The Offer (whether revised or not) will not be capable of:
  - (i) becoming or being declared unconditional as to acceptances after 5:30 p.m. (Singapore time) on the 60<sup>th</sup> day after the Offer Document Despatch Date; or
  - (ii) being kept open after such 60-day period unless it has previously become or has been declared to be unconditional as to acceptances,provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent ("**Final Day Rule**").
- (f) **Revision.** The Offeror does not intend to revise the Offer Price or any other terms of the Offer, except that the Offeror reserves the right to do so in a competitive situation.

The Offer, if revised, will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. All Shareholders who have already accepted the Offer will also receive the benefit of any revised Offer.

#### 4.2 Further Details of the Offer

The Offer is made subject to the terms and conditions as set out in the Offer Document. Appendix A to the Offer Document sets out further details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer.

#### 5. PROCEDURES FOR ACCEPTANCE

Appendix B to the Offer Document sets out the procedures for acceptance of the Offer.

#### 6. INFORMATION ON THE OFFEROR

Details of the Offeror are set out in section 6 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

##### **“6. INFORMATION ON THE OFFEROR**

6.1 ***Date of incorporation and listing.*** *The Offeror is a public limited company incorporated in Singapore and listed on the mainboard of the SGX-ST.*

6.2 ***Directors of the Offeror.*** *The directors of the Offeror as at the Latest Practicable Date are:*

(a) *Mr. Wang Yu Hang (Chairman and Non-Independent and Non-Executive Director);*

(b) *Mr. Gu Jing Song (Vice Chairman, President and Non-Independent Executive Director);*

(c) *Mr. Li Xi Bei (Non-Independent Executive Director);*

(d) *Mr. Liang Yan Feng (Non-Independent and Non-Executive Director);*

(e) *Mr. Tom Yee Lat Shing (Non-Executive Lead Independent Director);*

(f) *Dr. Wang Kai Yuen (Non-Executive Independent Director);*

(g) *Mr. Er Kwong Wah (Non-Executive Independent Director);*

(h) *Mr. Ang Swee Tian (Non-Executive Independent Director);*

(i) *Mr. Li Man (Alternate to Mr. Wang Yu Hang); and*

(j) *Mr. Ouyang Chao Mei (Alternate to Mr. Liang Yan Feng).*

6.3 ***Share capital.*** *As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of approximately S\$270,608,381.71 comprising 2,239,244,954 issued shares with no treasury shares (based on the results of the instant information search of the Offeror dated the Latest Practicable Date conducted with ACRA).*

6.4 ***Substantial shareholder of the Offeror.*** *As at the Latest Practicable Date, China Ocean Shipping (Group) Company (“COSGC”) has a direct interest in 1,194,565,488 issued ordinary shares of the Offeror, representing approximately 53.35% of the issued*

share capital of the Offeror. China COSCO Shipping Corporation Limited (“**China COSCO**”) is deemed interested in the 1,194,565,488 issued ordinary shares held by COSGC.”

## 7. IRREVOCABLE UNDERTAKINGS

Details on the Irrevocable Undertakings are set out in section 8 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

### “8. IRREVOCABLE UNDERTAKINGS

8.1 **Undertaking Shareholders.** *As at the Offer Announcement Date, the Offeror has received irrevocable undertakings to, amongst other things, accept the Offer (the “Irrevocable Undertakings”) from each of the following Shareholders who are the legal and/or beneficial owners of an aggregate of 403,502,775 Shares (representing approximately 84.33% of all the Shares in issue as at the Latest Practicable Date):*

- (a) *Mr. Tan Yeow Khoon;*
- (b) *Mr. Tan Yeow Lam;*
- (c) *Mr. Tan Min Cheow, Benson; and*
- (d) *Madam Ng Poh Choo,*

*(collectively, the “Undertaking Shareholders” and each, an “Undertaking Shareholder”).*

8.2 **Irrevocable Undertakings.** *Under the terms of the Irrevocable Undertakings, each Undertaking Shareholder has unconditionally and irrevocably undertaken, represented and warranted to the Offeror, amongst other things:*

- (a) *to accept, or procure the acceptance of, the Offer (including any revised or improved Offer by or on behalf of the Offeror) in respect of all (and not only some of) the Relevant Shares free from any Encumbrances;*
- (b) *to fulfil the undertaking in **Section 8.2(a)** above in respect of all the Relevant Shares within three (3) Market Days from the date that the Undertaking Shareholder receives written notice from the Offeror to fulfil the undertaking in **Section 8.2(a)** above, but in any event no later than two (2) Market Days prior to the first Closing Date of the Offer as stated in this Offer Document, in accordance with the procedures to be prescribed in this Offer Document and the Relevant Acceptance Forms;*
- (c) *notwithstanding the provisions of any rights of withdrawal under the Code or any terms of the Offer regarding withdrawal, not to withdraw such acceptance(s) of the Offer in respect of all the Relevant Shares unless the Irrevocable Undertaking lapses in accordance with its terms;*
- (d) *the Relevant Shares will be transferred to the Offeror and/or its nominee(s) fully paid-up and free from all Encumbrances, and will be transferred to the Offeror and/or its nominee(s) together with all rights, benefits and entitlements attached thereto in accordance with the Offer as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions, if any, which may be announced, declared, paid or made thereon by CHL on or after the Offer Announcement Date);*
- (e) *not to accept (or permit the acceptance on their behalf of) any Competing Proposal in respect of all or any of the Relevant Shares, whether or not such Competing Proposal is at a higher price than the Offer Price for the Relevant Shares and/or on more favourable terms than the Offer;*



- (f) *not to approve, endorse, recommend, vote or agree to vote for any Competing Proposal, whether or not such Competing Proposal is at a higher price than the Offer Price for the Relevant Shares and/or on more favourable terms than the Offer; and*
- (g) *not (other than pursuant to the Offer) to dispose of or transfer (or permit the disposal or transfer of) all or any of the Relevant Shares to any other party (including through granting or creating any Encumbrances over any of the Relevant Shares or otherwise).*

8.3 **Key Undertaking Shareholders' Irrevocable Undertakings.** *Under the terms of the Irrevocable Undertakings entered into by Mr. Tan Yeow Khoon, Mr. Tan Yeow Lam and Mr. Tan Min Cheow, Benson (the "Key Undertaking Shareholders"), each Key Undertaking Shareholder has unconditionally and irrevocably undertaken, represented and warranted to the Offeror, amongst other things:*

- (a) *subject to compliance with each Key Undertaking Shareholder's fiduciary duties and obligations under the Code as a director of CHL, and in compliance with all applicable laws, regulations and rules, each Key Undertaking Shareholder shall use all reasonable endeavours to effect the reconstitution, on the day immediately after the consideration for the acceptance of the Relevant Shares has been settled in accordance with the Code ("Reconstitution Date"), of part of, or the entire board of CHL and each of the CHL Group Companies (as informed to each Key Undertaking Shareholder by the Offeror), and in connection therewith, the appointment of such number of individuals ("Nominees") notified by the Offeror to each Key Undertaking Shareholder to the board of CHL and each of the CHL Group Companies on the Reconstitution Date, provided that the Offeror shall: (i) provide the identities and necessary documentation in respect of such Nominees (who satisfy the requirements under the listing rules of the SGX-ST and at least one (1) of whom shall be ordinarily resident in Singapore) to each Key Undertaking Shareholder and/or his legal adviser at least 10 Market Days prior to the Reconstitution Date; (ii) procure that each such Nominee signs a written consent to act by the Reconstitution Date; and (iii) have clearly indicated prior to the Reconstitution Date that the Offer will not be revised (the "Reconstitution") (as applicable);*
- (b) *in the case of Mr. Tan Yeow Khoon and Mr. Tan Yeow Lam, resign as directors of CHL and each of the CHL Group Companies (as applicable) immediately after the Reconstitution and in any event, on the Reconstitution Date; and*
- (c) *in the case of Mr. Tan Min Cheow, Benson, resign as a director of CHL and each of the CHL Group Companies (as applicable) on the date which CHL is delisted from the SGX-ST or such later date as notified by the Offeror to him.*

8.4 **Termination of Irrevocable Undertakings.** *Each Irrevocable Undertaking shall terminate, lapse and cease to have any effect if for whatever reason, other than as a result of a breach by the relevant Undertaking Shareholder of any of his or her obligations set forth in the Irrevocable Undertaking, amongst other things, the Offer is withdrawn without becoming or being declared unconditional in all respects.*

8.5 **Definitions.** *For the purposes of the Irrevocable Undertakings:*

- (a) **"Competing Proposal"** *means an expression of interest, offer or proposal by a party other than the Offeror to:*
  - (i) *(whether directly or indirectly) acquire or become the holder of, or otherwise have an economic interest in:*
    - (A) *all or any material part of the assets, businesses, revenues and undertakings of any CHL Group Company (it being*

*acknowledged that an acquisition of assets, businesses, revenues and undertakings of the CHL Group shall be regarded as material for this purpose if the assets, businesses, revenues and undertakings constitute a “material amount” as defined in Note 2 to Rule 5 of the Code); or*

- (B) *any of the share capital of any CHL Group Company;*
  - (ii) *acquire control of CHL (whether through a general offer or otherwise) or any of its subsidiaries;*
  - (iii) *otherwise acquire or merge with any CHL Group Company (whether by way of a joint venture, dual-listed company structure, scheme of arrangement or otherwise); or*
  - (iv) *effect a transaction or series of related transactions which would or is reasonably likely to preclude or restrict the Offer.*
- (b) **“Relevant Shares” means:**
- (i) *the Shares held by the Undertaking Shareholders;*
  - (ii) *any other Shares or securities in the capital of CHL which the Undertaking Shareholders may directly or indirectly and through their nominee(s) or otherwise, become the legal and/or beneficial owner of; and*
  - (iii) *any other Shares or securities in the capital of CHL deriving from Shares or securities in the capital of CHL obtained by way of:*
    - (A) *any dividends, other distribution or return of capital (whether in cash or otherwise) by CHL; or*
    - (B) *any allotment, creation or issue of shares or other securities convertible into shares, or grant of options or other rights to subscribe for Shares, by CHL,*  
  
*whether pursuant to any bonus issue, rights issue or distribution or otherwise.*

8.6 **No other Undertakings.** *Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any party acting in concert with it has received any undertaking from any other party to accept or reject the Offer.”*

## 8. DEFERRED CONSIDERATION

Section 9 of the Letter to Shareholders in the Offer Document states that each of Mr Tan Yeow Khoon, Mr Edwin Tan Yeow Lam and Mr Tan Min Cheow, Benson have agreed to waive their rights to receive, in aggregate, an amount equal to S\$20 million (the “**Deferred Consideration**”) within the time period prescribed under Rule 30 of the Code.

Further details relating to the Deferred Consideration are set out in section 9.2 of the Letter to Shareholders in the Offer Document, which are reproduced in italics below:

“9.2 **Payment of Deferred Consideration.** *The Key Undertaking Shareholders have agreed that the Offeror shall, subject to terms and conditions to be separately agreed, be entitled to hold back the Deferred Consideration from the aggregate Offer Price payable to each of the Key Undertaking Shareholders.”*

Further details of the Deferred Consideration are set out in Appendix E to the Offer Document.

## 9. CEO SERVICE AGREEMENT

Details on the CEO Service Agreement are set out in section 10 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

### **“10. CEO Service Agreement**

*The Offeror intends and desires that there be continuity of management and minimal disruption to CHL’s business. For this purpose, Mr. Tan Min Cheow, Benson will enter into a service agreement with CHL, pursuant to which he will, amongst other things, be employed by CHL for a period ending on the date falling three (3) years from the date on which Mr. Tan Min Cheow, Benson tenders his Shares in acceptance of the Offer.”*

## 10. OFFEROR’S RATIONALE FOR THE OFFER

The Offeror’s rationale for the Offer is set out in section 11 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

### **“11. RATIONALE FOR THE OFFER**

**11.1 Rationale.** *The Offeror is of the view that the Offer represents an opportunity for it to acquire control in one of Singapore’s leading full service, integrated logistics service providers with a track record of over 40 years. It is envisaged that:*

- (a) as the Offeror’s ultimate holding company, China COSCO, has a well-established logistics business network throughout the PRC, the Offeror will be able to leverage on China COSCO’s existing logistics business platform to potentially develop new business opportunities in the logistics sector in Southeast Asia, taking advantage of the “Belt and Road Initiative” formulated by the PRC Government in 2013; and*
- (b) the Offeror will be able to offer end-to-end services to its customers with logistical needs in Singapore and Malaysia, thereby increasing the Offeror’s competitive edge in relation to its global competitors and entrenching its customers.*

**11.2 Opportunity for Shareholders.** *The Offer also provides an opportunity for Shareholders to realise their investments in CHL for cash, if they so choose, at a premium over the market prices of the Shares prior to the Offer Announcement Date and without incurring brokerage fees. The Offer Price:*

- (a) represents a premium of approximately 242.1% over the net tangible asset (“NTA”) per Share of S\$0.298 as at 30 June 2017;*
- (b) represents a premium of approximately 5.2% over the last transacted price per Share on the SGX-ST of S\$0.970 on 2 November 2017, being the Last Trading Day; and*
- (c) represents a premium of approximately 6.2%, 12.7%, 20.3% and 30.6% over the VWAP per Share as transacted on the SGX-ST for the one (1)-month, three (3)-month, six (6)-month and twelve month periods up to and including the Last Trading Day, respectively.”*

## 11. OFFEROR'S INTENTIONS FOR CHL

The Offeror's intentions relating to CHL are set out in sections 12 to 14 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

### **"12. OFFEROR'S INTENTIONS FOR CHL**

*The Offeror presently intends for CHL to continue with its existing business activities and has no intention to (i) introduce any major changes to the existing businesses of CHL, (ii) re-deploy any of the major fixed assets of CHL, or (iii) discontinue the employment of any employees of the CHL Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which it regards to be in the interests of any member of the CHL Group and/or the Offeror."*

### **13. LISTING STATUS**

**13.1 Free Float Requirement.** Pursuant to Rule 723 of the Listing Manual, CHL must ensure that at least 10% of the total number of Shares (excluding treasury shares) is at all times held by the public (the "**Free Float Requirement**"). Pursuant to Rule 1105 of the Listing Manual, upon announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Offeror and parties acting in concert with it to above 90% of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that, if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding treasury shares), thus causing the percentage of the total number of Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the listed securities of CHL at the Closing Date.

*Pursuant to Rule 724(1) of the Listing Manual, if the Free Float Requirement is not complied with, CHL must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Listing Manual further provides that the SGX-ST may allow CHL a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares (excluding treasury shares) held in public hands to at least 10%, failing which CHL may be removed from the Official List of the SGX-ST.*

**13.2 Listing status.** *The Offeror intends to privatise CHL and does not intend to maintain the listing status of CHL. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 723, Rule 724, Rule 1105, or Rule 1303(1) of the Listing Manual, the Offeror has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted.*

### **14. COMPULSORY ACQUISITION**

**14.1 Compulsory Acquisition Right.** Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer or acquires Shares otherwise than through valid acceptances of the Offer, in respect of not less than 90% of the total number of Shares as at the Closing Date (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any treasury shares), the Offeror would be entitled to exercise its right to compulsorily acquire, at the Offer Price, all the Shares of Shareholders who have not accepted the Offer (the "**Compulsory Acquisition Right**").

***In such event, the Offeror intends to exercise the Compulsory Acquisition Right. The Offeror will then proceed to delist CHL from the SGX-ST.***

14.2 **Section 215(3).** Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations and their respective nominees, comprise 90% or more of the total number of Shares, Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at a consideration equal to the Offer Price. **Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.**"

## 12. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company Securities and the Offeror Securities as at the Latest Practicable Date, are set out in Appendix II to this Circular.

## 13. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

### 13.1 Appointment of Independent Financial Adviser

CIMB has been appointed as the independent financial adviser to advise the Independent Directors for the purpose of making a recommendation to the Shareholders in connection with the Offer. The advice of CIMB is set out in the IFA Letter annexed as Appendix I to this Circular.

### 13.2 CIMB's Advice to the Independent Directors

The advice of CIMB to the Independent Directors in respect of the Offer is set out in the IFA Letter annexed as Appendix I to this Circular. The opinion and advice of CIMB to the Independent Directors in respect of the Offer is reproduced in italics below:

*"In arriving at our advice to the Independent Directors on the Offer, we have considered, inter alia, the following factors which should be read in the context of the full text of this letter:*

- (i) The Shares had not traded at or above the Offer Price over the 3-year period prior to the Last Trading Day;*
- (ii) Between the Last Trading Day and the Latest Practicable Date, the closing price of the Shares had generally trended upwards but has not closed at or above the Offer Price;*
- (iii) The Offer Price represents a significant premium of between 158.1% to 177.6% over the various VWAPs in the 1-year period prior to the WSJ Article;*
- (iv) The Offer Price represents a premium of between 13.3% to 32.8% over the various VWAPs in the 1-year period prior to the SGX Query;*
- (v) The Offer Price represents a premium of between 5.2% to 52.9% over the various VWAPs in the 3-year period up to the Last Trading Day;*
- (vi) The Shares are regularly traded indicating a ready market for the trading of the Shares. The ADTV of the Shares rose significantly after the release of the WSJ Article with an ADTV of 843,970 shares between 28 January 2016 and the Last Trading Day, compared to 230,328 shares for the 1-year period prior to 28 January 2016;*
- (vii) The Share price as at the Last Trading Day and Latest Practicable Date may be supported by the Offer and may not be sustained at these levels after the close of the Offer;*

- (viii) *The Offer Price represents a significant premium of approximately 261.3% over the NAV per Share as at 30 September 2017;*
- (ix) *The Offer Price is at a premium of approximately 18.9% over the RNAV per Share of S\$0.86 as at 30 September 2017;*
- (x) *At 15.1x, the P/E multiple implied by the Offer Price is greater than the historical trailing P/E multiples of the Shares for the entire 3-year period prior to the Last Trading Day;*
- (xi) *At 3.6x, the P/NAV multiple implied by the Offer Price is greater than the average historical P/NAV multiple of the Shares for the 3-year period up to the Last Trading Day of 2.5x;*
- (xii) *Both the trailing and forward P/E multiples implied by the Offer Price are below the corresponding mean and median multiples of the Comparable Companies but well within their corresponding range of multiples;*
- (xiii) *Both the trailing and forward EV/EBITDA multiples implied by the Offer Price are above the corresponding mean and median multiples of the Comparable Companies;*
- (xiv) *The P/NAV multiple implied by the Offer Price is significantly above the corresponding mean and median multiples of the Comparable Companies;*
- (xv) *The P/E multiple implied by the Offer Price is above the corresponding median multiple but below the corresponding mean multiple of the Precedent Transactions;*
- (xvi) *The EV/EBITDA multiple implied by the Offer Price is below the corresponding median and mean multiples of the Precedent Transactions but well within their corresponding range of multiples;*
- (xvii) *The P/NAV multiple implied by the Offer Price is above the corresponding range of multiples of the Precedent Transactions;*
- (xviii) *The P/IRNAV multiple implied by the Offer Price is above the corresponding median and mean multiples of the Precedent Transactions;*
- (xix) *The market price premium implied by the Offer Price when compared against the closing Share price, 1-month and 3-month VWAPs prior to the WSJ Article are well above the corresponding range of premia of the Precedent Takeovers;*
- (xx) *The market price premium implied by the Offer Price when compared against the closing Share price, 1-month and 3-month VWAPs prior to the SGX Query and the Last Trading Day are below the corresponding mean and median premia of the Precedent Takeovers;*
- (xxi) *The Offer Price is at a slight discount of 8.9% to the analyst's target price;*
- (xxii) *Certain Comparable Companies and the FSSTI generally provide dividend yields which are better or in line with that of the Company as implied by the Offer Price;*
- (xxiii) *The Offeror is assured of acquiring approximately 84.33% of the total number of issued Shares. Accordingly, the Offeror will be able to secure statutory control of the Company which entitles it to pass all resolutions on matters in which the Offeror and its concert parties do not have an interest, at general meetings of Shareholders including resolutions on dividend payments by the Company;*
- (xxiv) *The Company is not aware of any other binding offer for all the Shares or the businesses of the Group that has been made prior to the Offer Announcement Date, the terms of which are more favourable than those under the Offer;*

- (xxv) *There is no publicly available evidence of any alternative offer for the Shares and the Undertaking Shareholders have unconditionally and irrevocably undertaken, amongst other things, not to accept any Competing Proposal, whether or not such Competing Proposal is at a higher price than the Offer Price for the Relevant Shares and/or on more favourable terms than the Offer. The Offeror has stated that it does not intend to revise the Offer Price;*
- (xxvi) *The Offeror intends to privatise the Company and does not intend to maintain the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to the Listing Manual, the Offeror has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted. The Offeror also intends to exercise the Compulsory Acquisition Right. The Offeror will then proceed to delist the Company from the SGX-ST; and*
- (xxvii) *The Offeror presently intends for the Company to continue with its existing business activities and has no intention to (i) introduce any major changes to the existing businesses of the Company, (ii) re-deploy any of the major fixed assets of the Company, or (iii) discontinue the employment of any employees of the Group, other than in the ordinary course of business.*

***Based upon, and having considered, inter alia, the factors described above and the information that has been made available to us as at the Latest Practicable Date, we are of the opinion that as of the Latest Practicable Date, the Offer Price is FAIR AND REASONABLE under current prevailing market, economic, industry, monetary and other relevant conditions. Accordingly, we advise the Independent Directors to recommend that Shareholders ACCEPT THE OFFER or sell their Shares in the open market if they can receive a price higher than the Offer Price (after netting off the related transaction expenses).***

*In rendering the advice above, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Shareholders should note that the opinion and advice of CIMB should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer."*

#### **14. RECOMMENDATION OF THE INDEPENDENT DIRECTORS**

The Independent Directors, having considered carefully the terms of the Offer and the advice given by CIMB to the Independent Directors in the IFA Letter, have set out their recommendation on the Offer below:

The Independent Directors concur with CIMB's assessment of the Offer and its recommendation thereon, as set out in section 13.2 of this Circular and in the IFA Letter. **Accordingly, the Independent Directors recommend that Shareholders ACCEPT the Offer.**

In making the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, risk profiles, tax positions and/or particular needs and constraints of any specific Shareholder. As different Shareholders would have different investment profiles and objectives, the Independent Directors recommend that any specific Shareholder who may require specific advice in relation to his CHL Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

**Shareholders should read and consider carefully this Circular, including the recommendation of the Independent Directors and the advice of CIMB to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular in their entirety, before deciding whether to accept or reject the Offer. Shareholders are also urged to read the Offer Document carefully.**

## 15. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to section 18 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

### **“18. OVERSEAS SHAREHOLDERS**

**18.1 Overseas Shareholders.** *This Offer Document, the Relevant Acceptance Forms and/or any related documents do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document, the Relevant Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror and BOC reserve the right not to send this Offer Document, the Relevant Acceptance Forms and/or any related documents to such overseas jurisdictions. The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP (“Overseas Shareholders”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Offer is made to all Shareholders, including those to whom this Offer Document, the Relevant Acceptance Forms and/or any related documents have not been, or will not be, sent.*

**18.2 Copies of this Offer Document.** *Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain copies of this Offer Document, the Relevant Acceptance Forms and/or any related documents, during normal business hours up to the Closing Date from Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a scripholder) at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.*

*Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a scripholder) at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or The Central Depository (Pte) Limited (if he is a Depositor), 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 to request for this Offer Document, the Relevant Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.*

**18.3 Notice.** *The Offeror and BOC each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST, paid advertisement in a daily newspaper published and circulated in Singapore or notice published in the Government Gazette, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement, advertisement or notice.*

**18.4 Compliance with Applicable Laws.** *It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents; or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any taxes, imposts, duties or other requisite payments payable, and the Offeror and any person acting on its behalf (including BOC, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or*



*requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any exercise of the rights described in this Offer Document. In (a) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, CDP, the Registrar and BOC that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.”*

## **16. INFORMATION PERTAINING TO CPFIS AND SRS INVESTORS**

As stated in section 19 of the Letter to Shareholders in the Offer Document, CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

As set out in the same section 19, CPFIS Investors and SRS Investors who wish to accept the Offer should reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer through their appropriate intermediaries will receive the payment for their CHL Shares in their CPF investment accounts and SRS investment accounts.

## **17. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who wish to accept the Offer must do so not later than 5:30 p.m. (Singapore time) on the Closing Date. Please refer to Appendix B to the Offer Document, which sets out the procedures for acceptance of the Offer.

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document which has been sent to them.

## **18. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors (including any who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror, parties acting in concert with the Offeror, the Offer, the Offer Announcement, the Offer Document, the IFA Letter, the letter from CIMB on the 9M2017 Results, the 9M2017 Review Report, the Valuation Certificates and the Valuation Reports) are fair and accurate and that there are no material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

In respect of the IFA Letter, the Valuation Certificates and the Valuation Reports, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the CHL Group are, to the best of their knowledge and belief, fair and accurate in all material respects.

Where any information in this Circular has been extracted or reproduced from published or publicly available sources (including, without limitation, the Offer Announcement, the Offer Document, the IFA Letter, the letter from CIMB on the 9M2017 Results, the 9M2017 Review Report, the Valuation Certificates and the Valuation Reports), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

The Directors jointly and severally accept responsibility accordingly.

**Yours faithfully**  
**For and on behalf of the Board of Directors**

Tan Min Cheow, Benson  
Executive Director and Chief Executive Officer

## LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS

**CIMB BANK BERHAD (13491-P)**  
**Singapore Branch**  
(Incorporated in Malaysia)50 Raffles Place #09-01  
Singapore Land Tower  
Singapore 048623

7 December 2017

To: **The Independent Directors**  
**Cogent Holdings Limited**  
Cogent 1.Logistics Hub  
1 Buroh Crescent #6M-01  
Singapore 627545

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH OFFER FOR COGENT HOLDINGS LIMITED**

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**1. INTRODUCTION**

On 3 November 2017, Bank of China Limited, Singapore Branch ("**BOC**") announced, for and on behalf of COSCO SHIPPING International (Singapore) Co., Ltd. (the "**Offeror**"), that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued ordinary shares (the "**Shares**") in the capital of Cogent Holdings Limited ("**CHL**" or the "**Company**"), including all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror.

In connection with the Offer, CIMB Bank Berhad, Singapore Branch ("**CIMB**") has been appointed as the independent financial adviser to advise the directors of the Company (the "**Directors**") who are considered independent (the "**Independent Directors**") for the purposes of the Offer.

This letter sets out, *inter alia*, our evaluation of the financial terms of the Offer and our advice thereon. It forms part of the circular dated 7 December 2017 issued by the Company to its shareholders ("**Shareholders**") setting out, *inter alia*, details of the Offer as well as the recommendation of the Independent Directors in respect thereof (the "**Circular**").

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular and the offer document issued by BOC for and on behalf of the Offeror dated 24 November 2017 (the "**Offer Document**") shall have the same meanings herein. Any differences between the amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

**To ensure that this letter is comprehensive and concise, details contained in the Circular and the Offer Document, where necessary or relevant are not wholly reproduced, but instead, are referenced to or summarised throughout this letter. We recommend that the Independent Directors advise Shareholders to read these contextual references and summaries with due care.**

**2. TERMS OF REFERENCE**

We have been appointed to advise on the financial terms of the Offer and whether Shareholders should accept or reject the Offer, pursuant to Rules 7.1 and 24.1(b) of the

Singapore Code on Take-overs and Mergers (the “**Code**”). We have confined our evaluation to the financial terms of the Offer and our terms of reference do not require us to evaluate or comment on the commercial risks and/or commercial merits of the Offer or the future prospects of the Company and its subsidiaries (the “**Group**”) and we have not made such evaluation or comment. However, we may draw upon the views of the Directors and/or the management of the Company (the “**Management**”) (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter. We have not been requested to, and we do not, express any opinion on the relative merits of the Offer as compared to any other alternative transaction. We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the Shares.

We have held discussions with the Directors and the Management and have examined publicly available information collated by us as well as information, both written and verbal, provided to us by the Directors, the Management and the Company’s other professional advisers. We have not independently verified such information, whether written or verbal, and accordingly we cannot and do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of such information. However, we have made such enquiries and exercised our judgment as we deem necessary on such information and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material respects. The Directors have confirmed to us, that to the best of their knowledge and belief, all material information relating to the Group and the Offer has been disclosed to us, that such information is fair and accurate in all material respects and that there are no other material facts and circumstances the omission of which would make any statement in the Circular inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, land and building) of the Group. We have not been furnished with any such evaluation or appraisal, except for the reports (“**Valuation Reports**”) from the valuers appointed by the Company in connection with the Offer (the “**Independent Valuers**”) (extracts of which are set out in Appendix VI of the Circular) on which we have placed sole reliance in the evaluation or appraisal of the assets concerned. We have not made any independent verification of the contents of the Valuation Reports.

Our analysis and opinion is based upon market, economic, industry, monetary and other conditions prevailing as at 30 November 2017 (the “**Latest Practicable Date**”), as well as the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a short period of time. Accordingly, we do not express any opinion or view on the future prospects, financial performance and/or financial position of the Group. Shareholders should take note of any announcement and/or documents relevant to their consideration of the Offer which may be released or published by or on behalf of the Company and/or the Offeror after the Latest Practicable Date.

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised in relation to the preparation of the Circular (other than this letter and our report on the 9M2017 Results (the “**Financial Review Letter**”) set out in Appendix V of the Circular). We were not involved in and have not provided any advice in the preparation, review and verification of the Circular (other than this letter and the Financial Review Letter). Accordingly, we take no responsibility for, and express no views

(express or implied) on, the contents of the Circular (other than this letter and the Financial Review Letter).

### 3. THE OFFER

As set out in Section 2 of the Circular, *inter alia*, the key terms and conditions of the Offer are as follows:

#### 3.1 Terms of the Offer

As stated in the Offer Document, BOC has made, for and on behalf of the Offeror, the Offer for all the Offer Shares in accordance with Section 139 of the SFA and the Code.

The Offer is extended, on the same terms and conditions, to all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in connection with the Offer.

#### 3.2 Offer Price

As stated in the Offer Document, the Offer Price is:

**For each Offer Share: S\$1.02 in cash.**

The Offeror does not intend to revise the Offer Price or any other terms of the Offer, save that the Offeror reserves the right to do so in a competitive situation.

#### 3.3 No Encumbrances

As stated in the Offer Document, the Offer Shares will be acquired:

- (a) fully paid-up;
- (b) free from all liens, equities, pledges, mortgages, charges, encumbrances, rights of pre-emption, rights of first refusal, moratoriums, powers of sale, declarations of trust, hypothecation, retention of title, options or rights to purchase and other third party rights and interests of any kind or nature whatsoever or any agreements, arrangements or obligations to create any of the foregoing ("**Encumbrances**"); and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions (collectively, "**Distributions**") that may be announced, declared, paid or made thereon by the Company in respect of the Shares on or after the Offer Announcement Date).

Accordingly, if any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who validly accepts or has accepted the Offer and the settlement date in respect of the Shares accepted pursuant to the Offer falls after the books closure date for the determination of entitlements to such Distribution, the Offeror reserves the right to reduce the Offer Price payable in respect of such Shares by the amount of such Distribution.

#### 3.4 Offer Acceptance Condition

As stated in the Offer Document, the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Offer, and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to all the Shares (excluding any treasury shares) as at the close of the Offer (such condition, the "**Offer Acceptance Condition**").

Pursuant to the Irrevocable Undertakings, the aggregate number of Shares held by the Undertaking Shareholders amounts to 403,502,775 Shares, representing approximately 84.33% of all Shares in issue as at the latest practicable date of the Offer Document. As stated in the Offer Document, upon acceptance of the Offer by the Undertaking Shareholders on or before 3 January 2018, the Offer will become and be capable of being declared unconditional as to acceptances and in all other respects.

Save for the Offer Acceptance Condition, the Offer will not be subject to any other conditions.

### 3.5 Irrevocable Undertakings to Accept the Offer

#### 3.5.1 Undertaking Shareholders

As at the Offer Announcement Date, the Offeror has received the Irrevocable Undertakings to, amongst other things, accept the Offer from the Undertaking Shareholders who are the legal and/or beneficial owners of an aggregate of 403,502,775 Shares (representing approximately 84.33% of all the Shares in issue as at the latest practicable date of the Offer Document).

#### 3.5.2 Irrevocable Undertakings

Under the terms of the Irrevocable Undertakings entered into by Mr. Tan Yeow Khoon, Mr. Tan Yeow Lam and Mr. Tan Min Cheow, Benson (the “**Key Undertaking Shareholders**”), each Key Undertaking Shareholder has unconditionally and irrevocably undertaken, represented and warranted to the Offeror, amongst other things:

- (a) subject to compliance with each Key Undertaking Shareholder’s fiduciary duties and obligations under the Code as a director of CHL, and in compliance with all applicable laws, regulations and rules, each Key Undertaking Shareholder shall use all reasonable endeavours to effect the reconstitution, on the day immediately after the consideration for the acceptance of the Relevant Shares has been settled in accordance with the Code (“**Reconstitution Date**”), of part of, or the entire board of CHL and each of the CHL Group Companies (as informed to each Key Undertaking Shareholder by the Offeror), and in connection therewith, the appointment of such number of individuals (“**Nominees**”) notified by the Offeror to each Key Undertaking Shareholder to the board of CHL and each of the CHL Group Companies on the Reconstitution Date, provided that the Offeror shall: (i) provide the identities and necessary documentation in respect of such Nominees (who satisfy the requirements under the listing rules of the SGX-ST and at least one (1) of whom shall be ordinarily resident in Singapore) to each Key Undertaking Shareholder and/or his legal adviser at least 10 Market Days prior to the Reconstitution Date; (ii) procure that each such Nominee signs a written consent to act by the Reconstitution Date; and (iii) have clearly indicated prior to the Reconstitution Date that the Offer will not be revised (the “**Reconstitution**”) (as applicable);
- (b) in the case of Mr. Tan Yeow Khoon and Mr. Tan Yeow Lam, resign as directors of CHL and each of the CHL Group Companies (as applicable) immediately after the Reconstitution and in any event, on the Reconstitution Date; and
- (c) in the case of Mr. Tan Min Cheow, Benson, resign as a director of CHL and each of the CHL Group Companies (as applicable) on the date which CHL is delisted from the SGX-ST or such later date as notified by the Offeror to him.

Please refer to Section 7 of the Circular for further details of the Irrevocable Undertakings.

#### 3.5.3 No Other Undertakings

Save for the Irrevocable Undertakings, as at the latest practicable date of the Offer Document, neither the Offeror nor any party acting in concert with it has received any undertaking from any other party to accept or reject the Offer.

### 3.6 CEO Service Agreement

The Offeror intends and desires that there be continuity of management and minimal disruption to CHL's business. For this purpose, Mr. Tan Min Cheow, Benson will enter into a service agreement with CHL, pursuant to which he will, amongst other things, be employed by CHL for a period ending on the date falling three (3) years from the date on which Mr. Tan Min Cheow, Benson tenders his Shares in acceptance of the Offer.

## 4. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer has been extracted from the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. Shareholders are advised to read the extract below carefully.

***"Rationale.** The Offeror is of the view that the Offer represents an opportunity for it to acquire control in one of Singapore's leading full service, integrated logistics service providers with a track record of over 40 years. It is envisaged that:*

- (a) as the Offeror's ultimate holding company, China COSCO, has a well-established logistics business network throughout the PRC, the Offeror will be able to leverage on China COSCO's existing logistics business platform to potentially develop new business opportunities in the logistics sector in Southeast Asia, taking advantage of the "Belt and Road Initiative" formulated by the PRC Government in 2013; and*
- (b) the Offeror will be able to offer end-to-end services to its customers with logistical needs in Singapore and Malaysia, thereby increasing the Offeror's competitive edge in relation to its global competitors and entrenching its customers."*

***"Opportunity for Shareholders.** The Offer also provides an opportunity for Shareholders to realise their investments in CHL for cash, if they so choose, at a premium over the market prices of the Shares prior to the Offer Announcement Date and without incurring brokerage fees. The Offer Price:*

- (a) represents a premium of approximately 242.1% over the net tangible asset ("NTA") per Share of S\$0.298 as at 30 June 2017;*
- (b) represents a premium of approximately 5.2% over the last transacted price per Share on the SGX-ST of S\$0.970 on 2 November 2017, being the Last Trading Day; and*
- (c) represents a premium of approximately 6.2%, 12.7%, 20.3% and 30.6% over the VWAP per Share as transacted on the SGX-ST for the one (1)-month, three (3)-month, six (6)-month and twelve month periods up to and including the Last Trading Day, respectively."*

## 5. OFFEROR'S INTENTIONS FOR THE COMPANY

The relevant text of the Offeror's intentions for the Company has been extracted from the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. Shareholders are advised to read the extract below carefully.

**“Offeror’s Intentions for CHL.** The Offeror presently intends for CHL to continue with its existing business activities and has no intention to (i) introduce any major changes to the existing businesses of CHL, (ii) re-deploy any of the major fixed assets of CHL, or (iii) discontinue the employment of any employees of the CHL Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which it regards to be in the interests of any member of the CHL Group and/or the Offeror.”

**“Listing status.** The Offeror intends to privatise CHL and does not intend to maintain the listing status of CHL. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 723, Rule 724, Rule 1105, or Rule 1303(1) of the Listing Manual, the Offeror has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted.”

**“Compulsory Acquisition Right....** In such event, the Offeror intends to exercise the Compulsory Acquisition Right. The Offeror will then proceed to delist CHL from the SGX-ST.”

## 6. INFORMATION ON THE OFFEROR

Please refer to Section 6 of the Circular for information on the Offeror.

## 7. GENERAL INFORMATION ON THE COMPANY

Please refer to Appendix II of the Circular for general information on the Company.

## 8. FINANCIAL EVALUATION OF THE TERMS OF THE OFFER

### **Methodology**

In assessing the financial terms of the Offer, we have considered the following:

- (i) Historical trading performance of the Shares on the SGX-ST;
- (ii) Net asset value (“NAV”) and revalued net asset value (“RNAV”) of the Group;
- (iii) Historical trailing valuation multiples of the Shares such as P/E and P/NAV multiples (please see below for the general descriptions of these valuation multiples);
- (iv) Valuation multiples of selected listed companies which are broadly comparable to the Company (the “Comparable Companies”);
- (v) Valuation multiples implied in selected transactions involving target companies which are in an industry similar to that of the Company (the “Precedent Transactions”);
- (vi) Premia paid in recent delistings or privatisations of listed companies on the SGX-ST (the “Precedent Takeovers”);
- (vii) Analyst’s price target for the Shares;
- (viii) Dividend track record of the Company;
- (ix) The Group’s financial performance and financial position and outlook; and
- (x) Other relevant considerations which have a bearing on our assessment.

### **General bases and assumptions**

We wish to highlight that unless specified otherwise, we have relied on the following general bases in our analysis:

- (i) As at the Latest Practicable Date, the issued and paid-up capital of the Company comprises 478,500,000 Shares, and the Company does not hold any treasury shares;



- (ii) As at the Latest Practicable Date, the Company has not implemented the ESOS or the PSP and there are no outstanding options granted pursuant to the ESOS and no outstanding awards granted pursuant to the PSP; and
- (iii) The underlying figures, financial and market data used in our analysis, including securities, prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., Thomson Reuters, Mergermarket Limited, SGXNET and/or other public filings as at the Latest Practicable Date or provided by the Company where relevant. CIMB makes no representations or warranties, express or implied, as to the accuracy or completeness of such information.

### Valuation multiples

We have applied the following valuation multiples in our analysis:

Valuation Multiples	General Description
P/E	The “P/E” or “ <b>price-to-earnings</b> ” multiple illustrates the ratio of the market price of a company’s share relative to its earnings per share. The P/E multiple is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation.
EV/EBITDA	<p>“<b>EBITDA</b>” stands for earnings before interest, tax, depreciation and amortisation expenses, inclusive of share of results of joint ventures, net of tax.</p> <p>The EV/EBITDA multiple illustrates the market value of a company’s business relative to its pre-tax operating cashflow performance, without regard to the company’s capital structure.</p>
P/NAV	<p>The “P/NAV” or “<b>price-to-NAV</b>” multiple illustrates the ratio of the market price of a company’s share relative to its historical NAV per share as recorded in its financial statements.</p> <p>The NAV of a company is defined as its total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests. The NAV figure provides an estimate of the value of a company assuming the sale of all its assets at book value, the proceeds of which are first used to settle liabilities and obligations with the balance available for distribution to shareholders. Comparisons of companies using their NAVs are affected by differences in accounting policies, in particular depreciation and amortisation policies.</p>
P/RNAV	<p>The “P/RNAV” or “<b>price-to-RNAV</b>” multiple illustrates the ratio of the market price of a company’s share relative to its revalued NAV per share.</p> <p>The RNNAV approach is a common method of valuing a company’s key assets at their market or realisable value, which may exceed their net book or carrying value. The market values would typically be calculated by expert valuers on the basis of market benchmarks or by discounting future cash flows.</p>

### 8.1 Historical trading performance of the Shares on the SGX-ST

We have compared the Offer Price to the historical price performance of the Shares and considered the historical trading volume of the Shares.

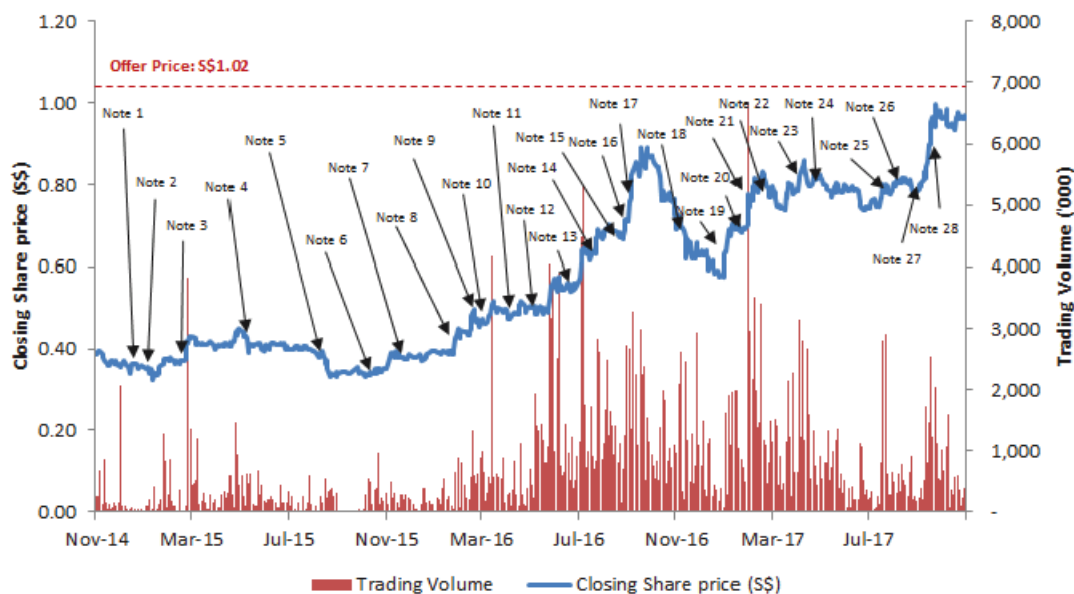
**Shareholders should note that past trading performance of the Shares should not, in any way, be relied upon as an indication of their future trading performance. The price performance of the Shares may be due to market factors and other individual factors which may not be easily isolated and identified with certainty.**

### 8.1.1 Price performance and trading activity of the Shares

In evaluating the Offer Price, it is relevant to examine the price performance and trading volume of the Shares over a reasonable period, during which the market price of the Shares may ordinarily reflect public investors' valuation of the Shares, based on publicly available information.

#### Share price performance

We set out below the daily closing prices and trading volumes of the Shares for the 3-year period between 3 November 2014 and 2 November 2017 (being the last full trading day on which the Shares were traded prior to the release of the Offer Announcement) (the "Last Trading Day") and highlight certain key events during this period.



Source: Bloomberg L.P. and the Company's filings

#### Notes:

- (1) **12 December 2014:** The Company announced that the Group's Deputy Chief Executive Officer, Mr. Benson Tan Min Cheow, was appointed Chief Executive Officer with effect from 1 January 2015 whilst Mr. Tan Yeow Khoon remained as the Group's Executive Chairman.
- (2) **6 January 2015:** The Company announced that the temporary occupancy permit for Cogent 1 Logistics Hub had been granted by the Building and Construction Authority on 30 December 2014.
- (3) **25 February 2015:** The Company released its unaudited results for the financial year ended 31 December ("FY") 2014 and reported that the Group recorded a profit of S\$24.7 million in FY2014 compared to S\$15.1 million in FY2013. The Board recommended a final dividend of 2.58 cent and a special dividend of 1.18 cent per Share in respect of FY2014, compared to a first and final dividend of 1.26 cent per Share in respect of FY2013. The Company also announced the appointment of its new Chief Financial Officer, Mr. Loy Suan Choo.
- (4) **13 May 2015:** The Company released its unaudited results for the three months ended 31 March ("3M") 2015 and reported that the Group recorded a profit of S\$5.3 million in 3M2015 compared to S\$3.1 million in 3M2014. There was no interim dividend recommended.
- (5) **13 August 2015:** The Company released its unaudited results for the six months ended 30 June ("6M") 2015 and reported that the Group recorded a profit of S\$11.2 million in 6M2015 compared to S\$7.5 million in 6M2014. There was no interim dividend recommended.
- (6) **12 October 2015:** The Company announced that it had signed and accepted the letter of intent issued by the Singapore Economic Development Board in respect of the Company's potential appointment as the developer of the Jurong Island Chemical Logistics Facility ("JICLF").
- (7) **12 November 2015:** The Company released its unaudited results for the nine months ended 30 September ("9M") 2015 and reported that the Group recorded a profit of S\$18.1 million in 9M2015 compared to S\$13.8 million in 9M2014. There was no interim dividend recommended.
- (8) **28 and 29 January 2016:** The Company issued a holding announcement ("January 2016 Holding Announcement") which referred to an article published in the Wall Street Journal on 28 January 2016 in

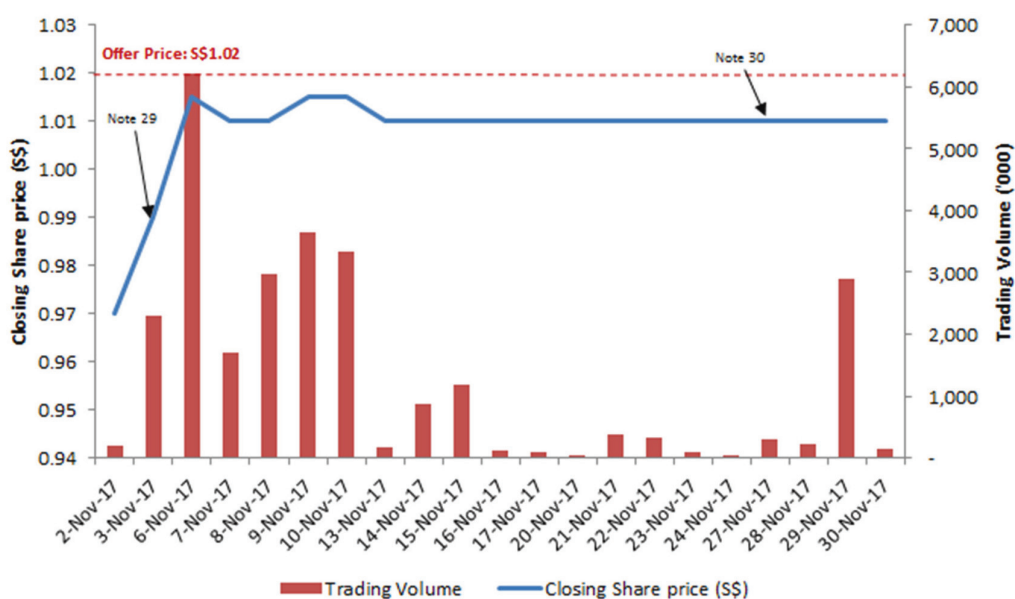
relation to “Cogent Holdings’s Owners Seek Buyer for Logistics Firm” (“**WSJ Article**”). It was stated in the announcement that the Company had, from time to time, received indications of interest relating to the Group and its businesses and that the Board was then reviewing the business and operations of the Group with a view to evaluating the viability of such indications of interest.

- (9) **22 February 2016:** The Company officially opened Cogent 1.Logistics Hub.
- (10) **26 February 2016:** The Company released its unaudited results for FY2015 and reported that the Group recorded a profit of S\$25.5 million in FY2015 compared to S\$24.7 million in FY2014. The Board recommended a final dividend of 1.88 cent per Share in respect of FY2015, compared to a final dividend of 2.58 cent and a special dividend of 1.18 cent per Share in respect of FY2014.
- (11) **15 April 2016:** The Company announced that the Group had awarded the contract for the construction of phase 2 of the warehouse and container depot facilities in the Port Klang Free Zone in Malaysia. It was announced that the total construction costs for phase 1 which was completed on 29 December 2015 was S\$5.9 million and the contract sum for phase 2 was S\$8.9 million.
- (12) **13 May 2016:** The Company released its unaudited results for 3M2016 and reported that the Group recorded a profit of S\$7.8 million in 3M2016 compared to S\$5.3 million in 3M2015. There was no interim dividend recommended.
- (13) **8 July 2016:** The Company provided a “nil” response to SGX-ST’s queries regarding its trading activity.
- (14) **26 July 2016:** The Company announced that the Singapore Land Authority had agreed to grant an extension of the Group’s master tenancy at 200 Turf Club Road, The Grandstand (which was to expire on 28 February 2018) till 31 December 2020.
- (15) **12 August 2016:** The Company released its unaudited results for 6M2016 and reported that the Group recorded a profit of S\$15.7 million in 6M2016 compared to S\$11.2 million in 6M2015. There was no interim dividend recommended.
- (16) **6 September 2016:** The Company responded to SGX-ST’s queries regarding its trading activity, making reference to its holding announcement dated 29 January 2016.
- (17) **8 September 2016:** The Company announced that the Group had accepted the letter of offer from JTC Corporation for phase one Direct Allocation of Industrial Land at Tembusu Crescent, Jurong Island, measuring 3.5 hectares with a gross plot ratio of 2.5, identified for the construction of the JICLF. It was announced that JTC Corporation would grant a licence to the Group to develop phase one of JICLF and upon completion of phase one and fulfilling the building terms, a lease would be granted to the Group for a term of 30 years.
- (18) **11 November 2016:** The Company released its unaudited results for 9M2016 and reported that the Group recorded a profit of S\$23.5 million in 9M2016 compared to S\$18.1 million in 9M2015. There was no interim dividend recommended.
- (19) **9 January 2017:** The Company responded to SGX-ST’s queries regarding its trading activity, making reference to its holding announcement dated 29 January 2016.
- (20) **26 January 2017:** The Company announced that the Group had signed a licence agreement with JTC Corporation for a three-year use of a 2.5 hectare plot of land at Jurong Island and that the Company intended to construct and operate on the said plot the only full-fledged container depot on Jurong Island (“**JICD**”).
- (21) **1 February 2017:** The Company responded to SGX-ST’s queries regarding its trading activity, making reference to its holding announcement dated 29 January 2016.
- (22) **27 February 2017:** The Company released its unaudited results for FY2016 and reported that the Group recorded a profit of S\$32.1 million in FY2016 compared to S\$25.5 million in FY2015. The Board did not recommend any dividend in respect of FY2016, compared to a final dividend of 1.88 cent in respect of FY2015.
- (23) **7 April 2017:** The Company announced the following updates in relation to its facilities in Singapore and Malaysia: (i) JICD had been completed and was fully operational; (ii) the gantry crane system on top of Cogent 1.Logistics Hub was fully operational after the engagement of a new crane specialist and with this, the Group had expanded its combined container storage facility to more than 30,000 TEUs (Twenty Foot Equivalent Units) in Singapore; and (iii) the Group had completed the construction of phase 2 of the warehouse and container depot facilities in the Port Klang Free Zone in Malaysia, and the Certificate of Completion and Compliance was received in March 2017.
- (24) **12 May 2017:** The Company released its unaudited results for 3M2017 and reported that the Group recorded a profit of S\$8.1 million in 3M2017 compared to S\$7.8 million in 3M2016. There was no interim dividend recommended.
- (25) **2 August 2017:** The Company announced that the Group had received confirmation from the Taiwan Intellectual Property Office that its patent application for Cogent 1.Logistics Hub’s Sky Depot had been approved.

- (26) **11 August 2017:** The Company released its unaudited results for 6M2017 and reported that the Group recorded a profit of S\$16.4 million in 6M2017 compared to S\$15.7 million in 6M2016. The Board recommended an interim dividend of 3.13 cents per Share in respect of 6M2017. There was no interim dividend recommended in respect of 6M2016.
- (27) **7 September 2017:** The Company announced that the Group had been awarded a three-year lease by the Singapore Land Authority to operate a student hostel at 362 Holland Road and that the Group would expand its property management capabilities to include the management of hostels by tapping the growing opportunities in meeting the accommodation needs of local and foreign students in Singapore.
- (28) **20 September 2017:** The Company responded to queries from the SGX-ST regarding its trading activity (“**SGX Query**”), making reference to its holding announcement dated 29 January 2016.

We observed that following the publication of the WSJ Article and the corresponding January 2016 Holding Announcement in January 2016, the market price of the Shares immediately began to rise significantly on relatively higher trading volumes. The market price of the Shares continued to trend higher until the Last Trading Date. We further note that the Company has subsequently on 6 September 2016, 9 January 2017, 1 February 2017 and 20 September 2017 made reference to the January 2016 Holding Announcement in response to SGX-ST’s queries on the trading activity in the Shares. It would appear that the price movements of the Shares may have reflected general market expectation or speculation of a possible takeover offer for the Company following the publication of the WSJ Article. In this regard, for the purpose of our analysis, we consider it meaningful to include 28 January 2016 (being the date of the WSJ Article) and 20 September 2017 (being the date of the last response by the Company to the SGX-ST’s queries on its share trading activity) as reference dates for the purpose of assessing the Offer Price against the historical market prices of the Shares, in addition to the Offer Announcement Date.

We set out below the daily closing prices and trading volumes of the Shares for the period after the Last Trading Day and up to the Latest Practicable Date:



Source: Bloomberg L.P. and the Company’s announcements released on SGXNET

**Notes:**

- (29) **3 November 2017:** The Offer was announced. In addition, the Company announced that the Group had entered into a deed of gift with Mr. Tan Yeow Khoo, the Company’s Executive Chairman pursuant to which Mr. Tan had assigned and transferred all of his rights, title and interests in certain patents in respect of a frame structure for a multi-level container handling and storage facility which were registered in a number of countries including Singapore.
- (30) **27 November 2017:** The Company released its unaudited results for 9M2017 and reported that the Group recorded a profit of S\$23.8 million in 9M2017 compared to S\$23.5 million in 9M2016. There was no interim dividend recommended.

Based on the above, we note the following:

- (i) The Shares had not traded at or above the Offer Price over the 3-year period prior to the Last Trading Day;
- (ii) Between the Last Trading Day and the Latest Practicable Date, the closing price of the Shares had generally trended upwards and has not closed at or above the Offer Price; and
- (iii) As at the Latest Practicable Date, the closing price of the Shares was below the Offer Price at S\$1.01.

### **Price premia and trading volume**

We set out below the premia implied by the Offer Price over the historical volume-weighted average transacted prices (“VWAP”) and historical average daily trading volume (“ADTV”) of the Shares for various periods over the last 3 years prior and up to the Last Trading Day.

	VWAP <sup>(1)</sup>	Premium of Offer Price over VWAP	Highest price	Lowest price	ADTV <sup>(2)</sup>	ADTV as a percentage of free float <sup>(3)</sup>
	(\$)	(%)	(\$)	(\$)		(%)
<b>Periods prior to the WSJ Article</b>						
Last 1 year	0.395	158.1%	0.450	0.330	230,328	0.31%
Last 6 months	0.367	177.6%	0.400	0.330	173,439	0.23%
Last 3 months	0.381	167.9%	0.395	0.345	170,666	0.23%
Last 1 month	0.392	160.2%	0.395	0.385	154,127	0.21%
Closing price on the market day prior to the WSJ Article	0.385	164.9%	n.a. <sup>(4)</sup>	n.a. <sup>(4)</sup>	46,000	0.06%
<b>Periods prior to the SGX Query</b>						
Last 1 year	0.768	32.8%	0.900	0.575	823,794	1.10%
Last 6 months	0.803	27.0%	0.900	0.735	630,206	0.84%
Last 3 months	0.801	27.3%	0.900	0.735	488,258	0.65%
Last 1 month	0.834	22.4%	0.900	0.775	494,081	0.66%
Closing price on the market day prior to the SGX Query	0.900	13.3%	0.900	0.880	957,200	1.28%
<b>Periods up to the Last Trading Day</b>						
Last 3 years	0.667	52.9%	0.995	0.325	607,333	0.81%
Last 1 year	0.781	30.6%	0.995	0.575	770,874	1.03%
Last 6 months	0.848	20.3%	0.995	0.735	532,561	0.71%
Last 3 months	0.905	12.7%	0.995	0.775	550,154	0.73%
Last 1 month	0.960	6.2%	0.985	0.935	474,223	0.63%
From WSJ Article up to Last Trading Day	0.712	43.3%	0.995	0.400	843,970	1.13%
From SGX Query up to Last Trading Day	0.963	6.0%	0.995	0.935	646,042	0.86%
Closing Price on the Last Trading Day	0.970	5.2%	0.970	0.955	207,300	0.28%

Source: Bloomberg L.P.

#### **Notes:**

- 1 The historical VWAPs are rounded to the nearest three (3) decimal places for the purpose of calculating the corresponding premium.
- 2 The ADTV of the Shares is calculated based on the total volume of the Shares traded during the period divided by the number of market days during that period.
- 3 Based on the public float of the Shares during each relevant period.
- 4 “n.a.” - not available

Based on the above, we note the following:

- (i) The Offer Price represents a significant premium of between 158.1% to 177.6% over the various VWAPs in the 1-year period prior to the WSJ Article;
- (ii) The Offer Price represents a premium of between 13.3% to 32.8% over the various VWAPs in the 1-year period prior to the SGX Query; and
- (iii) The Offer Price represents a premium of between 5.2% to 52.9% over the various VWAPs in the 3-year period up to the Last Trading Day.

We further note that:

- (i) The ADTV of the Shares ranged between 46,000 Shares and 230,328 Shares, or between 0.06% and 0.31% of the Company's free float, over the various historical periods prior to the WSJ Article;
- (ii) The ADTV of the Shares ranged between 488,258 Shares and 957,200 Shares, or between 0.65% and 1.28% of the Company's free float, over the various historical periods prior to the SGX Query;
- (iii) The ADTV of the Shares ranged between 207,300 Shares and 843,970 Shares, or between 0.28% and 1.13% of the Company's free float, over the various historical periods up to the Last Trading Day; and
- (iv) During the 3-year period prior to the Last Trading Day, trading in the Shares occurred on approximately 95.2% of all market days in that period.

Based on the above, it appears that the Shares are regularly traded, indicating a ready market for the trading of the Shares. We observed that the ADTV of the Shares rose significantly after the release of the WSJ Article with an ADTV of 843,970 shares between 28 January 2016 and the Last Trading Day, compared to 230,328 shares for the 1-year period prior to 28 January 2016. We also note that the Company is covered by at least 1 equity research analyst, who provides guidance to public investors in their investment decision-making in relation to the Shares. These would imply that the historical transacted prices of the Shares generally reflect publicly available information and public investors' valuation. As such, we believe that the historical market prices of the Shares provide a reasonable and valid benchmark for assessing the Offer Price.

## 8.1.2 Price performance of the Shares relative to broad market performance

To gauge the price performance of the Shares relative to the general price performance of the stock market, we set out below the market price movement of the Shares against the FTSE Straits Times Index (“**FSSTI**”) for the period between 3 November 2014 (being 3 years prior to the Last Trading Day) and the Latest Practicable Date.



Source: Bloomberg L.P.

### Note:

- 1 The FSSTI is a market capitalisation weighted index based on the stocks of 30 representative companies listed on the Mainboard of the SGX-ST.

Based on the above, we note the following:

- (i) Between 3 November 2014 and the start of 2016, the Shares were largely trading in line with the FSSTI. Starting around the date of the WSJ Article, the price performance of the Shares started diverging significantly from, and largely outperforming, the FSSTI; and
- (ii) Between the Last Trading Day and the Latest Practicable Date, the Shares had recorded an increase of 4.1% in price, higher than the relative performance of the FSSTI which increased by 1.6% over the same period.

Based on the above, it would appear that the Share prices as at the Last Trading Day and as at the Latest Practicable Date may be supported by the Offer and may not be sustained at these levels after the close of the Offer.

## 8.2 NAV and RNAV of the Group

### 8.2.1 NAV

Based on the Company's unaudited consolidated financial statements for 9M2017, the unaudited consolidated NAV of the Group as at 30 September 2017 was approximately S\$135.1 million or approximately S\$0.2823 per Share.

The table below sets out the premium of the Offer Price over the NAV per Share as at 30 September 2017.

	As at 30 September 2017	Premium implied by the Offer Price
NAV	S\$135.1 million	-
Offer Price	S\$1.02	-
NAV per Share	S\$0.28	261.3%

Based on the above, we note that the Offer Price represents a significant premium of approximately 261.3% over the NAV per Share as at 30 September 2017.

We note that the assets of the Group as at 30 September 2017 comprise mainly: (i) properties, plant and equipment (approximately 73.8% of total assets); (ii) cash and cash equivalents (approximately 18.3% of total assets); (iii) trade receivables (approximately 5.8% of total assets); and (iv) other receivables (approximately 2.1% of total assets).

### 8.2.2 RNAV

Given the asset-intensive nature of the Group's operations, we have also considered the RNAV of the Group taking into consideration the prevailing market value of the Group's significant properties. In connection with the Offer, the Company has commissioned the Independent Valuers to determine the market value of the Group's significant properties (the "Revalued Properties"). A summary of the valuation figures for the Revalued Properties and the Company's effective share of the revaluation surplus is set out below.

Revalued Properties	Company's effective interest (%)	Valuation <sup>(1)</sup> (S\$ million)	Share of revaluation surplus <sup>(2)</sup> (S\$ million)
1. Cogent 1.Logistics Hub 1 Buroh Crescent Singapore 627545	100.0	418.0	237.9
2. Jurong Island Chemical Logistics Facility ("JICLF") Tembusu Crescent Jurong Island Singapore (Land at lot numbers 1102L and 3748C Mukim 34) <sup>(3)</sup>	100.0	190.0	83.8
3. Warehouse and Container Depot Facilities Jalan F25-P1, Port Klang Free Zone/ KS12, 42920 Pulau Indah Selangor Darul Ehsan Malaysia (Plots 119 to 129) <sup>(4)</sup>	100.0	17.2	4.1
4. Warehouse 60 Tuas Crescent Singapore 638740	100.0	4.3	2.6
<b>Total</b>		<b>629.5</b>	<b>328.5</b>

Source: The Company's filings, the Valuation Reports and the Management's computations

#### Notes:

- 1 Unless otherwise provided, the valuations reflect market values as indicated in the Valuation Reports.
- 2 The revaluation surplus for each of the Revalued Properties is computed by the Management after taking into consideration the net book value of such Revalued Properties as at 30 September 2017 and their respective current valuations as indicated in the Valuation Reports.
- 3 The Management has confirmed that as at the Latest Practicable Date, the Group has not commenced the construction of phase one of JICLF. The Independent Valuer has ascribed a gross development value of S\$190.0 million in respect of the relevant property assuming it is fully completed based on the latest available development plan as provided by the Management and certain assumptions regarding the construction of the JICLF which will, upon completion, comprise an 8-storey ramp-up general warehouse with mezzanine office, comprising chemical



storage, ISO tank depot and industrial canteen. The Management has advised that the estimated construction cost will be approximately S\$106.2 million and that the construction is expected to complete around early 2020. Based on the Valuation Report, the vacant land value with the benefit of grant of provisional permission for construction, taking into account the cost of work done, is S\$37.0 million. For the avoidance of doubt, the subject of the valuation relates to only phase one of JICLF comprising a land area of 34,998 square metres and excludes phase two of JICLF. The Management has confirmed to us that the Group has not yet been granted the relevant licence and lease by JTC Corporation in respect of phase two of JICLF as at the Latest Practicable Date. Please refer to the Company's announcements dated 12 October 2015, 8 September 2016 and 19 October 2016 for details.

- 4 This comprises two Revalued Properties with market values of MYR16.2 million and MYR36.5 million respectively. These market values have been converted assuming an exchange rate of S\$1.00 to MYR3.06.

In its latest annual report for FY2016, the Company had stated that its Cogent 1.Logistics Hub was valued at S\$480 million based on an independent valuation conducted in September 2016. We note that the market value of Cogent 1.Logistics Hub has decreased by S\$62 million or approximately 13% from S\$480.0 million as at September 2016 to S\$418.0 million as at 20 November 2017. We understand from the Management that Knight Frank Pte Ltd ("**Knight Frank**"), the Independent Valuer appointed by the Company to value Cogent 1.Logistics Hub in connection with the Offer, was also the then valuer that appraised the same property in September 2016.

We have held discussions with Knight Frank who has confirmed to us that it has adopted the same methodologies (namely, capitalisation approach and comparable sales method) in both valuation exercises and the key assumptions and bases are also similar in both valuation exercises. Knight Frank has explained that the decline in valuation is mainly attributable to the lower rental rates used in the capitalisation approach and lower prices of comparable transactions over the same period, and that these are in line with the general downtrend observed for similar industrial properties. Knight Frank has also confirmed to us that the methodologies, assumptions and bases used to value Cogent 1.Logistics Hub are appropriate as these are consistent with those used by Knight Frank to value other properties of similar nature.

The valuation of the Revalued Properties as set out above is based on the Valuation Reports issued by the Independent Valuers. Further information on the Revalued Properties including the bases for such valuation is set out in the respective Valuation Reports which are set out in Appendix VI of the Circular.

We note that, based on information provided by the Company, the potential tax liabilities that may be incurred by the Group on the hypothetical disposal of the Revalued Properties amount to approximately S\$53.1 million, comprising income tax on the taxable profit from the sale of the Revalued Properties and taxable balancing charge. The aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Revalued Properties. We also note the Company's confirmation that it has no current plans to dispose of its interests in the Revalued Properties.

Based on the above, the following computations have been made to determine the RNAV of the Group for the purpose of our analysis:

	(S\$ million)
The Group's NAV as at 30 September 2017	135.1
Add: Revaluation surplus arising from Revalued Properties	328.5
Less: Potential tax liabilities (that would arise if the Revalued Properties were to be sold)	53.1
<b>RNAV as at 30 September 2017</b>	<b>410.5</b>
<b>RNAV per Share (S\$)</b>	<b>0.86</b>
<b>Premium over RNAV as implied by the Offer Price</b>	<b>18.9%</b>

Source: The Management's estimates, the Company's filings and CIMB's analysis

Shareholders should note that the above analysis assumes the hypothetical sale of the Group's assets (including the Revalued Properties) as at the Latest Practicable Date. Save for the Revalued Properties, the other assets of the Group have not been revalued for the purpose of determining the RNAV of the Group. The Company has confirmed to us that to the best of their knowledge: (i) the Group's assets are primarily used in the core operations of the Group

in the ordinary course of business and that as at the Latest Practicable Date, the Group does not have any current plan for an imminent material disposal and/or conversion of the use of the Group's assets and/or material change in the nature of the Group's business as at the Latest Practicable Date; (ii) save for the Revalued Properties, the Company does not expect any material differences between the realisable value of the Group's other assets and their respective book values as at 30 September 2017 which would have a material impact on the NAV of the Group; (iii) there have been no material acquisitions and/or disposals of assets by the Group between 30 September 2017 and the Latest Practicable Date; and (iv) there are no material contingent liabilities which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date.

We also note from the Offer Document that the Offeror presently intends for the Company to continue with its existing business activities and has no intentions to re-deploy any of the material fixed assets of the Group other than in the ordinary course of business. The Offeror also intends and desires that there be continuity of management and minimal disruption to the Company's business.

We note that the Offer Price is at a premium of approximately 18.9% over the RNAV per Share of S\$0.86 as at 30 September 2017.

### 8.3 Historical trailing P/E and P/NAV multiples of the Shares

#### 8.3.1 Trailing P/E multiples of the Shares

We have compared the P/E multiple of the Shares implied by the Offer Price (based on the earnings per Share attributable to owners of the Company as reported for the most recent twelve months prior to the Latest Practicable Date) against the trailing P/E multiples of the Shares calculated based on the daily closing prices of the Shares and the trailing twelve-month earnings per Share attributable to owners of the Company on the respective dates, for the 3-year period prior to the Last Trading Day, as well as till the Latest Practicable Date.



Source: Bloomberg L.P. and the Company's filings

#### Notes:

- 1 The earnings per Share attributable to owners of the Company across the relevant periods have been adjusted to exclude the gains or losses relating to the disposal of property, plant and equipment in respect of the fourth quarter of 2014.
- 2 The trailing P/E multiples and the P/E multiple implied by the Offer Price have been calculated using the issued share capital of the Company of 478,500,000 Shares.
- 3 The P/E multiple implied by the Offer Price has been calculated using the trailing twelve months earnings ended 30 September 2017.

Based on the above, we note that at 15.1x, the P/E multiple implied by the Offer Price is greater than the historical trailing P/E multiples of the Shares for the entire 3-year period prior to the Last Trading Day.

### 8.3.2 Trailing P/NAV multiples of the Shares

We have also compared the P/NAV multiple of the Shares implied by the Offer Price against the trailing P/NAV multiples of the Shares over the 3-year period prior to the Last Trading Day, as well as till the Latest Practicable Date.



Source: Bloomberg L.P and the Company's filings

#### Notes:

- 1 The NAV per Share for the relevant historical periods is calculated using the latest available equity attributable to owners of the Company and the issued capital of the Company on the respective dates.
- 2 The P/NAV multiple implied by the Offer Price has been calculated using the issued share capital of the Company of 478,500,000 Shares.

Based on the above, we note that at 3.6x, the P/NAV multiple implied by the Offer Price is greater than:

- (i) the average historical P/NAV multiples of the Shares for the respective 1-year periods prior to the WSJ Article, the SGX Query, and the Last Trading Day; and
- (ii) the average historical P/NAV multiple of the Shares for the 3-year period up to the Last Trading Day of 2.5x.

### 8.4 Valuation multiples of Comparable Companies

We have compared the valuation multiples of the Company implied by the Offer Price with those of selected listed companies, which we consider to be broadly comparable to the Company. These Comparable Companies are similarly involved in the core business of providing logistics management services in the region.

We wish to highlight that the Comparable Companies listed below are not exhaustive and they differ from the Company in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

A brief description of the Comparable Companies is set out below.

Comparable Companies	Listing venue	Business description
Kerry Logistics Network Limited	HKEX	Kerry Logistics Network Limited provides logistics services in Asia and internationally. The group offers integrated logistics services, as well as leases warehousing space in Hong Kong and provides international freight forwarding services.
Mainfreight Limited	NZX	Mainfreight Limited provides and supplies freight, warehousing and logistics services throughout New Zealand and Australia. The group provides freight forwarding services by road, rail, sea and air along with providing international freight forwarding services, customs clearance services and specialised handling of hazardous substances.
Kintetsu World Express Inc.	TYO	Kintetsu World Express Inc. provides distribution services across the globe including international air forwarding, ocean freight forwarding, third party logistics, customs brokerage, warehousing, and truck transportation services. Items transported include semi-conductor, other electronic products, textile products, medical devices, and chemical products.
Kerry TJ Logistics Company Ltd.	TWSE	Kerry TJ Logistics Company Ltd. (50.0%-owned by Kerry Logistics Network Limited) offers freight warehousing and delivery services. The group offers truck container transportation, international express delivery, valuables consignment and joint distribution services; and delivery services for Internet commerce, multi-level marketing, mail order and television shopping merchandise.
Namyong Terminal PCL	SET	Namyong Terminal PCL is a roll on roll off terminal operator. The group offers terminal services, car storage areas and warehousing services in Thailand.
Vibrant Group Limited	SGX	Vibrant Group Limited operates a logistics, real estate and financial services group. The group provides international freight forwarding, chemical storage, warehousing and distribution, and record management. Vibrant Group Limited also engages in real estate development and management as well as provides fund management, financial leasing services, and asset and trust management.
K&S Corporation Limited	ASX	K&S Corporation Limited provides transportation, warehousing, logistics, fuel distribution and various services to companies throughout Australia. The group provides road, rail and sea forwarding services, warehousing and storage, fuel distribution to fishing, farming and retail customers in certain regions of Australia. The group also provides bulk distribution throughout New Zealand.
Tasco Berhad	BURSA	Tasco Berhad provides logistics services. The group offers supply, warehousing, and haulage services to airports and automobile manufacturers. The group also provides land transportation services.
Century Logistics Holdings Bhd	BURSA	Century Logistics Holdings Bhd is an investment holding company. The group provides freight forwarding, warehousing, container haulage, transportation, and open yard storage services. the group also provides distribution services, invests in property, and operates as shipping agent.

Source: Bloomberg L.P., Thomson Reuters and the Comparable Companies' websites and filings

The valuation multiples of the Comparable Companies set out below are based on their respective last transacted share prices as at the Latest Practicable Date. The valuation multiples of the Company (as implied by the Offer Price) are also set out below for comparison.

The valuation multiples of the Comparable Companies do not incorporate the premium typically required to acquire control as they reflect the traded prices of non-controlling stakes.

	Market Capitalisation (S\$ million)	Gearing (1)	Trailing P/E <sup>(2)</sup> (times)	Forward P/E <sup>(3)</sup> (times)	Trailing EV/EBITDA <sup>(4)(5)</sup> (times)	Forward EV/EBITDA <sup>(3)</sup> (times)	P/NAV <sup>(6)</sup> (times)
Kerry Logistics Network Limited	3,060.6	47.4%	9.1	14.2	7.5	8.4	1.1
Mainfreight Limited	2,295.4	43.0%	24.0	22.0	13.5	12.7	3.8
Kintetsu World Express Inc.	1,921.6	135.9%	27.7	24.6	9.8	9.3	1.3
Kerry TJ Logistics Company Ltd	804.2	25.1%	18.3	17.2	11.3	11.2	2.3
Namyong Terminal PCL	328.0	0.0%	21.3	24.2	8.9	9.0	2.2
Vibrant Group Limited	263.3	79.7%	n.m. <sup>(7)</sup>	n.a.	n.m. <sup>(7)</sup>	n.a.	0.5
K&S Corporation Limited	231.6	60.0%	34.8	n.a.	6.1	n.a.	1.1
Tasco Berhad	149.1	78.0%	13.8	12.2	10.2	7.1	1.3
Century Logistics Holdings Bhd	132.1	15.7%	22.3	21.0	11.1	9.9	1.3
<b>High</b>		<b>135.9%</b>	<b>34.8</b>	<b>24.6</b>	<b>13.5</b>	<b>12.7</b>	<b>3.8</b>
<b>Low</b>		<b>0.0%</b>	<b>9.1</b>	<b>12.2</b>	<b>6.1</b>	<b>7.1</b>	<b>0.5</b>
<b>Median</b>		<b>47.4%</b>	<b>21.8</b>	<b>21.0</b>	<b>10.0</b>	<b>9.3</b>	<b>1.3</b>
<b>Mean</b>		<b>53.9%</b>	<b>21.4</b>	<b>19.4</b>	<b>9.8</b>	<b>9.7</b>	<b>1.6</b>
<b>Company (implied by the Offer Price)</b>	<b>488.1</b>	<b>90.3%<sup>(8)</sup></b>	<b>15.1</b>	<b>15.0</b>	<b>10.6</b>	<b>10.3</b>	<b>3.6</b>

Source: Bloomberg L.P., analysts' estimates, companies' filings and CIMB's analysis

**Notes:**

"n.a." – Not available

"n.m." – Not meaningful

- 1 Based on total debt over NAV values as set out in the latest available results of the respective Comparable Companies.
- 2 Based on earnings over the most recent twelve months as reported by each of the respective Comparable Companies and adjusted for non-recurring items.
- 3 Based on analysts' consensus earnings estimates as extracted from Bloomberg L.P.
- 4 The EV of the respective Comparable Companies and the Company are based on their market capitalisations as at the Latest Practicable Date as extracted from Bloomberg L.P. (except for the Company where its market capitalisation is based on the Offer Price) and the consolidated net debt and minority interest figures set out in their latest available results as at the Latest Practicable Date.
- 5 The EBITDA of the respective Comparable Companies and the Company are based on the most recent twelve months as reported by each of the respective Comparable Companies and adjusted for non-recurring items.
- 6 The P/NAV multiples of the Comparable Companies and the Company were based on their respective NAV values as set out in their latest available financial statements as at the Latest Practicable Date.
- 7 These multiples are not meaningful after adjustments for non-recurring items.
- 8 Not implied by the Offer Price.

Based on the above, we note that:

- (i) Both the trailing and forward P/E multiples implied by the Offer Price are below the corresponding mean and median multiples of the Comparable Companies but well within their corresponding range of multiples;

- (ii) Both the trailing and forward EV/EBITDA multiples implied by the Offer Price are above the corresponding mean and median multiples of the Comparable Companies. We note that the Company and Comparable Companies have very different levels of borrowings. In this regard, it would be appropriate to place more weight on the EV/EBITDA valuation approach in assessing the Offer Price; and
- (iii) The P/NAV multiple implied by the Offer Price is significantly above the corresponding mean and median multiples of the Comparable Companies.

## 8.5 Valuation multiples implied in Precedent Transactions

We have reviewed selected recent transactions involving the acquisition of controlling or majority equity interests in companies in the Asia Pacific region that are broadly comparable to the Company, and for which information is publicly available. A comparison of the Offer against the Precedent Transactions is set out below.

Announcement date	Target	P/E <sup>(1)</sup> (times)	EV/EBITDA <sup>(1)</sup> (times)	P/NAV <sup>(2)</sup> (times)	P/RNAV <sup>(3)</sup> (times)
26-Oct-17	Fliway Group Limited	14.3	7.8	1.7	n.a.
20-Sep-17	Poh Tiong Choon Logistics Limited	23.0	11.5	3.1	1.2
07-Sep-17	CWT Limited	12.0	11.0	1.5	1.0
14-Jul-17	Global Logistic Properties Limited	14.8	13.0	1.4	1.1
08-Sep-16	Century Logistics Holdings Berhad	24.9	12.9	1.9	n.a.
19-Oct-15	NCB Holdings Berhad	n.m. <sup>(4)</sup>	13.2	1.5	n.a.
17-Feb-15	APL Logistics Limited	n.a.	15.0	n.a.	n.a.
<b>High</b>		<b>24.9</b>	<b>15.0</b>	<b>3.1</b>	<b>1.2</b>
<b>Low</b>		<b>12.0</b>	<b>7.8</b>	<b>1.4</b>	<b>1.0</b>
<b>Median</b>		<b>14.8</b>	<b>12.9</b>	<b>1.6</b>	<b>1.1</b>
<b>Mean</b>		<b>17.8</b>	<b>12.1</b>	<b>1.8</b>	<b>1.1</b>
<b>Company (implied by the Offer Price)</b>		<b>15.1</b>	<b>10.6</b>	<b>3.6</b>	<b>1.2</b>

Source: Bloomberg L.P., Mergermarket Limited and the companies' filings

### Notes:

"n.a." – Not available or not applicable, as the case may be.

- Based on earnings or EBITDA over the most recent twelve months prior to the respective acquisition announcement as reported by the target company and adjusted for non-recurring items.
- Based on the most recently available NAV as reported by the target company prior to the respective announcement date.
- Based on RNAV as reported by the target company.
- This multiple is not meaningful given that it reflects losses over the recent twelve months after adjustments.

We wish to highlight that the Precedent Transactions differ from the Offer in terms of, *inter alia*, the characteristics of the target companies, the nature of the respective transaction and other relevant criteria. In particular, the scale of business operations and geographical coverage of operations of the respective target companies may not be directly comparable to those of the Company. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

Based on the above, we note that:

- (i) The P/E multiple implied by the Offer Price is above the corresponding median multiple but below the corresponding mean multiple of the Precedent Transactions;
- (ii) The EV/EBITDA multiple implied by the Offer Price is below the corresponding median and mean multiples of the Precedent Transactions but well within their corresponding range of multiples;
- (iii) The P/NAV multiple implied by the Offer Price is above the corresponding range of multiples of the Precedent Transactions; and
- (iv) The P/RNAV multiple implied by the Offer Price is above the corresponding median and mean multiples of the Precedent Transactions.

## 8.6 Premia paid in Precedent Takeovers

We note that it is the intention of the Offeror to make the Company its wholly-owned subsidiary and that the Offeror does not intend to maintain the listing status of the Company. In this regard and for the purpose of providing an illustrative guide as to how the financial terms of the Offer compare relative to other delistings and successful privatisations, we have compared the financial terms of the Offer with those of recent successful privatisations and delistings of companies listed on the SGX-ST over the period beginning 1 January 2016 to the Latest Practicable Date.

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies. Further, the target companies involved in the Precedent Takeovers set out in the analysis below are not directly comparable with the Company in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policies, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Precedent Takeovers set out below is for illustrative purposes only. Any conclusions drawn from the comparisons made may not reflect any perceived valuation of the Company.

A summary of the relevant financial terms of the Precedent Takeovers is set out below.

Name of company	Announcement date	Premium of offer price over <sup>(1)</sup> :		
		Closing price prior to announcement (%)	1-month VWAP prior to announcement (%)	3-month VWAP prior to announcement (%)
Tiger Airways Holdings Limited	04-Jan-16	45.2	48.5	56.3
HTL International Holdings Limited	07-Jan-16	46.0	69.2	98.4
Lantrovision (S) Ltd	27-Jan-16	47.7	42.8	46.2
China Yongsheng Limited	24-Feb-16	52.4	67.4	62.4
Xinren Aluminium Holdings Limited	25-Feb-16	31.3	49.6	50.0
OSIM International Ltd	07-Mar-16	27.0	40.9	42.5
Select Group Limited	23-Mar-16	23.5	38.2	43.4
Xyec Holdings Co., Ltd	29-Mar-16	50.0	49.3	49.3
Pteris Global Limited	21-Apr-16	33.9	38.0	44.1
China Merchants Holdings (Pacific) Limited	09-May-16	22.9	21.8	25.3
Eu Yan Sang International Ltd	16-May-16	2.6	8.5	16.5
Otto Marine Limited	08-Jun-16	39.1	44.8	43.5
SMRT Group Limited	20-Jul-16	8.7	10.8	10.7
Sim Lian Group Limited	08-Aug-16	14.9	16.6	19.5

Name of company	Announcement date	Premium of offer price over <sup>(1)</sup> :		
		Closing price prior to announcement (%)	1-month VWAP prior to announcement (%)	3-month VWAP prior to announcement (%)
GMG Global Limited	23-Aug-16	10.8	25.2	39.9
Aztech Group Ltd	20-Sep-16	29.2	38.6	21.0
China New Town Development Company Limited	18-Oct-16	18.6	20.5	27.0
China Auto Electronics Group Limited	24-Oct-16	23.1	50.9	65.0
Innovalues Limited	26-Oct-16	13.5	19.0	21.6
Super Group Ltd	03-Nov-16	62.5	60.5	62.5
ARA Asset Management Limited	08-Nov-16	26.2	29.6	30.3
China Minzhong Food Corporation Limited	15-Nov-16	25.0	24.8	23.1
Advanced Integrated Manufacturing Corp. Ltd.	24-Nov-16	22.8	20.7	20.7
Auric Pacific Group Limited	07-Feb-17	13.4	17.7	23.8
Global Premium Hotels Limited	23-Feb-17	14.1	18.1	21.7
Nobel Design Holdings Ltd	02-May-17	8.5	9.4	15.9
Changtian Plastic & Chemical Limited	29-May-17	45.3	46.6	48.2
China Flexible Packaging Holdings Limited	19-Jun-17	23.2	24.3	28.2
Croesus Retail Trust	28-Jun-17	24.5	26.2	32.1
Global Logistic Properties Limited	14-Jul-17	25.2	19.4	17.8
Fischer Tech Limited	27-Jul-17	31.3	46.9	63.6
CWT Limited	07-Sep-17	5.9	6.4	14.8
Poh Tiong Choon Logistics Limited	20-Sep-17	1.6	30.1	41.3
<b>High (Overall)</b>		<b>62.5</b>	<b>69.2</b>	<b>98.4</b>
<b>Low (Overall)</b>		<b>1.6</b>	<b>6.4</b>	<b>10.7</b>
<b>Mean (Overall)</b>		<b>26.4</b>	<b>32.8</b>	<b>37.2</b>
<b>Median (Overall)</b>		<b>24.5</b>	<b>29.6</b>	<b>32.1</b>
<b>Company</b> (implied by the Offer Price and based on Share prices prior to the WSJ Article)		<b>164.9</b>	<b>160.2</b>	<b>167.9</b>
<b>Company</b> (implied by the Offer Price and based on Share prices prior to the SGX Query)		<b>13.3</b>	<b>22.4</b>	<b>27.3</b>
<b>Company</b> (implied by the Offer Price and based on Share prices up to the Last Trading Day)		<b>5.2</b>	<b>6.2</b>	<b>12.7</b>

Source: Bloomberg L.P. and the companies' offer documents and circulars

**Note:**

- 1 Market premium is calculated based on the share price on either the last trading day or unaffected day for the given periods, as defined in the respective circulars.

Based on the above, we note that:

- (i) The market price premium implied by the Offer Price when compared against the closing Share price, 1-month and 3-month VWAPs prior to the WSJ Article are well above the corresponding range of premia of the Precedent Takeovers;
- (ii) The market price premium implied by the Offer Price when compared against the closing Share price, 1-month and 3-month VWAPs prior to the SGX Query are below the corresponding mean and median premia of the Precedent Takeovers but nonetheless within their corresponding range of premia; and
- (iii) The market price premium implied by the Offer Price when compared against the closing Share price, 1-month and 3-month VWAPs prior to the Last Trading Day are below the corresponding mean and median premia of the Precedent Takeovers.



## 8.7 Analyst's price target for the Shares

Based on information on the Bloomberg L.P., the Company is covered by 1 equity research analyst.

Analyst	Date of research report	Rating	Target price (S\$)
Phillip Securities Research Pte Ltd	14 September 2017	Buy	1.12

Source: Bloomberg L.P.

We note that the Offer Price is at a slight discount of 8.9% to the target price indicated by Phillip Securities Research Pte Ltd.

We wish to highlight that as research coverage of the Company is limited, the above target price may not be representative of market consensus. Further, the estimated target price for the Shares and other statements or opinions in the relevant report represent the individual view of the analyst (and not those of CIMB in its capacity as independent financial adviser for the purposes of this letter) based on the circumstances (including, *inter alia*, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of the Company) prevailing at the date of the publication of the relevant analyst's research report. The opinion of the analyst may change over time as a result of, *inter alia*, changes in market conditions, the Company's corporate developments and the emergence of new information relevant to the Company.

## 8.8 Dividend track record of the Company

In assessing the Offer Price, we have considered the dividend track record of the Company and the dividend yield of the Shares implied by the Offer Price relative to alternative investments.

The dividends declared by the Company from FY2014 are set out below.

	FY2014	FY2015	FY2016	6M2017	Average
Interim dividend per Share (S\$)	-	-	-	0.0313	
Final dividend per Share (S\$)	0.0258	0.0188	-	-	
Special dividend per Share (S\$)	0.0118	-	-	-	
Total dividend per Share (S\$)	0.0376	0.0188	-	0.0313	
Share Price <sup>1</sup> (S\$)	0.4250	0.5050	-	0.8100	
Dividend yield <sup>2</sup> (%)	8.8%	3.7%	-	3.9%	4.7%
<b>Dividend yield (%) (Implied by the Offer Price)</b>	<b>3.7%</b>	<b>1.8%</b>	<b>-%</b>	<b>3.1%</b>	<b>2.5%</b>

Source: Bloomberg L.P., the Company's annual reports and CIMB's analysis

### Notes:

- 1 Closing price of the Shares as at the last cum-dividend date.
- 2 Computed as total dividend per Share divided by the respective Share price.

In the Company's latest annual report for FY2016, it was stated that the Company has not adopted any formal dividend policy as it was not practical for the Company to implement one due to the capital commitment of the Group as a whole.

Considering the above, there is no assurance that the Company will consistently pay dividends in the future or maintain the level of dividends paid in the past. The quantum of dividend payment by the Company in any year would depend on various factors including but not limited to the financial performance of the Group, its working capital and capital expenditure needs as well as other considerations.

From the table above, we note that the Company's total dividend ranged from nil to S\$0.0376 per Share from FY2014 to 6M2017 with an average yield of 4.7%. The Company's average dividend yield implied by the Offer Price over the same period was 2.5%.

### ***Investment in selected alternative investments***

Shareholders who accept the Offer have the ability to re-invest the proceeds from the Offer in selected alternative equity investments including the equity of the Comparable Companies and broad market index instruments that replicate the FSSTI. In this regard, the dividend yields of the Comparable Companies for the last financial year and the FSSTI are set out below.

<b>Comparable Companies</b>	<b>Prevailing dividend yield (%)</b>
Kerry Logistics Network Limited	1.7
Mainfreight Limited	1.7
Kintetsu World Express Inc.	1.4
Kerry TJ Logistics Company Ltd	3.9
Namyong Terminal PCL	4.0
Vibrant Group Limited	3.8
K&S Corporation Limited	2.0
Tasco Berhad	1.8
Century Logistics Holdings Bhd	2.9
<b>Mean</b>	<b>2.6</b>
<b>Median</b>	<b>2.0</b>
<b>FSSTI</b>	<b>3.0</b>

*Source: Bloomberg L.P., the Company's annual reports and CIMB's analysis*

On the surface of the above-mentioned analysis, it would appear that Shareholders who accept the Offer may be able to achieve comparable or better dividend yields as they did on their Shares if they were to accept the Offer, assuming they re-invest their proceeds from the Offer in the shares of certain of the Comparable Companies or in market instruments that replicate the FSSTI. As mentioned above, there is also no assurance that the Company or any of the above Comparable Companies will continue to pay dividends in the future or maintain the level of dividends paid in previous periods.

Shareholders should note that, upon receipt of valid acceptances from the Undertaking Shareholders pursuant to the Irrevocable Undertakings, the Offeror will possess statutory control of the Company which would entitle it to alter the Company's dividend policy going forward.

## 8.9 The Group's financial performance and financial position

### 8.9.1 Review of Performance

A summary of the financial performance of the Group between FY2014 and FY2016 and for 9M2016 and 9M2017 is set out below.

(S\$'000)	FY2014 (Audited)	FY2015 (Audited)	FY2016 (Audited)	9M2016 (Unaudited)	9M2017 (Unaudited)
Revenue	118,469	129,233	136,672	100,679	105,325
Profit attributable to owners of the Company	17,806 <sup>(1)</sup>	25,466	32,075	23,497	23,752
Net profit margin <sup>(2)</sup> (%)	15.0%	19.7%	23.5%	23.3%	22.6%

A summary of the financial position of the Group as at 31 December 2014, 31 December 2015, 31 December 2016, 30 September 2016, and 30 September 2017 is set out below.

(S\$'000)	31 December 2014 (Audited)	31 December 2015 (Audited)	31 December 2016 (Audited)	30 September 2016 (Unaudited)	30 September 2017 (Unaudited)
Total assets	263,264	269,140	294,235	294,235	301,223
Cash and cash equivalents	53,442	45,255	57,736	57,736	55,214
Total borrowings	123,299	118,163	119,682	119,682	121,956
NAV	96,565	103,576	126,349	126,349	135,100
Return on equity ("ROE") <sup>(3)</sup>	20.4%	25.4%	27.9%	n.m.	n.m.

Source: The Company's filings

#### Notes:

"n.m." – Not meaningful

- 1 Profit attributable to owners of the Company for FY2014 has been adjusted to exclude the gain on disposal of property, plant and equipment of S\$6.9 million.
- 2 Net profit margin is calculated as profit attributable to owners of the Company divided by the revenue for the relevant financial year / period.
- 3 ROE is calculated as the profit attributable to owners of the Company divided by the average NAV for the period.

#### Revenue

The Group's revenue increased by approximately 9.1% from S\$118.5 million in FY2014 to S\$129.2 million in FY2015, and by approximately 5.8% to S\$136.7 million in FY2016. This translates to an overall increase of approximately 15.4% between FY2014 and FY2016. Revenue growth between FY2014 and FY2016 was largely attributable to the income from warehousing units of Cogent 1 Logistics Hub and the increased demand for vehicle storage services and larger volume of vehicle transportation.

Compared to 9M2016, the Company's revenue in 9M2017 increased by approximately 4.6% from S\$100.7 million to S\$105.3 million. The revenue growth was largely attributable to the warehousing operations, automotive logistics management services and container depot management services.

#### Profit attributable to owners of the Company and adjusted net profit margin

Profit attributable to owners of the Company increased by approximately 43.0% from S\$17.8 million in FY2014 to S\$25.5 million in FY2015, and approximately 26.0% to S\$32.1 million in FY2016. This translates to an overall increase of approximately 80.1% between FY2014 and FY2016. The Group's net profit margin increased from 15.0% in FY2014 to 23.5% in FY2016.

Compared to 9M2016, profit attributable to owners of the Company in 9M2017 increased by approximately 1.1% from S\$23.5 million to S\$23.8 million. This translates to net profit margins of 23.3% and 22.6% for 9M2016 and 9M2017 respectively.

## **NAV**

The Group's NAV increased by approximately 39.9% from S\$96.6 million as at 31 December 2014 to S\$135.1 million as at 30 September 2017.

## **ROE**

The Group's ROE improved from 20.4% in FY2014 to 25.4% in FY2015 and subsequently to 27.9% in FY2016.

### **8.9.2 Subsequent events**

We wish to draw the attention of Shareholders to the Group's commentary on the subsequent events as disclosed in paragraph 8 of the 9M2017 Results, as reproduced below:

*“(a) On 3 November 2017, COSCO SHIPPING International (Singapore) Co., Ltd. (the “Offeror”) announced its intention to make a voluntary conditional cash offer (the “Offer”) for all the issued ordinary shares (the “Shares”) in the capital of the company, including all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror.*

*Pursuant to the Offer, certain shareholders of the company holding in aggregate approximately 84.33% of the Shares have irrevocably undertaken to tender in their Shares in acceptance of the Offer, which will result in a substantial change of the company's shareholders.*

*Arising from the above events, the company has incurred approximately \$5.6 million of associated costs which will be accounted for in the subsequent quarter.*

*(b) Cogent Holdings Limited (“Company”, together with its subsidiaries, the “Group”) had on 22 December 2015 released certain announcements relating to (i) the entry into a settlement agreement between a wholly-owned subsidiary of the Company, SH Cogent Logistics Pte. Ltd. (“SHCL”), and SH Design & Build Pte. Ltd. (“SHDB”) in relation to, amongst others, the assignment of SHDB's rights and benefits (but not obligations) under a sub-contract (“Crane Sub-Contract”) with a third-party specialist crane contractor (“Crane Specialist”) in favour of SHCL and (ii) the commencement of arbitration proceedings by SHCL against the Crane Specialist for breach of contract resulting from the Crane Specialist's failure to satisfactorily complete certain gantry crane system construction works.*

*Further to claims brought by SHCL against the Crane Specialist in the arbitration proceedings, the Crane Specialist had in October 2017 brought a counter-claim against SHCL for breach of contract and in tort. Following the counter-claim, the Company had sought legal advice and maintains the view that any recourse the Crane Specialist might have in relation to a breach of contract claim would be against SHDB as the relevant contracting party to the Crane Sub-Contract, and not SHCL, and that the Crane Specialist's claim in tort has a low chance of success. Accordingly, the Company has not made any provision in respect of the counter-claim.”*

In particular, we note that the Company expects to record significant additional expenses of S\$5.6 million in the fourth quarter of 2017 in relation to the Offer. This represents approximately 76.0% of the Group's unaudited consolidated profits of S\$7.4 million in the third quarter of 2017.

Shareholders are advised to read the above carefully and take note of any further announcement(s) relevant to their consideration of the Offer which may be released after the Latest Practicable Date.

### **8.9.3 Outlook of the Group**

We wish to draw the attention of Shareholders to the Group's commentary on its outlook as disclosed in paragraph 17 of the 9M2017 Results, as reproduced below:

*“Despite volatility in the geo-political and business environment around the world, the Singapore economy is growing at a positive pace. Meanwhile, the Group will continue to keep*

*a tight reign on operating costs and will explore new opportunities to grow its business in the region.*

*On 7 September 2017, the Group announced that it is seeking to expand its property management capabilities to include the management of hostels, in order to tap the growing opportunities in meeting the needs of local and foreign students here in Singapore. Its wholly-owned subsidiary, Cogent Land Capital Pte Ltd, was awarded a three-year lease (and a further term of three years upon request) by the Singapore Land Authority to operate a student hostel at 362 Holland Road (the "Property").*

*The Property, which occupies an estimated land area of 2,318 square metres, comprises two blocks of one-storey buildings with an estimated total gross floor area of about 583.4 square metres, and will be able to house up to 60 students.*

*The Group will be using Cogent Realty Capital Pte. Ltd. (formerly known as Cogent Chemical Logistics Pte. Ltd.), an indirect wholly-owned subsidiary incorporated on 31 May 2017, to manage the student accommodation."*

Shareholders are advised to read the above carefully and take note of any further announcement(s) relevant to their consideration of the Offer which may be released after the Latest Practicable Date.

## **8.10 Other relevant considerations which have a bearing on our assessment**

### **8.10.1 Control of the Company**

As at the Latest Practicable Date, the Offeror is assured of acquiring approximately 84.33% of the total number of issued Shares. Accordingly, the Offeror will be able to secure statutory control of the Company which entitles it to pass all resolutions on matters in which the Offeror and its concert parties do not have an interest, at general meetings of Shareholders including resolutions on dividend payments by the Company.

### **8.10.2 Past indications of interest relating to the Group and its businesses**

On 28 January 2016, the Wall Street Journal published an article titled "*Cogent Holdings's Owners Seek Buyer for Logistics Firm*" and on 29 January 2016, the Company issued the January 2016 Holding Announcement stating the following:

*"The Company has from time to time received indications of interest relating to the Group and its businesses. The Board is currently reviewing the business and operations of the Group with a view to evaluating the viability of such indications of interest. There is no certainty that any transaction will materialise from the current process."*

Following the WSJ Article, the Company had received from the SGX-ST queries regarding unusual price movements in its Shares on 8 July 2016, 6 September 2016, 9 January 2017, 1 February 2017 and 20 September 2017. In response to such queries from the SGX-ST, the Company had made reference to the January 2016 Holding Announcement and had also stated that it would issue a further announcement if and when there were any material developments.

We further note that the Company has also appointed Credit Suisse (Singapore) Limited as exclusive financial adviser with respect to the transaction.

In light of the abovementioned developments between January 2016 and September 2017, it is highly possible that other potential acquirors (apart from the Offeror) would have been aware of the possibility of a sale of the Company or the Group's businesses. The Company has confirmed to us that they are not aware of any other binding offer for all the Shares or the business of the Group that has been made prior to the Offer Announcement Date, the terms of which are more favourable than those under the Offer.

### 8.10.3 No alternative offer

As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the Shares.

Shareholders should note that under the terms of the Irrevocable Undertakings, the Undertaking Shareholders have unconditionally and irrevocably undertaken, amongst other things, not to accept any Competing Proposal, whether or not such Competing Proposal is at a higher price than the Offer Price for the Relevant Shares and/or on more favourable terms than the Offer.

The Offeror has stated that it does not intend to revise the Offer Price.

### 8.10.4 Offeror's rationale for the Offer and intentions

The Offeror is listed on the Mainboard of the SGX-ST with a market capitalisation of approximately S\$1.1 billion as at the Latest Practicable Date.

The Offeror had announced on 5 May 2017 that it had entered into a conditional sale and purchase agreement to dispose of its equity interests in certain entities which are engaged in the shipyard, ship repair, ship building and marine engineering businesses and such proposed disposal was approved by the Offeror's shareholders on 30 August 2017. In its latest interim results announcement for the third quarter ended 30 September 2017, the Offeror had stated *inter alia* that the aforementioned proposed disposal is expected to be completed by the fourth quarter of 2017. In addition to the Offer, the Offeror had also announced on 3 November 2017 that it had entered into a share sale and purchase agreement for the purchase of an approximate 40% stake in PT Ocean Global Shipping for a consideration of approximately S\$13.95 million in cash. PT Ocean Global Shipping's businesses include logistic service, container canvassing and management, ship agency and chartering and bunkering.

Based on the Offer Document, the Offeror is of the view that the Offer represents an opportunity for the Offeror to acquire control in one of Singapore's leading full service, integrated logistics service providers with a track record of over 40 years. It is envisaged that:

- (a) as the Offeror's ultimate holding company, China COSCO, has a well-established logistics business network throughout the PRC, the Offeror will be able to leverage on China COSCO's existing logistics business platform to potentially develop new business opportunities in the logistics sector in Southeast Asia, taking advantage of the "Belt and Road Initiative" formulated by the PRC Government in 2013; and
- (b) the Offeror will be able to offer end-to-end services to its customers with logistical needs in Singapore and Malaysia, thereby increasing the Offeror's competitive edge in relation to its global competitors and entrenching its customers.

As stated in the Offer Document, the Offeror presently intends for the Company to continue with its existing business activities and has no intention to (i) introduce any major changes to the existing businesses of the Company, (ii) re-deploy any of the major fixed assets of the Company, or (iii) discontinue the employment of any employees of the Group, other than in the ordinary course of business. For this purpose, Mr. Tan Min Cheow, Benson will enter into a service agreement with the Company, pursuant to which he will, amongst other things, be employed by the Company for a period ending on the date falling three (3) years from the date on which Mr. Tan Min Cheow, Benson tenders his Shares in acceptance of the Offer.

As stated in the Offer Document, the Key Undertaking Shareholders have agreed to waive their rights to receive, in aggregate, an amount equal to S\$20 million (the "**Deferred Consideration**") within the time period prescribed under Rule 30 of the Code. The Key Undertaking Shareholders have agreed that the Offeror shall, subject to terms and conditions separately agreed, be entitled to hold back the Deferred Consideration from the aggregate Offer Price payable to each of the Key Undertaking Shareholders.

By becoming a subsidiary of the Offeror whose ultimate parent company is China COSCO, a state-owned enterprise, the Company will be part of a significantly larger group.

We note that the closing share price of the Offeror was S\$0.300 on 2 November 2017 (being the last full trading day immediately prior to the Offer Announcement Date), and has since increased to S\$0.505 as at the Latest Practicable Date (implying an increase of S\$459.0 million in the market capitalisation of the Offeror). Such increase in the share price of the Offeror may be reflective of the general market's perception of the future prospects of the enlarged Offeror group after its acquisition of the Company.

#### **8.10.5 Impact of change of control**

As stated in the Offer Document, the Offeror presently intends for the Company to continue with its existing business activities. We understand from the Company that to the best of their knowledge, the change in ownership of the Company as a result of the Offer is not expected to have an immediate material impact on the Group's operations and/or contractual arrangements (including bank loans, licences, customer contracts, leases, titles, etc).

#### **8.10.6 Patents owned by the Group**

On 2 August 2017, the Company announced that the Company had received confirmation from the Taiwan Intellectual Property Office that its patent application for Cogent 1.Logistics Hub's "Sky Depot" design had been approved on 11 July 2017.

On 3 November 2017, the Company also announced that Mr. Tan Yeow Khoon, the Company's Executive Chairman had assigned and transferred to the Company's wholly-owned subsidiary, SH Cogent Logistics Pte Ltd ("**SH Cogent**") all of his rights, title and interest in, and to certain patents in respect of a frame structure for a multi-level container handling and storage facility, which are registered in a number of countries, including Singapore (collectively, the "**Patent**"). In connection with the foregoing, SH Cogent shall become the sole owner of all rights, title and interest in, and to, the Patent, and shall release and discharge Mr. Tan from his obligations under the relevant patent licence agreement.

We understand from the Management that there was no value ascribed to the above patents on the unaudited balance sheet of the Group as at 30 September 2017 and the Management has confirmed to us that as at the Latest Practicable Date, the Group does not actively market or look to monetise its patents and hence does not expect to derive material income from its patents.

The Management has also confirmed to us that save for the above patents, they are not aware of any other material intangible assets owned by the Group.

#### **8.10.7 Offeror's intentions regarding listing status and compulsory acquisition**

##### ***Listing status***

Pursuant to Rule 1105 of the Listing Manual, upon announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that, if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding treasury shares), thus causing the percentage of the total number of Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the listed securities of CHL at the close of the Offer.

**The Offeror intends to privatise CHL and does not intend to maintain the listing status of CHL. In the event that the trading of Shares on the SGX-ST is suspended pursuant to the Listing Manual, the Offeror has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted.**

### ***Compulsory acquisition***

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires valid acceptances pursuant to the Offer or acquires Shares otherwise than through valid acceptances of the Offer, in respect of not less than 90% of the total number of Shares as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any treasury shares), the Offeror would be entitled to exercise its right to compulsorily acquire, at the Offer Price, all the Shares of Shareholders who have not accepted the Offer (the “**Compulsory Acquisition Right**”).

**In such event, the Offeror intends to exercise the Compulsory Acquisition Right. The Offeror will then proceed to delist CHL from the SGX-ST.**

Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations and their respective nominees, comprise 90% or more of the total number of Shares, Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at a consideration equal to the Offer Price.

**Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.**

### ***Implications of unlisted Shares for Shareholders***

In the event that the Shares are delisted, Shareholders who do not accept the Offer will have limited options to sell their Shares due to the absence of a public market for the Shares. Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. In addition, shareholders of unlisted companies do not benefit from the more stringent corporate governance standards required of publicly listed companies, an example of which is the presence of independent directors on the board whose duties include the safeguarding of minority shareholders' interests.

## **8.10.8 Restrictions following the Offer**

In the event that the Offer Acceptance Condition is satisfied, under Rule 33.2 of the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with the Offeror may, within 6 months of the close of the Offer, make a second offer to or acquire any Share from any Shareholder on terms better than those made available under the Offer.

## **9. SUMMARY OF OUR ANALYSIS**

In arriving at our advice to the Independent Directors on the Offer, we have considered, *inter alia*, the following factors which should be read in the context of the full text of this letter:

- (i) The Shares had not traded at or above the Offer Price over the 3-year period prior to the Last Trading Day;
- (ii) Between the Last Trading Day and the Latest Practicable Date, the closing price of the Shares had generally trended upwards but has not closed at or above the Offer Price;
- (iii) The Offer Price represents a significant premium of between 158.1% to 177.6% over the various VWAPs in the 1-year period prior to the WSJ Article;
- (iv) The Offer Price represents a premium of between 13.3% to 32.8% over the various VWAPs in the 1-year period prior to the SGX Query;
- (v) The Offer Price represents a premium of between 5.2% to 52.9% over the various VWAPs in the 3-year period up to the Last Trading Day;



- (vi) The Shares are regularly traded indicating a ready market for the trading of the Shares. The ADTV of the Shares rose significantly after the release of the WSJ Article with an ADTV of 843,970 shares between 28 January 2016 and the Last Trading Day, compared to 230,328 shares for the 1-year period prior to 28 January 2016;
- (vii) The Share price as at the Last Trading Day and Latest Practicable Date may be supported by the Offer and may not be sustained at these levels after the close of the Offer;
- (viii) The Offer Price represents a significant premium of approximately 261.3% over the NAV per Share as at 30 September 2017;
- (ix) The Offer Price is at a premium of approximately 18.9% over the RNAV per Share of S\$0.86 as at 30 September 2017;
- (x) At 15.1x, the P/E multiple implied by the Offer Price is greater than the historical trailing P/E multiples of the Shares for the entire 3-year period prior to the Last Trading Day;
- (xi) At 3.6x, the P/NAV multiple implied by the Offer Price is greater than the average historical P/NAV multiple of the Shares for the 3-year period up to the Last Trading Day of 2.5x;
- (xii) Both the trailing and forward P/E multiples implied by the Offer Price are below the corresponding mean and median multiples of the Comparable Companies but well within their corresponding range of multiples;
- (xiii) Both the trailing and forward EV/EBITDA multiples implied by the Offer Price are above the corresponding mean and median multiples of the Comparable Companies;
- (xiv) The P/NAV multiple implied by the Offer Price is significantly above the corresponding mean and median multiples of the Comparable Companies;
- (xv) The P/E multiple implied by the Offer Price is above the corresponding median multiple but below the corresponding mean multiple of the Precedent Transactions;
- (xvi) The EV/EBITDA multiple implied by the Offer Price is below the corresponding median and mean multiples of the Precedent Transactions but well within their corresponding range of multiples;
- (xvii) The P/NAV multiple implied by the Offer Price is above the corresponding range of multiples of the Precedent Transactions;
- (xviii) The P/RNAV multiple implied by the Offer Price is above the corresponding median and mean multiples of the Precedent Transactions;
- (xix) The market price premium implied by the Offer Price when compared against the closing Share price, 1-month and 3-month VWAPs prior to the WSJ Article are well above the corresponding range of premia of the Precedent Takeovers;
- (xx) The market price premium implied by the Offer Price when compared against the closing Share price, 1-month and 3-month VWAPs prior to the SGX Query and the Last Trading Day are below the corresponding mean and median premia of the Precedent Takeovers;
- (xxi) The Offer Price is at a slight discount of 8.9% to the analyst's target price;
- (xxii) Certain Comparable Companies and the FSSTI generally provide dividend yields which are better or in line with that of the Company as implied by the Offer Price;
- (xxiii) The Offeror is assured of acquiring approximately 84.33% of the total number of issued Shares. Accordingly, the Offeror will be able to secure statutory control of the Company which entitles it to pass all resolutions on matters in which the Offeror and its concert parties do not have an interest, at general meetings of Shareholders including resolutions on dividend payments by the Company;
- (xxiv) The Company is not aware of any other binding offer for all the Shares or the businesses of the Group that has been made prior to the Offer Announcement Date, the terms of which are more favourable than those under the Offer;

- (xxv) There is no publicly available evidence of any alternative offer for the Shares and the Undertaking Shareholders have unconditionally and irrevocably undertaken, amongst other things, not to accept any Competing Proposal, whether or not such Competing Proposal is at a higher price than the Offer Price for the Relevant Shares and/or on more favourable terms than the Offer. The Offeror has stated that it does not intend to revise the Offer Price;
- (xxvi) The Offeror intends to privatise the Company and does not intend to maintain the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to the Listing Manual, the Offeror has no intention of undertaking or supporting any action for any such trading suspension by the SGX-ST to be lifted. The Offeror also intends to exercise the Compulsory Acquisition Right. The Offeror will then proceed to delist the Company from the SGX-ST; and
- (xxvii) The Offeror presently intends for the Company to continue with its existing business activities and has no intention to (i) introduce any major changes to the existing businesses of the Company, (ii) re-deploy any of the major fixed assets of the Company, or (iii) discontinue the employment of any employees of the Group, other than in the ordinary course of business.

**Based upon, and having considered, *inter alia*, the factors described above and the information that has been made available to us as at the Latest Practicable Date, we are of the opinion that as of the Latest Practicable Date, the Offer Price is FAIR AND REASONABLE under current prevailing market, economic, industry, monetary and other relevant conditions. Accordingly, we advise the Independent Directors to recommend that Shareholders ACCEPT THE OFFER or sell their Shares in the open market if they can receive a price higher than the Offer Price (after netting off the related transaction expenses).**

In rendering the advice above, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Shareholders should note that the opinion and advice of CIMB should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

Yours faithfully  
For and on behalf of  
**CIMB BANK BERHAD, SINGAPORE BRANCH**

**JASON CHIAN SIET HENG**  
MANAGING DIRECTOR  
INVESTMENT BANKING, SINGAPORE

**TAN CHER TING**  
DIRECTOR  
INVESTMENT BANKING, SINGAPORE

## ADDITIONAL GENERAL INFORMATION

### 1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Mr Tan Yeow Khoon	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Executive Chairman
Mr Tan Min Cheow, Benson	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Executive Director and Chief Executive Officer
Mr Edwin Tan Yeow Lam	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Managing Director
Mr Chan Soo Sen	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Lead Independent Director
Mr Chua Cheow Khoon Michael	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Independent Director
Mr Teo Lip Hua Benedict	c/o 1 Buroh Crescent #6M-01 Cogent 1.Logistics Hub Singapore 627545	Independent Director

### 2. DESCRIPTION OF THE COMPANY

The Company was incorporated in Singapore on 18 June 2007 and listed on the Main Board of the SGX-ST on 25 February 2010.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the CHL Group are those relating to the provision of automotive logistics management services, transport management services, warehousing and property management services, container depot management services

### 3. SHARE CAPITAL

#### 3.1 Issued Share Capital

The issued and paid-up share capital of the Company as at the Latest Practicable Date is approximately S\$45,949,767 comprising 478,500,000 issued CHL Shares with no treasury

shares (based on the results of the instant information search of CHL dated the Latest Practicable Date conducted with the Accounting and Corporate Regulatory Authority of Singapore).

### **3.2 Capital, Dividends and Voting Rights**

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting has been reproduced in Appendix VII to this Circular. The Constitution is available for inspection at the registered address of the Company at 1 Buroh Crescent, #6M-01, Cogent 1 Logistics Hub, Singapore 627545. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

### **3.3 Number of CHL Shares Issued since the End of the Last Financial Year**

As at the Latest Practicable Date, the Company has not issued any new CHL Shares since the end of FY2016, being the last financial year of the Company.

### **3.4 Options and Convertible Instruments**

As at the Latest Practicable Date, CHL has in place the following employee or performance share incentive schemes:

- (a) the ESOS; and
- (b) the PSP.

As at the Latest Practicable Date, as CHL has not implemented the ESOS or the PSP, there are no outstanding Options and no outstanding Awards.

As at the Latest Practicable Date, the Company has not issued any outstanding instruments convertible into, rights to subscribe for, and options in respect of, the CHL Shares and securities which carry voting rights affecting CHL Shares.

## **4. DISCLOSURE OF INTERESTS**

### **4.1 Interests of the Company in Offeror Securities**

As at the Latest Practicable Date, the Company does not have any direct or deemed interests in any Offeror Securities.

### **4.2 Dealings in Offeror Securities by the Company**

As at the Latest Practicable Date, the Company has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

### **4.3 Interests of the Directors in Offeror Securities**

Save as disclosed below, none of the Directors has any direct or deemed interests in any Offeror Securities as at the Latest Practicable Date:

<b>Direct Interest</b>		
<b>Name</b>	<b>No. of Offeror Shares</b>	<b>%<sup>(1)</sup></b>
Mr Chua Cheow Khoon Michael	4,000	n.m. <sup>(2)</sup>

**Notes:**

- (1) Based on the total number of issued shares of the Offeror being 2,239,244,954 issued Offeror Shares with no treasury shares (based on the results of the instant information search of the Offeror dated the Latest Practicable Date conducted with the Accounting and Corporate Regulatory Authority of Singapore).
- (2) "n.m." means not meaningful.

#### 4.4 Dealings in Offeror Securities by the Directors

Save as disclosed below, none of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date:

Name	Date	No. of Offeror Shares Bought	No. of Offeror Shares Sold	Transaction Price Per Offeror Share
Mr Tan Yeow Khoon	30 August 2017	-	156,000	S\$0.30

#### 4.5 Interests of the Directors in Company Securities

Save as disclosed below, none of the Directors has any direct or deemed interest in any Company Securities as at the Latest Practicable Date:

Name	Direct Interest		Deemed Interest	
	No. of CHL Shares	% <sup>(1)</sup>	No. of CHL Shares	% <sup>(1)</sup>
Mr Tan Yeow Khoon	328,242,775	68.60%	7,977,000 <sup>(2)</sup>	1.67%
Mr Tan Yeow Lam	65,000,000	13.58%	-	-
Mr Tan Min Cheow, Benson	2,283,000	0.48%	-	-

**Notes:**

- (1) Based on the total number of issued shares of CHL being 478,500,000 issued CHL Shares with no treasury shares (based on the results of the instant information search of CHL dated the Latest Practicable Date conducted with the Accounting and Corporate Regulatory Authority of Singapore).
- (2) Mr Tan Yeow Khoon is deemed interested in 7,977,000 CHL Shares held by his spouse, Mdm Ng Poh Choo.

#### 4.6 Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.<sup>(1)</sup>

**Note:**

- (1) For completeness, as disclosed by CHL on SGXNET on 17 November 2017 ("**Form 1 Disclosure**"), certain off-market transfers of CHL Shares held beneficially by Mr Tan Yeow Khoon were made for nil consideration to facilitate the consolidation of Mr Tan Yeow Khoon's shareholdings in CHL. A copy of the Form 1 Disclosure is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

#### 4.7 Company Securities owned or controlled by CIMB

As at the Latest Practicable Date, save as disclosed below, none of CIMB or any funds whose investments are managed by CIMB on a discretionary basis owns or controls any Company Securities.

Name	Direct Interest		Deemed Interest	
	No. of CHL Shares	% <sup>(1)</sup>	No. of CHL Shares	% <sup>(1)</sup>
CIMB Securities	68	n.m. <sup>(2)</sup>	-	-

**Notes:**

- (1) Based on the total number of issued shares of CHL being 478,500,000 issued CHL Shares with no treasury shares (based on the results of the instant information search of CHL dated the Latest Practicable Date conducted with the Accounting and Corporate Regulatory Authority of Singapore).
- (2) "n.m." means not meaningful.

#### 4.8 Dealings in Company Securities by CIMB

During the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date, save as disclosed below, none of CIMB or any funds whose investments are managed by CIMB on a discretionary basis has dealt for value in the Company Securities.

Name	Date	Number of Shares Bought	Number of Shares Sold	Transaction Price Per Share (S\$)
CIMB Securities	13 October 2017	67	-	0.890
CIMB Securities	20 October 2017	500	-	0.940 - 0.945
CIMB Securities	20 October 2017	-	200	0.935 - 0.940
CIMB Securities	23 October 2017	400	-	0.955
CIMB Securities	23 October 2017	-	700	0.945 - 0.960
CIMB Securities	24 October 2017	7,100	-	0.965 - 0.970
CIMB Securities	24 October 2017	-	4,100	0.955 - 0.960
CIMB Securities	26 October 2017	100	-	0.970
CIMB Securities	26 October 2017	-	500	0.965 - 0.975
CIMB Securities	27 October 2017	-	2,600	0.965 - 0.970

#### 4.9 Intentions of the Directors in respect of their CHL Shares

As at the Latest Practicable Date, the Directors who hold CHL Shares have indicated their intention in respect of accepting or rejecting the Offer in respect of their CHL Shares as follows:

- (a) Mr Tan Yeow Khoon has informed the Company that he intends to accept the Offer in respect of all the CHL Shares held by him;

- (b) Mr Edwin Tan Yeow Lam has informed the Company that he intends to accept the Offer in respect of all the CHL Shares held by him; and
- (c) Mr Tan Min Cheow, Benson has informed the Company that he intends to accept the Offer in respect of all the CHL Shares held by him.

## 5. OTHER DISCLOSURES

### 5.1 Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

### 5.2 Arrangements affecting Directors

Besides the Irrevocable Undertakings, each of Mr Tan Yeow Khoon, Mr Edwin Tan Yeow Lam and Mr Tan Min Cheow, Benson has entered into further undertakings in favour of the Offeror on 3 November 2017 in relation to, *inter alia*, the terms and conditions relating to the release of the Deferred Consideration.

Each of Mr Tan Yeow Khoon and Mr Edwin Tan Yeow Lam has undertaken to (both, the "**Resigning Directors**") resign as a director of each of CHL and its subsidiaries on the day immediately after the consideration for the acceptance of the CHL Shares held by each of the Resigning Directors have been settled in accordance with the Code. All salary, allowance, remuneration, bonus and benefits that each of the Resigning Directors is entitled to in respect of the period prior to (and including) 31 December 2017 shall continue to accrue until 31 December 2017 and be paid to each of the Resigning Directors in accordance with the terms of each of the Resigning Directors' service agreement with the Offeree, consistent with past practices.

As stated in section 10 of the Letter to Shareholders in the Offer Document, the Offeror intends and desires that there will be continuity of management and minimal disruption to CHL's business. For this purpose, Mr Tan Min Cheow, Benson will enter into a service contract with CHL ("**CEO Service Agreement**") for a period ending on the date falling three (3) years from the date on which Mr Tan Min Cheow, Benson tenders his CHL Shares in acceptance of the Offer.

Save as disclosed above, as at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit shall be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

**6. MATERIAL CONTRACTS WITH INTERESTED PERSONS**

As at the Latest Practicable Date, save as disclosed in publicly available information on the CHL Group, neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Offer Announcement Date.

**7. MATERIAL LITIGATION**

As at the Latest Practicable Date, save as disclosed in publicly available information on the CHL Group, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the CHL Group, taken as a whole.



## 8. FINANCIAL INFORMATION

### 8.1 Consolidated Profit and Loss Statements

Certain financial information extracted from the audited consolidated profit and loss statements of the CHL Group for the last three (3) financial years (FY2016, FY2015 and FY2014) and the unaudited consolidated financial statements of the CHL Group for 9M2017 are summarised below. The summary set out below should be read together with the annual reports, the audited consolidated profit and loss statements of the CHL Group for the relevant financial periods, the 9M2017 Results and their respective accompanying notes.

	Unaudited 9M2017 \$'000	Audited FY2016 \$'000	Audited FY2015 \$'000	Audited FY2014 \$'000
Revenue	105,325	136,672	129,233	118,469
Other operating income	2,501	2,301	2,020	8,309
Operating expenses				
- Employee benefits expense	(21,223)	(28,170)	(26,537)	(23,776)
- Depreciation	(8,401)	(9,573)	(9,470)	(7,769)
- Rental on leased premises	(17,554)	(24,889)	(28,065)	(30,641)
- Amortisation of deferred income arising from sale and leaseback	-	1,000	1,000	1,000
- Amortisation of prepaid land lease rights	(20)	(28)	-	-
- Contract services	(10,975)	(12,158)	(10,257)	(10,123)
- Fuel and utilities	(5,536)	(6,644)	(7,248)	(8,897)
- Storage and handling charges	(2,437)	(3,927)	(3,536)	(4,612)
- Repair and maintenance	(3,426)	(4,211)	(3,909)	(4,293)
- Hire of vehicle and equipment	(788)	(685)	(1,129)	(1,002)
- Others	(5,975)	(8,283)	(8,386)	(6,964)
	(76,335)	(97,568)	(97,537)	(97,077)
	31,491	41,405	33,716	29,701
Finance costs	(2,206)	(3,168)	(3,118)	(988)
Share of loss of joint ventures	-	-	-	(69)
<b>Profit before tax</b>	<b>29,285</b>	<b>38,237</b>	<b>30,598</b>	<b>28,644</b>
Income tax expense	(5,536)	(6,162)	(5,132)	(3,986)
<b>Profit for the period/year, net of tax</b>	<b>23,749</b>	<b>32,075</b>	<b>25,466</b>	<b>24,658</b>
<b>Other comprehensive loss:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange difference on translation of subsidiaries, representing other comprehensive loss for the period/year, net of tax	(24)	(306)	(463)	(5)
<b>Total comprehensive income for the period/year</b>	<b>23,725</b>	<b>31,769</b>	<b>25,003</b>	<b>24,653</b>
<b>Profit attributable to:</b>				
Owners of the Company	23,752	32,075	25,466	24,658
Non-controlling interests	(3)	-	-	-
	23,749	32,075	25,466	24,658
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	23,728	31,769	25,003	24,653
Non-controlling interests	(3)	-	-	-
	23,725	31,769	25,003	24,653
<b>Earnings per share (cents)</b>				
Basic and diluted	4.96	6.70	5.32	5.15
<b>Dividends per share (cents)</b>	3.13	-	1.88	3.76

## 8.2 Consolidated Statements of Financial Position

The audited consolidated statement of financial position of the CHL Group as at 31 December 2016 and the unaudited consolidated statement of financial position of the CHL Group as at 30 September 2017 are summarised below. The summary set out below should be read together with the annual report of the CHL Group for FY2016, the 9M2017 Results and their respective accompanying notes.

	Unaudited as at 30.09.17 \$'000	Audited as at 31.12.16 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	55,214	57,736
Trade receivables	17,008	17,822
Other receivables	3,976	3,445
Inventories	36	-
<b>Total current assets</b>	76,234	79,003
<b>Non-current assets</b>		
Property, plant and equipment	222,156	212,565
Other investment	128	109
Trade receivables	396	46
Other receivables	2,309	2,512
<b>Total non-current assets</b>	224,989	215,232
<b>Total assets</b>	301,223	294,235
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Current portion of bank loans	12,784	14,401
Current portion of finance leases	2,769	1,658
Trade payables	7,509	6,883
Other payables	26,282	30,838
Provision for reinstatement costs	753	1,312
Income tax payable	5,155	6,197
<b>Total current liabilities</b>	55,252	61,289
<b>Non-current liabilities</b>		
Bank loans	97,810	101,149
Finance leases	8,593	2,474
Other payables	765	599
Provision for reinstatement costs	1,391	789
Deferred tax liabilities	2,070	1,586
<b>Total non-current liabilities</b>	110,629	106,597
<b>Capital and reserves</b>		
Share capital	45,092	45,092
Capital reserve	506	506
Merger deficit	(16,033)	(16,033)
Foreign currency translation reserve	(798)	(774)
Accumulated profits	106,333	97,558
	135,100	126,349
Non-controlling interests	242	-
<b>Total equity</b>	135,342	126,349
<b>Total liabilities and equity</b>	301,223	294,235

### **8.3 Significant Accounting Policies**

A summary of the significant accounting policies of the CHL Group is set out in note 2 to the audited consolidated financial statements of the CHL Group for FY2016. Copies of the above are available for inspection at the registered address of the Company at 1 Buroh Crescent, #6M-01, Cogent 1.Logistics Hub, Singapore 627545 during normal business hours for the period during which the Offer remains open for acceptance.

Save as disclosed above and in publicly available information on the CHL Group, there are no significant accounting policies or any matter from the notes of the financial statements of the CHL Group which are of any major relevance for the interpretation of the financial statements of the CHL Group.

### **8.4 Changes in Accounting Policies**

Save as disclosed in publicly available information on the CHL Group, as at the Latest Practicable Date, there is no change in the accounting policy of the CHL Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

Copies of the annual report of the Company for FY2016 and the 9M2017 Results are available on the SGX-ST website at [www.sgx.com](http://www.sgx.com) or for inspection at the registered address of the Company at 1 Buroh Crescent, #6M-01, Cogent 1.Logistics Hub, Singapore 627545 during normal office hours for the period during which the Offer remains open for acceptance.

### **8.5 Material Change in Financial Position**

Save as disclosed in publicly available information on the CHL Group (including but not limited to the Company's announcement on the 9M2017 Results), as at the Latest Practicable Date, there has been no known material change in the financial position of the CHL Group since 31 December 2016, being the date of the Company's last published audited consolidated financial statements.

### **8.6 Material Change in Information**

Save as disclosed in this Circular and save for the information relating to the CHL Group and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

### **8.7 Valuation of the Subject Properties**

The Company has commissioned independent valuations of the Subject Properties, comprising about 97% of the total book value of all properties of the CHL Group. Copies of the Valuation Certificates (which include the basis of the valuations) are set out in Appendix VI to this Circular. The Valuation Certificates and Valuation Reports are available for inspection at the registered address of the Company at 1 Buroh Crescent, #6M-01, Cogent 1.Logistics Hub, Singapore 627545. Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of valuation. Based on the Valuation Certificates and the Valuation Reports, and on the basis that the gains from the hypothetical disposal of the Singapore Subject Properties are considered by IRAS as taxable income and not capital gains, the potential tax liabilities that may be incurred by the Company on the hypothetical disposal of the Subject Properties on an "as is" basis is approximately S\$53,116,000.

The aforesaid tax liabilities will not crystallise if the Company does not dispose of its interests in the Subject Properties. As at the Latest Practicable Date, the Company has no current plans to dispose of its interests in the Subject Properties, and accordingly, the aforesaid tax liabilities are not likely to crystallise.

## **9. GENERAL**

### **9.1 Costs and Expenses**

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

### **9.2 Consent of CIMB**

CIMB, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Directors set out in section 13.2 of this Circular, the IFA Letter set out in Appendix I to this Circular, its letter in relation to the 9M2017 Results set out in Appendix V to this Circular and all references thereto, in the form and context in which they appear in this Circular.

### **9.3 Consent of the Auditors**

The auditors of the Company, Deloitte & Touche LLP, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its independent auditor's review report on the 9M2017 Results ("**9M2017 Review Report**") set out in Appendix IV to this Circular and all references thereto, in the form and context in which they appear in this Circular.

### **9.4 Consent of the Valuers**

Each of the Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, the Valuation Certificates set out in Appendix VI to this Circular and all references thereto, in the form and context in which they appear in this Circular.

## **10. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered address of the Company at 1 Buroh Crescent, #6M-01, Cogent 1.Logistics Hub, Singapore 627545 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2014, FY2015 and FY2016;
- (c) the 9M2017 Results;
- (d) the 9M2017 Review Report;
- (e) the letter from CIMB on the 9M2017 Results;
- (f) the IFA Letter;
- (g) the Valuation Certificates and Valuation Reports; and
- (h) the letters of consent referred to in sections 9.2, 9.3 and 9.4 of Appendix II to this Circular.

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CHL GROUP FOR 9M2017



## COGENT HOLDINGS LIMITED AND ITS SUBSIDIARIES

**INTERIM FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER AND NINE-MONTH PERIOD ENDED**  
**30 SEPTEMBER 2017**

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**Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017**

**Consolidated statement of profit or loss and other comprehensive income**

	Note	Group			Group		
		3 months ended		Change	9 months ended		Change
		30.09.17	30.09.16		30.09.17	30.09.16	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		35,291	34,063	4%	105,325	100,679	5%
Other operating income	2	366	376	-3%	2,501	1,967	27%
Operating expenses							
- Employee benefits expense		(7,048)	(7,204)	-2%	(21,223)	(21,002)	1%
- Depreciation		(3,218)	(2,420)	33%	(8,401)	(7,159)	17%
- Rental on leased premises		(5,910)	(6,207)	-5%	(17,554)	(18,923)	-7%
- Amortisation of deferred income arising from sale and leaseback		-	250	n/m	-	750	n/m
- Amortisation of prepaid land lease rights		(7)	(7)	0%	(20)	(21)	-5%
- Contract services		(3,402)	(2,971)	15%	(10,975)	(8,224)	33%
- Fuel and utilities		(1,857)	(1,666)	11%	(5,536)	(4,884)	13%
- Storage and handling charges		(953)	(874)	9%	(2,437)	(2,346)	4%
- Repair and maintenance		(1,224)	(1,042)	17%	(3,426)	(2,975)	15%
- Hire of vehicle and equipment		(201)	(161)	25%	(788)	(495)	59%
- Others		(1,919)	(1,976)	-3%	(5,975)	(6,429)	-7%
		(25,739)	(24,278)	6%	(76,335)	(71,708)	6%
		9,918	10,161	-2%	31,491	30,938	2%
Finance costs		(789)	(775)	2%	(2,206)	(2,474)	-11%
Profit before tax		9,129	9,386	-3%	29,285	28,464	3%
Income tax expense	3	(1,767)	(1,553)	14%	(5,536)	(4,967)	11%
Profit for the period, net of tax		7,362	7,833	-6%	23,749	23,497	1%
Other comprehensive income/(loss):							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange difference on translation of subsidiaries, representing other comprehensive income/(loss) for the period, net of tax		25	(203)	n/m	(24)	(63)	-62%
Total comprehensive income for the period		7,387	7,630	-3%	23,725	23,434	1%
Profit attributable to:							
Owners of the Company		7,365	7,833	-6%	23,752	23,497	1%
Non-controlling interests		(3)	-	n/m	(3)	-	n/m
		7,362	7,833	-6%	23,749	23,497	1%
Total comprehensive income attributable to:							
Owners of the Company		7,390	7,630	-3%	23,728	23,434	1%
Non-controlling interests		(3)	-	n/m	(3)	-	n/m
		7,387	7,630	-3%	23,725	23,434	1%

Profit for the period is arrived at after crediting/(charging) the following:

	Group			Group		
	3 months ended		Change	9 months ended		Change
	30.09.17	30.09.16		30.09.17	30.09.16	
	\$'000	\$'000	%	\$'000	\$'000	%
Gain from disposal of property, plant and equipment	118	75	57%	216	150	44%
Government grant	26	101	-74%	419	894	-53%
Interest income	77	50	54%	213	166	28%
Write back of/(Allowance for) doubtful trade receivables	7	29	-76%	(1)	(51)	-98%
Interest expense	(789)	(775)	2%	(2,206)	(2,474)	-11%
Loss from foreign exchange	(18)	(30)	-40%	(68)	(27)	152%
Adjustment for (under)/over provision of tax in respect of prior years	(5)	45	n/m	(11)	45	n/m

n/m: not meaningful

Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017

Statements of financial position

	Note	Group		Company	
		30.09.17 \$'000	31.12.16 \$'000	30.09.17 \$'000	31.12.16 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		55,214	57,736	5,748	8,476
Trade receivables		17,008	17,822	11,192	10,449
Other receivables		3,976	3,445	759	522
Inventories		36	-	-	-
<b>Total current assets</b>		<b>76,234</b>	<b>79,003</b>	<b>17,699</b>	<b>19,447</b>
<b>Non-current assets</b>					
Property, plant and equipment	4	222,156	212,565	594	649
Investment in subsidiaries		-	-	35,034	35,084
Other investment		128	109	-	-
Trade receivables		396	46	-	-
Other receivables		2,309	2,512	8	2
<b>Total non-current assets</b>		<b>224,989</b>	<b>215,232</b>	<b>35,636</b>	<b>35,735</b>
<b>Total assets</b>		<b>301,223</b>	<b>294,235</b>	<b>53,335</b>	<b>55,182</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Current portion of bank loans	5	12,784	14,401	-	-
Current portion of finance leases		2,769	1,658	-	-
Trade payables		7,509	6,883	603	157
Other payables		26,282	30,838	4,581	6,611
Provision for reinstatement costs		753	1,312	-	-
Income tax payable		5,155	6,197	40	8
<b>Total current liabilities</b>		<b>55,252</b>	<b>61,289</b>	<b>5,224</b>	<b>6,776</b>
<b>Non-current liabilities</b>					
Bank loans	5	97,810	101,149	-	-
Finance leases		8,593	2,474	-	-
Other payables		765	599	-	-
Provision for reinstatement costs		1,391	789	-	-
Deferred tax liabilities		2,070	1,586	-	-
<b>Total non-current liabilities</b>		<b>110,629</b>	<b>106,597</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>					
Share capital	6	45,092	45,092	45,092	45,092
Capital reserve		506	506	506	506
Merger deficit		(16,033)	(16,033)	-	-
Foreign currency translation reserve		(798)	(774)	-	-
Accumulated profits		106,333	97,558	2,513	2,808
Non-controlling interests		135,100	126,349	48,111	48,406
		242	-	-	-
<b>Total equity</b>		<b>135,342</b>	<b>126,349</b>	<b>48,111</b>	<b>48,406</b>
<b>Total liabilities and equity</b>		<b>301,223</b>	<b>294,235</b>	<b>53,335</b>	<b>55,182</b>

Aggregate amount of the Group's borrowings and debt securities:

	30.09.17		31.12.16	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	15,553	-	16,059	-
Amount repayable after one year	106,403	-	103,623	-

**Details of any collateral:**

Total bank borrowings are secured by the following:

- A first mortgage over a property ("Property") of a subsidiary;
- Fixed and floating charge over certain assets of a subsidiary;
- An assignment of the rights, interests and benefits arising under the construction contract and performance bonds relating to the construction of the Property;
- An assignment of the rights, interests and benefits arising under the insurance policies relating to the construction of the Property;
- A charge over the lease of land (including buildings);
- Fixed charge over fixed deposits of a subsidiary;
- An assignment of rental proceeds from properties of a subsidiary; and
- Corporate guarantee.

Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017

Consolidated statement of cash flows

	Group		Group	
	3 months ended		9 months ended	
	30.09.17	30.09.16	30.09.17	30.09.16
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before tax	9,129	9,386	29,285	28,464
Adjustments for:				
Depreciation	3,218	2,420	8,401	7,159
Interest expense	789	775	2,206	2,474
Interest income	(77)	(50)	(213)	(166)
(Write back of)/Allowance for doubtful trade receivables	(7)	(29)	1	51
Deferred income recognised	-	(250)	-	(750)
Amortisation of prepaid land lease rights	7	7	20	21
Gain from disposal of property, plant and equipment	(118)	(75)	(216)	(150)
Fair value gain on held-for-trading investments	-	(5)	-	(8)
Operating cash flows before movements in working capital	12,941	12,179	39,484	37,095
Inventories	(36)	-	(36)	-
Trade receivables	(715)	1,915	463	2,693
Other receivables	427	1,154	(328)	505
Trade payables	(212)	(931)	626	(738)
Other payables	1,597	2,786	(2,813)	(2,241)
Cash generated from operations	14,002	17,103	37,396	37,314
Income tax paid	(2,981)	(2,499)	(6,094)	(4,893)
<b>Net cash from operating activities</b>	11,021	14,604	31,302	32,421
<b>Investing activities</b>				
Interest received	60	40	196	142
Purchase of property, plant and equipment	(3,181)	(4,619)	(9,099)	(8,716)
Proceeds from disposal of property, plant and equipment	411	213	616	279
Acquisition of other investment	-	-	(19)	-
<b>Net cash used in investing activities</b>	(2,710)	(4,366)	(8,306)	(8,295)
<b>Financing activities</b>				
Interest paid	(789)	(775)	(2,206)	(2,470)
Dividends paid	(14,977)	-	(14,977)	(8,996)
Repayment of obligation under finance leases	(852)	(399)	(2,262)	(1,193)
Repayment of bank loans	(3,193)	(2,507)	(8,037)	(7,481)
Pledged deposits	-	-	(1)	-
Proceeds from bank loans	-	1,000	1,766	2,823
Incorporation of non-controlling interests in a subsidiary	245	-	245	-
<b>Net cash used in financing activities</b>	(19,566)	(2,681)	(25,472)	(17,317)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(11,255)	7,557	(2,476)	6,809
Effect of currency translation on cash and cash equivalents	(2)	14	(47)	(14)
Cash and cash equivalents at beginning of period	65,665	43,677	56,931	44,453
<b>Cash and cash equivalents at end of period (Note A)</b>	54,408	51,248	54,408	51,248

Note A

Cash and cash equivalents consist of the following:

	Group		Group	
	30.09.17	30.09.16	30.09.17	30.09.16
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	55,214	52,050	55,214	52,050
Less: Pledged deposits	(806)	(802)	(806)	(802)
Cash and cash equivalents	54,408	51,248	54,408	51,248



**Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017**

**Statements of changes in equity**

For the 3 months ended 30 September

	Share capital	Merger deficit	Capital reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>3QFY16 - Group</b>								
At 1 July 2016	45,092	(16,033)	506	(328)	81,147	110,384	-	110,384
Profit for the period	-	-	-	-	7,833	7,833	-	7,833
Other comprehensive loss for the period	-	-	-	(203)	-	(203)	-	(203)
At 30 September 2016	45,092	(16,033)	506	(531)	88,980	118,014	-	118,014

**3QFY17 - Group**

At 1 July 2017	45,092	(16,033)	506	(823)	113,945	142,687	-	142,687
Profit/(loss) for the period	-	-	-	-	7,365	7,365	(3)	7,362
Other comprehensive income for the period	-	-	-	25	-	25	-	25
Transactions with owners, recognised directly in equity								
Dividends	-	-	-	-	(14,977)	(14,977)	-	(14,977)
Non-controlling interests arising from incorporation of a subsidiary	-	-	-	-	-	-	245	245
At 30 September 2017	45,092	(16,033)	506	(798)	106,333	135,100	242	135,342

**3QFY16 - Company**

	Share capital	Capital reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2016	45,092	506	3,021	48,619
Loss for the period, representing total comprehensive loss for the period	-	-	(59)	(59)
At 30 September 2016	45,092	506	2,962	48,560

**3QFY17 - Company**

At 1 July 2017	45,092	506	17,627	63,225
Loss for the period, representing total comprehensive loss for the period	-	-	(137)	(137)
Dividends, representing total transactions with owners, recognised directly in equity	-	-	(14,977)	(14,977)
At 30 September 2017	45,092	506	2,513	48,111

For the 9 months ended 30 September

	Share capital	Merger deficit	Capital reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>9MFY16 - Group</b>								
At 1 January 2016	45,092	(16,033)	506	(468)	74,479	103,576	-	103,576
Profit for the period	-	-	-	-	23,497	23,497	-	23,497
Other comprehensive loss for the period	-	-	-	(63)	-	(63)	-	(63)
Dividends, representing total transactions with owners, recognised directly in equity	-	-	-	-	(8,996)	(8,996)	-	(8,996)
At 30 September 2016	45,092	(16,033)	506	(531)	88,980	118,014	-	118,014

**9MFY17 - Group**

At 1 January 2017	45,092	(16,033)	506	(774)	97,558	126,349	-	126,349
Profit/(loss) for the period	-	-	-	-	23,752	23,752	(3)	23,749
Other comprehensive loss for the period	-	-	-	(24)	-	(24)	-	(24)
Transactions with owners, recognised directly in equity								
Dividends	-	-	-	-	(14,977)	(14,977)	-	(14,977)
Non-controlling interests arising from incorporation of a subsidiary	-	-	-	-	-	-	245	245
At 30 September 2017	45,092	(16,033)	506	(798)	106,333	135,100	242	135,342

**9MFY16 - Company**

	Share capital	Capital reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January 2016	45,092	506	12,470	58,068
Loss for the period, representing total comprehensive loss for the period	-	-	(512)	(512)
Dividends, representing total transactions with owners, recognised directly in equity	-	-	(8,996)	(8,996)
At 30 September 2016	45,092	506	2,962	48,560

**9MFY17 - Company**

At 1 January 2017	45,092	506	2,808	48,406
Profit for the period, representing total comprehensive income for the period	-	-	14,682	14,682
Dividends, representing total transactions with owners, recognised directly in equity	-	-	(14,977)	(14,977)
At 30 September 2017	45,092	506	2,513	48,111

**Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017**

**Selected notes to the interim financial statements**

**1 Basis of preparation**

The Group prepares its condensed consolidated interim financial statements in accordance with Singapore Financial Reporting Standard (“FRS”) 34, *Interim Financial Reporting*. The same accounting policies and methods of computation have been applied in the preparation of the financial statements for the current quarter as the most recent audited financial statements as at 31 December 2016. The adoption of the new or revised FRS, amendments to FRS and Interpretations to FRS which became mandatory from 1 January 2017 did not have a significant impact on the financial statements of the Group and the Company.

**2 Other operating income**

	Group		Group	
	3 months ended		9 months ended	
	30.09.17	30.09.16	30.09.17	30.09.16
	\$'000	\$'000	\$'000	\$'000
Interest income	77	50	213	166
Gain on disposal of property, plant and equipment	118	75	216	150
Gain from deposit forfeiture	54	33	981	155
Government grants	26	101	419	894
Patent licence fee income	-	-	300	-
Insurance claims	1	35	11	38
Administrative income	51	48	211	439
Others	39	34	150	125
	<u>366</u>	<u>376</u>	<u>2,501</u>	<u>1,967</u>

**3 Income tax expense**

	Group		Group	
	3 months ended		9 months ended	
	30.09.17	30.09.16	30.09.17	30.09.16
	\$'000	\$'000	\$'000	\$'000
Income tax:				
Current period	1,443	1,506	5,055	4,734
Overprovision in prior years	-	(45)	(4)	(45)
	<u>1,443</u>	<u>1,461</u>	<u>5,051</u>	<u>4,689</u>
Deferred tax:				
Current period	319	92	470	278
Underprovision in prior years	5	-	15	-
	<u>324</u>	<u>92</u>	<u>485</u>	<u>278</u>
	<u>1,767</u>	<u>1,553</u>	<u>5,536</u>	<u>4,967</u>

**Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017**

**4 Property, plant and equipment**

<u>Group</u>	Leasehold land and building \$'000	Equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Construction-in-progress \$'000	Total \$'000
Cost:							
At 1 January 2016	142,683	6,738	842	30,539	16,188	43,933	240,923
Additions	60	934	522	1,859	922	20,344	24,641
Exchange differences	(85)	-	-	(8)	(8)	(293)	(394)
Disposals	-	(84)	(21)	(1,385)	(181)	-	(1,671)
Proceeds from performance bond in respect of crane construction	-	-	-	-	-	(1,294)	(1,294)
Transfer	4,816	2,573	504	-	2,921	(10,814)	-
At 31 December 2016	147,474	10,161	1,847	31,005	19,842	51,876	262,205
Additions	12	3,130	51	6,386	1,258	7,583	18,420
Exchange differences	50	(7)	-	-	-	(77)	(34)
Disposals	-	(65)	(4)	(3,213)	(20)	-	(3,302)
Transfer	38,978	12,827	-	-	2,394	(54,199)	-
At 30 September 2017	186,514	26,046	1,894	34,178	23,474	5,183	277,289
Accumulated depreciation:							
At 1 January 2016	13,567	3,089	359	16,523	7,930	-	41,468
Depreciation for the year	2,737	906	160	2,935	2,835	-	9,573
Exchange differences	(3)	-	-	(1)	-	-	(4)
Disposals	-	(58)	(7)	(1,151)	(181)	-	(1,397)
At 31 December 2016	16,301	3,937	512	18,306	10,584	-	49,640
Depreciation for the period	2,374	901	149	2,266	2,711	-	8,401
Exchange differences	1	(7)	-	-	-	-	(6)
Disposals	-	(47)	(3)	(2,852)	-	-	(2,902)
At 30 September 2017	18,676	4,784	658	17,720	13,295	-	55,133
Carrying amount:							
At 30 September 2017	167,838	21,262	1,236	16,458	10,179	5,183	222,156
At 31 December 2016	131,173	6,224	1,335	12,699	9,258	51,876	212,565

<u>Company</u>	Equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost:			
At 1 January 2016	17	520	537
Additions	96	141	237
At 31 December 2016 and 30 September 2017	113	661	774
Accumulated depreciation:			
At 1 January 2016	14	51	65
Depreciation for the year	17	43	60
At 31 December 2016	31	94	125
Depreciation for the period	14	41	55
At 30 September 2017	45	135	180
Carrying amount:			
At 30 September 2017	68	526	594
At 31 December 2016	82	567	649

**Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017**

**5 Bank loans**

	Group		Company	
	30.09.17	31.12.16	30.09.17	31.12.16
	\$'000	\$'000	\$'000	\$'000
Secured - at amortised cost				
Bank loans	110,594	115,550	-	-
Non-current portion of bank loans	(97,810)	(101,149)	-	-
Current portion of bank loans	12,784	14,401	-	-
The bank loans are repayable as follows:				
Within one year	12,784	14,401	-	-
Later than one year and not later than five years	37,784	34,870	-	-
Later than five years	60,026	66,279	-	-
	110,594	115,550	-	-

**6 Share capital**

	Group and Company			
	Number of ordinary shares		Share capital	
	30.09.17	31.12.16	30.09.17	31.12.16
	'000	'000	\$'000	\$'000
Issued and paid up:				
At the beginning and end of period	478,500	478,500	45,092	45,092

Fully paid ordinary shares, which have no par value, carry the right to dividends as and when declared by the company.

**7 Dividends**

On 15 September 2017, the company paid an interim one-tier tax exempt dividend of 3.13 cents per ordinary share totalling \$14,977,000 in respect of the financial year ending 31 December 2017 to the shareholders of the company.

On 24 May 2016, the company paid a first and final one-tier tax exempt dividend of 1.88 cents per ordinary share totalling \$8,996,000 in respect of the financial year ended 31 December 2015 to the shareholders of the company.

**8 Subsequent events**

- (a) On 3 November 2017, COSCO SHIPPING International (Singapore) Co., Ltd. (the "Offeror") announced its intention to make a voluntary conditional cash offer (the "Offer") for all the issued ordinary shares (the "Shares") in the capital of the company, including all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror.

Pursuant to the Offer, certain shareholders of the company holding in aggregate approximately 84.33% of the Shares have irrevocably undertaken to tender in their Shares in acceptance of the Offer, which will result in a substantial change of the company's shareholders.

Arising from the above events, the company has incurred approximately \$5.6 million of associated costs which will be accounted for in the subsequent quarter.

- (b) Cogent Holdings Limited ("Company", together with its subsidiaries, the "Group") had on 22 December 2015 released certain announcements relating to (i) the entry into a settlement agreement between a wholly-owned subsidiary of the Company, SH Cogent Logistics Pte. Ltd. ("SHCL"), and SH Design & Build Pte. Ltd. ("SHDB") in relation to, amongst others, the assignment of SHDB's rights and benefits (but not obligations) under a sub-contract ("Crane Sub-Contract") with a third-party specialist crane contractor ("Crane Specialist") in favour of SHCL and (ii) the commencement of arbitration proceedings by SHCL against the Crane Specialist for breach of contract resulting from the Crane Specialist's failure to satisfactorily complete certain gantry crane system construction works.

Further to claims brought by SHCL against the Crane Specialist in the arbitration proceedings, the Crane Specialist had in October 2017 brought a counter-claim against SHCL for breach of contract and in tort. Following the counter-claim, the Company had sought legal advice and maintains the view that any recourse the Crane Specialist might have in relation to a breach of contract claim would be against SHDB as the relevant contracting party to the Crane Sub-Contract, and not SHCL, and that the Crane Specialist's claim in tort has a low chance of success. Accordingly, the Company has not made any provision in respect of the counter-claim.

**Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017**

**9 Commitments**

	Group		Company	
	30.09.17 \$'000	31.12.16 \$'000	30.09.17 \$'000	31.12.16 \$'000
Bankers' guarantees (secured)	2,712	2,946	985	986
Capital commitments	5,595	8,524	-	-

As at 30 September 2017 and 31 December 2016, bankers' guarantees are secured by financial guarantees and pledged deposits.

As at 30 September 2017, the capital commitments comprised of remaining commitment to contracts for:

- construction of overhead cranes infrastructure;
- professional fees in relation to the Jurong Island Chemical Logistics Facility ("JICLF");
- improvement of the leasehold property; and
- purchase of motor vehicles.

The above capital commitments exclude the construction contract to be awarded in respect of JICLF.

As at 31 December 2016, the capital commitments comprised of remaining commitment to contracts for construction of the phase 2 warehouse in Port Klang Free Zone (Malaysia), professional fees in relation to the JICLF, improvement of the leasehold property and purchase of other equipment.

**10 Segment information**

By operating segments	Transportation management services	Container depot management services	Automotive logistics management services	Warehousing and property management services	Inter-segment eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>9MFY17</u>						
<b>Revenue</b>						
External revenue	18,918	24,565	23,044	38,798	-	105,325
Inter-segment revenue	574	357	16	7,920	(8,867)	-
Total revenue	19,492	24,922	23,060	46,718	(8,867)	105,325
Segment profit	1,950	3,846	8,942	16,477	-	31,215
Finance costs						(2,206)
Corporate income						276
Profit before tax						29,285
Income tax expense						(5,536)
Profit for the period						23,749
<u>9MFY16</u>						
<b>Revenue</b>						
External revenue	18,214	18,463	23,079	40,923	-	100,679
Inter-segment revenue	494	232	1	3,671	(4,398)	-
Total revenue	18,708	18,695	23,080	44,594	(4,398)	100,679
Segment profit	1,523	3,326	9,494	16,433	-	30,776
Finance costs						(2,474)
Corporate income						162
Profit before tax						28,464
Income tax expense						(4,967)
Profit for the period						23,497

Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017

10 Segment information (continued)

By operating segments	Transportation management services	Container depot management services	Automotive logistics management services	Warehousing and property management services	Inter-segment eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>At 30 September 2017</u>						
<b>Assets</b>						
Segment assets	23,031	17,398	22,413	231,599	(1,258)	293,183
Unallocated assets						8,040
Total assets						<u>301,223</u>
<b>Liabilities</b>						
Segment liabilities	2,279	5,918	7,372	16,351	(1,258)	30,662
Loans and borrowings						121,956
Income tax payable						5,155
Deferred tax liabilities						2,070
Unallocated liabilities						6,038
Total liabilities						<u>165,881</u>
<u>At 31 December 2016</u>						
<b>Assets</b>						
Segment assets	20,078	17,315	23,986	222,928	(915)	283,392
Unallocated assets						10,843
Total assets						<u>294,235</u>
<b>Liabilities</b>						
Segment liabilities	2,610	5,476	7,569	18,539	(915)	33,279
Loans and borrowings						119,682
Income tax payable						6,197
Deferred tax liabilities						1,586
Unallocated liabilities						7,142
Total liabilities						<u>167,886</u>
<u>9MFY17</u>						
Capital expenditure	5,015	3,958	257	9,050	-	18,280
Unallocated capital expenditure						140
						<u>18,420</u>
Depreciation	1,686	863	163	5,464	-	8,176
Unallocated depreciation						225
						<u>8,401</u>
<u>9MFY16</u>						
Capital expenditure	104	817	157	8,769	-	9,847
Unallocated capital expenditure						1,041
						<u>10,888</u>
Depreciation	1,824	913	217	3,958	-	6,912
Unallocated depreciation						247
						<u>7,159</u>

**Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017**

**Other information**

**11 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The financial position as at 30 September 2017 and the results, statements of changes in equity and cash flows for the third quarter and nine-month period ended 30 September 2017 presented in this announcement have not been audited, but have been reviewed by Deloitte & Touche LLP in Singapore in accordance with the Singapore Standard on Review Engagements 2410 - *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

**12 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Please refer to the Independent Auditor's review report on page 13.

**13 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

- (a) based on the weighted average number of ordinary shares on issue; and  
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group		Group	
	3 months ended 30.09.17	30.09.16	9 months ended 30.09.17	30.09.16
Profit attributable to owners of the Company (\$'000)	7,365	7,833	23,752	23,497
Weighted average number of ordinary shares in issue during the period ('000)	478,500	478,500	478,500	478,500
Basic and diluted earnings per ordinary share (cents)	1.54	1.64	4.96	4.91

The basic and diluted earnings per ordinary share for the period ended 30 September 2017 and 30 September 2016 are calculated based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial period.

**14 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	Group		Company	
	30.09.17 (cents)	31.12.16 (cents)	30.09.17 (cents)	31.12.16 (cents)
Net asset <sup>a</sup> value per ordinary share <sup>b</sup>	28.23	26.41	10.05	10.12

<sup>a</sup> Net asset refers to shareholders' funds

<sup>b</sup> Based on the total number of issued shares of approximately 478,500,000.

**15 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Review of the Group's performance – 3 months ended 30.09.2017 ("3QFY17") vs 3 months ended 30.09.2016 ("3QFY16")**

Group revenue for 3QFY17 increased by \$1.2 million, or 4%, from \$34.1 million to \$35.3 million. The increase was mainly driven by the increased business volume handled for the container depot management services and transportation management services.

Employee benefits expense decreased by \$0.2 million, or 2%, from \$7.2 million to \$7.0 million. The decrease was mainly due to the lower provision of bonus.

Depreciation increased by \$0.8 million, or 33%, from \$2.4 million to \$3.2 million. The increase was largely due to the commencement of depreciation on certain container depot facilities since May 2017.

Rental on leased premises decreased by \$0.3 million, or 5%, from \$6.2 million to \$5.9 million. The decrease was mainly due to the partial return of land at 11 Jalan Terusan and the reduction in rental rates, offset by new lease at certain business locations.

Storage and handling charges increased by \$0.1 million, or 9%, from \$0.9 million to \$1.0 million. The increase was largely attributable to the increased level of container handling at port amidst higher trucking volume.

Contract services increased by \$0.4 million, or 15%, from \$3.0 million to \$3.4 million. The increase was mainly due to higher container repair and maintenance cost and increased security cost.

Fuel and utilities increased by \$0.2 million, or 11%, from \$1.7 million to \$1.9 million. The increase was mainly attributed to higher fuel prices for 3QFY17 as compared to 3QFY16.

Repair and maintenance increased by \$0.2 million, or 17%, from \$1.0 million to \$1.2 million. The increase was mainly due to increased repair and maintenance for motor vehicles and equipment.

Income tax expense increased by \$0.2 million, or 14%, from \$1.6 million to \$1.8 million. The increase was largely due to the tax effect of certain non-allowable capital expenditure.

**Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017**

**Review of the Group's performance – 9 months ended 30.09.2017 ("9MFY17") vs 9 months ended 30.09.2016 ("9MFY16")**

Group revenue for 9MFY17 increased by \$4.6 million, or 5%, from \$100.7 million to \$105.3 million. The increase was largely driven by the increased business volume handled for the container depot management services and transportation management services, and contribution from the phase 2 warehouse at Port Klang Free Zone.

Other operating income increased by \$0.5 million, or 27%, from \$2.0 million to \$2.5 million. The increase was largely due to higher gain from deposit forfeiture offset by lower government grant.

Hire of vehicle and equipment increased by \$0.3 million, or 59%, from \$0.5 million to \$0.8 million. The increase was mainly due to the hire of prime movers and container depot equipment.

For the rest of operating expenses, the increase and decrease of each expense item is largely for reasons similar to those explained for 3QFY17 vs 3QFY16.

Finance costs decreased by \$0.3 million, or 11%, from \$2.5 million to \$2.2 million. The decrease was due to lower interest rate.

**Assets and liabilities**

Current assets decreased by \$2.8 million, or 4%, from \$79.0 million as at 31 December 2016 to \$76.2 million as at 30 September 2017. The decrease was largely due to decrease of \$2.5 million in the cash and bank balances and decrease of \$0.8 million in trade receivables, offset by increase of \$0.5 million in other receivables. The decrease in trade receivables was largely due to improved efficiency in debt collections. The increase in other receivables was mainly due to increase in deposit held by suppliers.

Non-current assets increased by \$9.8 million, or 5%, from \$215.2 million as at 31 December 2016 to \$225.0 million as at 30 September 2017. The increase resulted mainly from the incremental cost in respect of the construction of new container depot facilities and cranes at the integrated logistics hub, and the purchase of prime movers and handling equipment.

Current liabilities decreased by \$6.0 million, or 10%, from \$61.3 million as at 31 December 2016 to \$55.3 million as at 30 September 2017. The decrease resulted mainly from payment of FY2016 bonus, repayment of short term revolving loans, and payment of income tax, offset by finance leases taken for crane construction and prime movers.

Non-current liabilities increased by \$4.0 million, or 4%, from \$106.6 million as at 31 December 2016 to \$110.6 million as at 30 September 2017. The increase was mainly due to finance leases taken for crane construction and prime movers, offset by repayment of bank loans and finance leases.

**Cash flows**

Net cash generated from operating activities was \$11.0 million in 3QFY17 as compared with \$14.6 million in 3QFY16. The decrease was mainly due to effect of changes in working capital.

Net cash used in investing activities was \$2.7 million in 3QFY17 as compared with \$4.4 million in 3QFY16. Purchase of property, plant and equipment for 3QFY16 was higher mainly due to cost of constructing the phase 2 warehouse in Malaysia.

Net cash used in financing activities was \$19.6 million in 3QFY17 as compared with \$2.7 million in 3QFY16. The increase was mainly due to interim dividend payout in 3QFY17.

**16 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously disclosed to shareholders.

**17 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Despite volatility in the geo-political and business environment around the world, the Singapore economy is growing at a positive pace. Meanwhile, the Group will continue to keep a tight reign on operating costs and will explore new opportunities to grow its business in the region.

On 7 September 2017, the Group announced that it is seeking to expand its property management capabilities to include the management of hostels, in order to tap the growing opportunities in meeting the needs of local and foreign students here in Singapore. Its wholly-owned subsidiary, Cogent Land Capital Pte Ltd, was awarded a three-year lease (and a further term of three years upon request) by the Singapore Land Authority to operate a student hostel at 362 Holland Road (the "Property").

The Property, which occupies an estimated land area of 2,318 square metres, comprises two blocks of one-storey buildings with an estimated total gross floor area of about 583.4 square metres, and will be able to house up to 60 students.

The Group will be using Cogent Realty Capital Pte. Ltd. (formerly known as Cogent Chemical Logistics Pte. Ltd.), an indirect wholly-owned subsidiary incorporated on 31 May 2017, to manage the student accommodation.

**18 If a decision regarding dividend has been made:**

**(a) Current financial period reported on**

Any dividend recommended for the current financial period reported on? No

**(b) Corresponding period of the immediately preceding financial year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) The date the dividend is payable.**

Not applicable.

**(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.

**19 If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.



**Interim Financial Statements For The Third Quarter And Nine-month Period Ended 30 September 2017**

**20 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S'000	S'000
Income from rental of premises and utility recovery		
- Soon Hock Investment Group Pte Ltd	178	N.A.
- Phoenix Wines Pte Ltd	47	N.A.
Income from transportation management services		
- SH Design & Build Pte Ltd	132	N.A.
- Asia Pacific Wine Hub Pte Ltd	3	N.A.
- Soon He Construction Pte Ltd	8	N.A.
- Range Construction Pte Ltd	1	N.A.

**21 Negative confirmation pursuant to Rule 705(5).**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company (comprising the consolidated statement of profit or loss and other comprehensive income, statements of financial position, consolidated statement of cash flows and statement of changes in equity, together with their accompanying notes) as at 30 September 2017 and for the third quarter and nine-month period ended on that date, to be false or misleading in any material aspect.

**22 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Tan Yeow Khoon  
Executive Chairman

Tan Min Cheow, Benson  
Executive Director & CEO

27 November 2017

**The Singapore Code on Take-overs and Mergers**

The Unaudited Financial Statements For The Third Quarter and Nine-month Period Ended 30 September 2017 have been reported on in accordance with The Singapore Code on Take-overs and Mergers.

**Auditor's Consent**

Deloitte & Touche LLP has given and has not withdrawn its consent to the release of the Unaudited Financial Statements For The Third Quarter and Nine-month Period Ended 30 September 2017 with the inclusion therein of its name and the Auditor's Review Report On The 3Q2017 Results dated 27 November 2017.

**Independent Financial Adviser's Consent**

CIMB Bank Berhad, Singapore Branch, the independent financial adviser to the directors of the Company who are considered independent for the purposes of the offer by COSCO SHIPPING International (Singapore) Co., Ltd. for all the issued ordinary shares of the Company, has given and has not withdrawn its consent to the release of the Unaudited Financial Statements For The Third Quarter and Nine-month Period Ended 30 September 2017 with the inclusion therein of its name and its letter dated 27 November 2017.

## INDEPENDENT AUDITORS' REVIEW REPORT ON THE 9M2017 RESULTS



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**COGENT HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

The Board of Directors  
 Cogent Holdings Limited  
 Cogent 1 Logistics Hub  
 1 Buroh Crescent  
 #6M-01  
 Singapore 627545

Dear Sirs

**COGENT HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION AS OF AND FOR THE**  
**NINE MONTHS ENDED 30 SEPTEMBER 2017**

**Introduction**

We have reviewed the accompanying statement of financial position of Cogent Holdings Limited ("CHL" or the "Company") as of 30 September 2017 and statement of changes in equity of the Company for the nine months then ended, the statement of financial position of Cogent Holdings Limited and its subsidiaries (the "Group") as of 30 September 2017 and related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the nine months then ended, selected notes and other explanatory information ("interim financial information").

The Management of CHL are responsible for the preparation and presentation of the interim financial information in accordance with Singapore Financial Reporting Standard *34 Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion to this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with FRS 34.

**Other matter**

We have not carried out an audit or review in accordance with Singapore Standards on Auditing or Singapore Standard on Review Engagements on the financial information for the nine months ended 30 September 2016 included as comparatives in the interim financial information and, accordingly, we do not express any assurance on the comparative financial information.

**Restriction on Use**

This report has been prepared solely in connection with the Company's announcement of the interim financial information. This report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

*Deloitte - Tanche CP*  
Public Accountants and  
Chartered Accountants  
Singapore

27 November 2017

## LETTER FROM CIMB ON THE 9M2017 RESULTS



27 November 2017

The Board of Directors  
Cogent Holdings Limited  
Cogent 1. Logistics Hub  
1 Buroh Crescent #6M-01  
Singapore 627545

Dear Sirs

**COGENT HOLDINGS LIMITED (THE "COMPANY")**

**VOLUNTARY CONDITIONAL CASH OFFER FOR COGENT HOLDINGS LIMITED**

On 3 November 2017, Bank of China Limited, Singapore Branch announced, for and on behalf of COSCO SHIPPING International (Singapore) Co., Ltd. (the "Offeror"), that the Offeror intends to make a voluntary conditional cash offer (the "Offer") for all the issued ordinary shares (the "Shares") in the capital of the Company, including all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror.

On 27 November 2017, the Company announced the unaudited consolidated financial statements of the Company for the nine-month period ended 30 September 2017 ("Financial Statements"). The Financial Statements are solely the responsibility of the directors of the Company (the "Directors").

We have reviewed and have held discussions with the management of the Company on the Financial Statements. We have also considered the letter from the Company's auditors, Deloitte & Touche LLP dated 27 November 2017 addressed to the Directors relating to their review of the Financial Statements.

Based on the above, we are of the opinion that the Financial Statements have been stated by the Directors after due and careful enquiry.

For the purpose of rendering our opinion on this letter, we have relied upon and assumed the accuracy and completeness of all information provided to, or discussed with us. Save as provided in this letter, we do not express any other opinion on the Financial Statements.

This letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person (other than the Directors) in respect of, arising out of, or in connection with this letter.

Yours faithfully  
For and on behalf of  
**CIMB BANK BERHAD, SINGAPORE BRANCH**

**JASON CHIAN SIET HENG**  
MANAGING DIRECTOR  
INVESTMENT BANKING, SINGAPORE

**TAN CHER TING**  
DIRECTOR  
INVESTMENT BANKING, SINGAPORE

## VALUATION CERTIFICATES



## Valuation certificate

<b>Property</b>	:	1 Buroh Crescent "Cogent 1.Logistic Hub" Singapore 627545
<b>Client</b>	:	Cogent Holdings Limited
<b>Purpose</b>	:	For the proposed voluntary conditional cash offer by COSCO Shipping International (Singapore) Co., Ltd for all the shares in Cogent Holdings Limited.
<b>Legal description</b>	:	Lot No. : 4570L Mukim : 6
<b>Tenure</b>	:	Leasehold 30+30 years with effect from 16 October 2011 (Balance of approximately 53.9 years as at 30 November 2017)
<b>Basis of valuation</b>	:	Market Value on existing use basis and subject to existing tenancies and occupational arrangements.
<b>Registered lessor/lessee</b>	:	Registered lessor - JTC Corporation Registered lessee - SH Cogent Logistics Pte Ltd
<b>Master plan 2014</b>	:	"Business 2" with a gross plot ratio of 2.5
<b>Brief description</b>	:	The Property is bounded by Buroh Crescent and Tanjong Kling Road, off Jalan Buroh, approximately 20.0 km from the City Centre. The Property is a single-user chemical/general warehouse development with a patented rooftop container depot known as Cogent 1.Logistic Hub comprising a block of 6-storey ramp-up warehouse building with rooftop container depot, ancillary offices on the 1st mezzanine, 6th storey, 6th storey mezzanine, 7th and 8th storeys, an ancillary staff canteen and other ancillary facilities. The Certificate of Statutory Completion (CSC) of the building was issued by the Building & Construction Authority (BCA) on 9 April 2015.
<b>Land area</b>	:	60,397.5 sm
<b>Gross floor area</b>	:	150,993.326 sm approximately
<b>Occupancy</b>	:	Mainly used by the registered lessee.
<b>Valuation approaches</b>	:	Comparable Sales Method and Capitalisation Approach
<b>Valuation date</b>	:	30 November 2017
<b>Market Value</b>	:	<b>S\$418,000,000/-</b> <b>(Singapore Dollars Four Hundred and Eighteen Million Only)</b> This valuation is exclusive of GST.
<b>Assumptions, disclaimers, limitations &amp; qualifications</b>	:	<i>This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the General Terms of Business for Valuations located at the end of the report. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorised, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.</i>
<b>Prepared by</b>	:	Knight Frank Pte Ltd

Png Poh Soon  
MSc.,B.Sc.(Real Estate) Hons.,MSISV  
Director, Valuations  
Appraiser's Licence No: AD 041-2009900J  
For and on behalf of Knight Frank Pte Ltd

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Deputy Director, Valuations  
Appraiser's Licence No: AD 041-2009340A  
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KF Property Network Pte Ltd 491B River Valley Road #07-02 Valley Point Singapore 248373



## General Terms of Business for Valuations

These General Terms of Business and our Terms of Engagement letter together form the agreement between us ("Agreement"). The following General Terms of Business apply to all valuations and appraisals undertaken by Knight Frank Pte Ltd unless specifically agreed otherwise in the Terms of Engagement letter and so stated within the main body of the valuation report.

### 1. Knight Frank Pte Ltd ("the company")

Knight Frank Pte Ltd is a privately owned company with registration number 198205243Z. Any work done by an individual is in the capacity as an employee of the Company.

### 2. Limitations on Liability

The Valuer's responsibility in connection with this valuation report and/or certificate is limited to the party to whom the valuation report and/or certificate is addressed for the stated purpose. The Valuer disclaims all responsibility and will accept no liability to any third party for the whole or any part of its contents saved on the basis of written and agreed instructions; this will incur an additional fee.

Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to the lower of S\$1 million or 3 times Knight Frank Pte Ltd's fee under the instruction.

We do not accept liability for any indirect or consequential loss (such as loss of profits).

### 3. Disclosure and Publication

If our opinion of value is disclosed to persons other than the addressees of our valuation report and/or certificate, the basis of valuation should be stated. Reproduction of this valuation report and/or certificate in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any websites) without the Valuer's prior written approval of the form and context in which may appear is prohibited.

### 4. Valuation Standards

All valuations and appraisals works are carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS), and all codes, standards and requirements of professionalism have been met.

### 5. Valuation Basis

Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions outlined in the valuation report and/or certificate. The basis of valuation will be agreed with you for the instruction.

The opinion expressed in this valuation report and/or certificate is made strictly in accordance with the terms and for the purpose expressed therein and the values assessed and any allocation of values between portions of the property need not be applicable in relation to some other assessment.

### 6. Titles and Burdens

We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitor's reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoing, planning proposals, onerous restrictions or regulatory intentions which affect the property, nor any material litigation pending.

All liens and encumbrances, if any, affecting the property have been disregarded unless otherwise stated and it is assumed that the current use of the property is not in contravention of any planning or other governmental regulation or law.

The Valuer does not warrant to the party to whom the valuation report and/or certificate is addressed and any other person the title or the rights of any person with regard to the property

### 7. Sources of Information

We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies (subject to "leases" below), planning consents and other relevant matters, as summarised in our valuation report and/or certificate. We do not check with the relevant government departments or other appropriate authorities on the legality of the structures, approved gross floor area or other information provided to us. We assume that this information is complete and correct and the Valuer shall not be held responsible or liable if this should prove not to be so.

Unless otherwise stated, all information has been obtained by our search of records and examination of documents or by enquiry from Government departments or other appropriate authorities. When it is stated in this valuation report and/or certificate that information has been supplied to the Valuer by another party, this information is believed to be reliable and the Valuer shall not be held responsible or liable if this should prove not to be so.

## **8. Boundaries**

Plans accompanying valuation report are for identification purposes and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

## **9. Planning and Other Statutory Regulations**

Enquiries of the relevant planning authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client's solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that properties have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

## **10. Property Insurance**

Our valuation assumes that the property would, in all respects, be insurable against all usual risks at normal, commercially acceptable premiums.

## **11. Building Areas and Age**

Where so instructed, areas provided from a quoted source will be relied upon. Where the age of the building is estimated, this is for guidance only.

## **12. Structural Condition**

Building structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, except where separately instructed to do so, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume properties to be free from defect.

## **13. Ground Conditions**

We assume there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

## **14. Environmental Issues**

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists by most responsible purchasers of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a property environmental investigation undertaken and, besides, a favourable report may be of assistance to any future sale of the property. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected.

## **15. Leases**

The client should confirm to us in writing if they require us to read leases. Where we do read leases reliance must not be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

## **16. Covenant**

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. We do not, however, carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no significant arrears of payment and that they are capable of meeting their obligations under the terms of leases and agreements.

**17. Loan Security**

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

**18. Build Cost Information**

Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our advice.

**19. Reinstatement Assessments**

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If advice is required as a check against the adequacy of existing cover this should be specified as part of the initial instruction. Any indication given is provided only for guidance and must not be relied upon as the basis for insurance cover. Our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be considered.

**20. Attendance in Court**

The Valuer is not obliged to give testimony or to appear in Court with regard to this valuation report and/or certificate, with reference to the property unless specific arrangement has been made therefor.



## Valuation certificate

<b>Property</b>	:	60 Tuas Crescent Singapore 638740
<b>Client</b>	:	Cogent Holdings Limited
<b>Purpose</b>	:	For the proposed voluntary conditional cash offer by COSCO Shipping International (Singapore) Co., Ltd for all the shares in Cogent Holdings Limited.
<b>Legal description</b>	:	Lot No. : 2891L Mukim : 7
<b>Tenure</b>	:	Leasehold 28 years with effect from 1 July 1996 (Balance of approximately 6.6 years as at 30 November 2017)
<b>Basis of valuation</b>	:	Market Value on existing use basis and subject to existing tenancies and occupational arrangements.
<b>Registered lessor/lessee</b>	:	Registered lessor - JTC Corporation Registered lessee - SH Cogent Logistics Pte Ltd
<b>Master plan 2014</b>	:	"Business 2" with a gross plot ratio of 1.4
<b>Brief description</b>	:	The Property is on the eastern junction of Tuas Crescent and Tuas Avenue 20, off Pioneer Road/Tuas West Road, approximately 24.0 km from the City Centre. It comprises of a 2-storey warehouse with 2-levels of ancillary office and basement car park. The Certificate of Statutory Completion (CSC) of the building was issued by the Building & Construction Authority (BCA) on 13 September 2003.
<b>Land area</b>	:	10,589.80 sm
<b>Gross floor area</b>	:	6,569.55 sm approximately
<b>Occupancy</b>	:	Mainly used by the registered lessee.
<b>Valuation approach</b>	:	Comparable Sales Method
<b>Valuation date</b>	:	30 November 2017
<b>Market Value</b>	:	<b>S\$4,300,000/-</b> <b>(Singapore Dollars Four Million And Three Hundred Thousand Only)</b> This valuation is exclusive of GST.
<b>Assumptions, disclaimers, limitations &amp; qualifications</b>	:	<i>This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the General Terms of Business for Valuations located at the end of the report. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorized, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.</i>
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**20. Attendance in Court**

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## Valuation certificate

<b>Property</b>	:	Land at Lot Numbers 1102L and 3748C Mukim 34 at Tembusu Crescent Jurong Island Singapore
<b>Client</b>	:	Cogent Holdings Limited
<b>Purpose</b>	:	For the proposed voluntary conditional cash offer by COSCO Shipping International (Singapore) Co., Ltd for all the shares in Cogent Holdings Limited.
<b>Legal description</b>	:	Lot Nos. : 1102L & 3748C Mukim : 34
<b>Tenure</b>	:	Leasehold 30 years with effect from 1 April 2017 (Balance of approximately 29.3 years as at 30 November 2017)
<b>Basis of valuation</b>	:	(A) Vacant land value with the benefit of Grant of Provisional Permission for the proposed erection of an 8-storey ramp-up general warehouse comprising chemical storage, ISO tank depot, container depot, ancillary industrial canteen and cost of work done.  (B) Gross development value subject to satisfactory completion and issuance of Temporary Occupation Permit and Certificate of Statutory Completion.
<b>Registered lessor/lessee</b>	:	Registered lessor - JTC Corporation Registered lessee - Cogent Jurong Island Pte Ltd
<b>Master plan 2014</b>	:	"Business 2" with a gross plot ratio of 2.5
<b>Brief description</b>	:	The Property is bounded by Tembusu Crescent, off Jurong Island Highway and approximately 31.0 km from the City Centre. Grant of Provisional Permission was obtained on 21 July 2017 for a proposed erection of an 8-storey ramp-up general warehouse comprising chemical storage, ISO tank depot, container depot and ancillary industrial canteen. The Property will, upon completion, comprise an 8-storey ramp-up general warehouse with mezzanine office, comprising of chemical storage, ISO tank depot and industrial canteen at 1st storey, container depot at 1st storey, 5th storey mezzanine and 7th storey. We understand that construction period will be about 2 years and the expected date of completion and occupation will be around early 2020.
<b>Land area</b>	:	34,998.0 sm approximately
<b>Proposed gross floor area</b>	:	87,495.0 sm approximately
<b>Estimated construction cost</b>	:	\$106.2 million (including professional fees and construction financing cost)
<b>Valuation approaches</b>	:	Comparable Sales Method and Residual Land Value Method, where appropriate
<b>Valuation date</b>	:	30 November 2017
<b>Market Value</b>	:	(A) <u>VACANT LAND VALUE WITH THE BENEFIT OF GRANT OF PROVISIONAL PERMISSION FOR THE PROPOSED ERECTION OF AN 8-STOREY RAMP-UP GENERAL WAREHOUSE COMPRISING CHEMICAL STORAGE, ISO TANK DEPOT, CONTAINER DEPOT, ANCILLARY INDUSTRIAL CANTEEN AND COST OF WORK DONE</u> <b>\$S\$37,000,000</b> <b>(Singapore Dollars Thirty-Seven Million Only)</b> This valuation is exclusive of GST.  (B) <u>GROSS DEVELOPMENT VALUE SUBJECT TO SATISFACTORY COMPLETION AND ISSUANCE OF TEMPORARY OCCUPATION PERMIT AND CERTIFICATE OF STATUTORY COMPLETION</u> <b>\$S\$190,000,000/-</b> <b>(Singapore Dollars One Hundred And Ninety Million Only)</b> This valuation is exclusive of GST.
<b>Assumptions, disclaimers, limitations &amp; qualifications</b>	:	<i>This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the General Terms of Business for Valuations located at the end of the report. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorised, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.</i>
<b>Prepared by</b>	:	Knight Frank Pte Ltd



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## General Terms of Business for Valuations

These General Terms of Business and our Terms of Engagement letter together form the agreement between us ("Agreement"). The following General Terms of Business apply to all valuations and appraisals undertaken by Knight Frank Pte Ltd unless specifically agreed otherwise in the Terms of Engagement letter and so stated within the main body of the valuation report.

### 1. Knight Frank Pte Ltd ("the company")

Knight Frank Pte Ltd is a privately owned company with registration number 198205243Z. Any work done by an individual is in the capacity as an employee of the Company.

### 2. Limitations on Liability

The Valuer's responsibility in connection with this valuation report and/or certificate is limited to the party to whom the valuation report and/or certificate is addressed for the stated purpose. The Valuer disclaims all responsibility and will accept no liability to any third party for the whole or any part of its contents saved on the basis of written and agreed instructions; this will incur an additional fee.

Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to the lower of S\$1 million or 3 times Knight Frank Pte Ltd's fee under the instruction.

We do not accept liability for any indirect or consequential loss (such as loss of profits).

### 3. Disclosure and Publication

If our opinion of value is disclosed to persons other than the addressees of our valuation report and/or certificate, the basis of valuation should be stated. Reproduction of this valuation report and/or certificate in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any websites) without the Valuer's prior written approval of the form and context in which may appear is prohibited.

### 4. Valuation Standards

All valuations and appraisals works are carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS), and all codes, standards and requirements of professionalism have been met.

### 5. Valuation Basis

Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions outlined in the valuation report and/or certificate. The basis of valuation will be agreed with you for the instruction.

The opinion expressed in this valuation report and/or certificate is made strictly in accordance with the terms and for the purpose expressed therein and the values assessed and any allocation of values between portions of the property need not be applicable in relation to some other assessment.

### 6. Titles and Burdens

We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitor's reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoing, planning proposals, onerous restrictions or regulatory intentions which affect the property, nor any material litigation pending.

All liens and encumbrances, if any, affecting the property have been disregarded unless otherwise stated and it is assumed that the current use of the property is not in contravention of any planning or other governmental regulation or law.

The Valuer does not warrant to the party to whom the valuation report and/or certificate is addressed and any other person the title or the rights of any person with regard to the property

### 7. Sources of Information

We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies (subject to "leases" below), planning consents and other relevant matters, as summarised in our valuation report and/or certificate. We do not check with the relevant government departments or other appropriate authorities on the legality of the structures, approved gross floor area or other information provided to us. We assume that this information is complete and correct and the Valuer shall not be held responsible or liable if this should prove not to be so.

Unless otherwise stated, all information has been obtained by our search of records and examination of documents or by enquiry from Government departments or other appropriate authorities. When it is stated in this valuation report and/or certificate that information has been supplied to the Valuer by another party, this information is believed to be reliable and the Valuer shall not be held responsible or liable if this should prove not to be so.

## **8. Boundaries**

Plans accompanying valuation report are for identification purposes and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

## **9. Planning and Other Statutory Regulations**

Enquiries of the relevant planning authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client's solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that properties have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

## **10. Property Insurance**

Our valuation assumes that the property would, in all respects, be insurable against all usual risks at normal, commercially acceptable premiums.

## **11. Building Areas and Age**

Where so instructed, areas provided from a quoted source will be relied upon. Where the age of the building is estimated, this is for guidance only.

## **12. Structural Condition**

Building structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, except where separately instructed to do so, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume properties to be free from defect.

## **13. Ground Conditions**

We assume there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

## **14. Environmental Issues**

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists by most responsible purchasers of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a property environmental investigation undertaken and, besides, a favourable report may be of assistance to any future sale of the property. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected.

## **15. Leases**

The client should confirm to us in writing if they require us to read leases. Where we do read leases reliance must not be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

## **16. Covenant**

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. We do not, however, carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no significant arrears of payment and that they are capable of meeting their obligations under the terms of leases and agreements.

**17. Loan Security**

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

**18. Build Cost Information**

Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our advice.

**19. Reinstatement Assessments**

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If advice is required as a check against the adequacy of existing cover this should be specified as part of the initial instruction. Any indication given is provided only for guidance and must not be relied upon as the basis for insurance cover. Our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be considered.

**20. Attendance in Court**

The Valuer is not obliged to give testimony or to appear in Court with regard to this valuation report and/or certificate, with reference to the property unless specific arrangement has been made therefor.



**PRIVATE & CONFIDENTIAL**

**Cogent Holdings Limited**  
1 Buroh Crescent, Cogent 1, Logistic Hub  
Singapore 627545

Date: 30<sup>th</sup> November 2017

Reference No: V/COR/17/0084(A)/ljh

Dear Sir / Madam,

**VALUATION CERTIFICATE OF LESSEE'S INTEREST OF DEVELOPER'S PARCEL NOS. P119 - P125, JALAN FZ5-P1, PORT KLANG FREE ZONE / KS12, 42920 PULAU INDAH, SELANGOR DARUL EHSAN, LOCATED ON PART OF PARENT LOT NO. 67894, MASTER TITLE NO. PN 7324, MUKIM AND DISTRICT OF KLANG, SELANGOR DARUL EHSAN AND HELD UNDER A 30-YEAR SUB-LEASE INTEREST WITH REMAINING UNEXPIRED TERM OF ABOUT 27 YEARS (HEREINAFTER REFERRED TO AS THE "SUBJECT PROPERTY")**

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We were instructed by Cogent Holdings Limited (hereinafter referred to as the Client) for our firm to ascertain the Market Value of the legal interest in the Subject Property.

This Valuation Certificate is prepared for audit purpose and submission to the Singapore Stock Exchange (SGX) in connection with the voluntary conditional cash offer ("Offer") by COSCO SHIPPING International (Singapore) Co. Ltd for all the shares in Cogent Holdings Limited ("Cogent") and for inclusion in Cogent's circular to shareholders in relation to the Offer ("Circular") on an "As Is Where Is" basis.

The Valuation was prepared in conformity with the Malaysian Valuation Standards published by the Board of Valuers, Appraisers and Estate Agents, Malaysia and other established valuation manuals and standards such as the International Valuation Standards (IVS) and the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual (where applicable).

This Valuation Certificate is prepared in accordance with the general principles adopted and limiting conditions as enclosed at the end of our formal Valuation Report. For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal Valuation Report.

The basis of Valuation adopted is the **Market Value** which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

**WE WISH TO DRAW ATTENTION THAT OUR VALUATION IS BASED ON A LEASE AGREEMENT DATED 16<sup>TH</sup> DECEMBER 2014 MADE BETWEEN PORT KELANG AUTHORITY ("THE LESSOR") AND SH COGENT LOGISTICS SDN BHD ("THE LESSEE"). VIDE THE ABOVEMENTIONED AGREEMENT WE NOTE THAT THE SUBJECT PROPERTY HAVING AN APPROXIMATE LAND AREA OF ABOUT 12.319 ACRES (536,659 SQUARE FEET / 49,857.25 SQUARE METRES) LEASED FOR A TERM OF 30 YEARS COMMENCING ON 15<sup>TH</sup> NOVEMBER 2014 WITH A MONTHLY RENTAL OF RM80,498.85. WE ALSO NOTE THAT PARTS OF THE PREMISE ARE CURRENTLY TENANTED TO OTHER TENANTS. NOTWITHSTANDING THE ABOVE, WE HAVE VALUED THE LESSEE'S 30 YEARS LEASEHOLD INTEREST HAVING AN UNEXPIRED TERM OF ABOUT 27 YEARS (AS THE DATE OF THIS VALUATION), ON THE BASIS THAT VACANT POSSESSION AND CONTINUOUS USE FOR THE REMAINING TERM OF THE LEASE IS AVAILABLE.**

Accordingly, we have conducted the site inspection on 21<sup>st</sup> November 2017 and adopted the date of inspection as our material date of valuation.

Brief description of the Subject Property is as attached overleaf.

**Knight Frank Malaysia Sdn Bhd (Co. No.585479-A) (VE (1) 0141)**

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T + 603 228 99 688 F + 603 228 99 788 [www.knightfrank.com](http://www.knightfrank.com)

**IDENTIFICATION OF PROPERTY**



**Address** Developer's Parcel Nos. P119 - P125, Jalan FZ5-P1, Port Klang Free Zone / KS12, 42920 Pulau Indah, Selangor Darul Ehsan.

**Type of Property** An industrial premise accommodating a single-storey detached warehouse annexed with a double-storey office building together with ancillary buildings erected on seven (7) contiguous parcels of industrial lots.

**Legal Interest** Lessee's interest within Developer's Parcel Nos. P119 - P125 measuring 12.319 acres (536,659 square feet / 49,857.25 square meters) forming part of Parent Lot No. 67894, Master Title No. PN 7324, Mukim and District of Klang, Selangor Darul Ehsan and held under a 30-year sub-lease interest with remaining unexpired term of about 27 years as per Lease Agreement dated 16<sup>th</sup> December 2014.

**Lessor** Port Kelang Authority (Registered Proprietor of Parent Lot).

**Lessee** SH Cogent Logistics Sdn Bhd.

**Date of Valuation / Date of Inspection** 21<sup>st</sup> November 2017.

**Title Particulars of Parent Lot**

Summary of Title Particulars	
Lot No.:	Lot No. 67894 held under Master Title No. PN 7324, Mukim and District of Klang, Selangor Darul Ehsan.
Surveyed Land Area:	4,044,000 square metres (404.4 hectares).
Tenure:	Leasehold interest for a term of 99 years expiring on 18 <sup>th</sup> October 2093 (remaining unexpired term of 75 years).
Registered Proprietor:	Port Kelang Authority.
Category of Land Use:	'Perusahaan'.
Express Condition:	"Industri".
Restriction-In-Interest:	"Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri".
Endorsements / Encumbrances:	Refer to title document as attached in our formal Valuation Report.

**PROPERTY DESCRIPTION**

<b>Location</b>	<p>The Subject Property is located within Port Klang Free Zone; which is sited off the southern (left) side of the Lebuhraya Pulau Indah, travelling from Bandar Botanik towards Pulau Indah. Geographically, the Subject Property is located about 55 kilometres due south-west of Kuala Lumpur city centre.</p> <p>The Subject Property is easily accessible from Kuala Lumpur city centre via Jalan Tun Razak, Lebuhraya Kuala Lumpur – Putrajaya (MEX), Lebuhraya Shah Alam (KESAS), Lebuhraya Pulau Indah, exiting onto Persiaran Masjid Sultan and thereafter onto several internal roads leading to the Subject Property.</p>
<b>Site Description</b>	<p>The Subject Property comprises of seven (7) contiguous industrial plots; when combined, forms a regular in shape with a land area of approximately 49,857.25 square metres. The site faces north-east and enjoys a direct frontage measuring approximately 608.48 metres (1,996 feet) onto the frontage road with an average depth of about 80.92 metres (262 feet). The site boundaries are generally demarcated by chain link fencing.</p>
<b>Property Description</b>	<p><b>A Single-Storey Detached Warehouse</b></p> <p>The warehouse building is generally constructed of reinforced concrete frame with brick infills rendered externally and plastered internally and supported by steel portals roofed over with metal deck roofing sheets whilst the elevations are generally of plastered brick walls and plastered brick walls surmounted with corrugated metal deck claddings up to roof height. The floor finishes are generally of cement screed throughout.</p> <p>The warehouse building accommodates a general warehouse area; with a floor to eaves height of approximately 14.5 metres (48 feet) and a total gross floor area of about 4,914.00 square metres (52,894 square feet).</p> <p><b>An Annexed Double-Storey Office Building</b></p> <p>The office building is generally constructed of reinforced concrete frame with brick infills rendered externally and plastered internally supporting a flat roof. The ceilings within the building are generally of ceiling boards incorporating downlights and recessed lightings, whilst the floor finishes within the building are generally of ceramic tiles and homogeneous tiles. Presently, the office building accommodates a general office area, office rooms, a meeting room, store room, surau and toilets; with a total gross floor area of about 624.00 square metres (6,717 square feet).</p> <p><b>Ancillary Buildings</b></p> <p>Ancillary buildings sited thereon include a guard house, TNB substation, refuse chamber, pump room and a sprinkler tank; with a combined gross floor area of about 154.09 square metres (1,659 square feet).</p>
<b>Approximate Total Gross Floor Area</b>	5,692.09 square metres (61,270 square feet).
<b>Age of Buildings</b>	Approximately 2 years old from the issuance date of the Certificate of Completion and Compliance dated 29 <sup>th</sup> December 2015.

**PROPERTY DESCRIPTION (CONT'D)**

**Building Condition** The Subject Property is in good state of decorative repair.

**Lease Agreement** An extract copy of the Lease Agreement dated 16<sup>th</sup> December 2014 made between Port Kelang Authority (the 'Lessor'), Port Klang Free Zone Sdn Bhd (Attorney of the Lessor) and SH Cogent Logistics Sdn Bhd (the 'Lessee') has revealed that the Subject Property has been leased to the Lessee for a term of 30 years commencing on 15<sup>th</sup> November 2014, with a monthly rental of RM80,498.85.

Pertinent details of the Lease Agreements are as follow: -

**Lessors' Covenants**

- Shall use its best endeavours, at its own cost and expense, to apply and procure the Consent;
- Shall covenant with the Lessee that upon the Lessee paying the Rent hereby reserved and performing and observing the several covenants and stipulations herein and on its part to be performed and observed, the Lessee shall peacefully hold and enjoy the Demised Area during the Lease Term without any interruption by PKFZ and the Lessor.

**Lessee's Covenants**

- Shall pay the Maintenance Charges monthly in advance to PKFZ commencing from the Date of Vacant Possession;
- Shall promptly pay, bear and discharge a portion of the quit rent charged or imposed on the Land by the Relevant Authority including any increase thereon incurred from the Date of Vacant Possession;
- Shall pay, bear and discharge all and any rates, taxes, assessment, duties, impositions, fees other outgoings and burdens whatsoever lawfully assessed charged or imposed on the Demised Area and/or the Building by the Relevant Authority including any increase thereon incurred from the Date of Vacant Possession;
- Shall promptly pay all utilities charges (save and except for the water bills) in respect of utilities used or consumed by the Lessee in the Demised Area to the Relevant Authority and/or the utilities companies;
- Shall promptly pay the charges for the water supply to the Demised Area to PKFZ;
- Shall, at the expiration of the Lease Term, surrender the Demised Area together with the Building, its fixtures and fittings erected thereon on an "as is where is basis" to PKFZ without any compensation for the Building, its fixtures and fittings.

**Revised Rent**

The revised Rent for the Renewal Term commencing on the date falling after the last day of the Lease Term and the subsequent Renewal Term shall be in such a sum and at such a rent as may be determined by PKFZ at its absolute discretion. Such revised Rent shall be reviewed every five (5) years during the Renewal Term to such a sum and such a rate as may be determined by PKFZ provided always that during each review the revised Rent shall not be increased by more than fifteen (15%) per centum of the revised Rent payable before such review.

**PROPERTY DESCRIPTION (CONT'D)**

<b>Lease Agreement (Cont'd)</b>	<p><b>Termination of the Lease</b></p> <p>If:-</p> <ul style="list-style-type: none"> <li>➤ the Rent hereby reserved or any part thereof shall at any time be in arrears and unpaid after the same shall have become due; or</li> <li>➤ the Lessee shall at any time fail or neglect to perform and observe any of the covenants and conditions herein contained and on its part to be performed and observed; or</li> <li>➤ the Lessee ceases or threatens to cease to carry on its business on the Demised Area for a continuous period of three (3) months.</li> </ul> <p><b>Early Termination of the Lease</b></p> <p>The Lessee may terminate the Lease during the Lease Term by giving a one (1) year written notice to PKFZ.</p>
<b>Occupancy Status</b>	<p>Parts of the Subject Property have been rented out by the Lessee. Details of the rentals are as follow: -</p> <ul style="list-style-type: none"> <li>(i) An industrial premise accommodating a single-storey detached warehouse annexed with a double-storey office building together with ancillary buildings located on Developer's Parcel No. P119 was rented to Shui Xing Ventures Sdn Bhd for a period of 3 years with an option to renew for a term of 2 years, commencing on 1<sup>st</sup> January 2016; at a total monthly rental of RM90,600.75.</li> <li>(ii) Part of the land located on Developer's Parcel Nos. P120-P125 measuring about 87,120 square feet was rented to Australian Building Technologies (M) Sdn Bhd for a period of 3 years with an option to renew for 3 terms of 2 years, 3 years and 2 years respectively, commencing on 18<sup>th</sup> November 2016; at a monthly rental of RM33,105.60, RM41,817.60 and RM50,529.60 for year 1, 2 and 3 respectively.</li> </ul>
<b>Planning Approval</b>	<p>Designated for industrial use; and was issued with a Certificate of Completion and Compliance (CCC) by Lembaga Arkitek Malaysia bearing Certificate No. LJM/S/2274 dated 29<sup>th</sup> December 2015.</p>

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**MARKET VALUE**

**Valuation Methodology      i) Cost Approach**

This comparative approach considers the possibility that, as a substitute for the purchase of a given property, one could construct another property that is either a replica of the original or one that could furnish equal utility. In a real estate context, one would normally not be justified in paying more for a given property than the cost of acquiring equivalent land and constructing an alternative structure, unless undue time, inconvenience, and risk are involved. In practice, the approach also involves an estimate of depreciation for older and/or less functional properties where an estimate of cost new unreasonably exceeds the likely price that would be paid for the appraised property. The land component is arrived at by the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

**ii) Income Approach by Investment Method**

This approach involves capitalization of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalization rate.

**Cost Approach**

A summary of parameters adopted in the Cost Approach is scheduled as follow: -

Description	Value(s)
Improved Land Value (Market value of land with unexpired 27 years with additional site improvement of RM5.00 psf)	RM21,699,802 (RM40 psf over land area)
Less Lessor's Interest for the remaining 27 years	-(RM12,147,274)
Depreciated Building Value (after allowing for depreciation)	RM6,615,694 (RM108 psf over GFA area)
<b>Total</b>	<b>RM16,168,222</b>
<b>Market Value, say</b>	<b>RM16,200,000</b>

We have identified and analyzed recent transactions of vacant industrial lands and have summarized the details and our valuation approach in the table attached.

**MARKET VALUE (CONT'D)**
**Sales Comparison and Analysis of Industrial Land**

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
<b>Legal Description</b>	Lot No. PT 121640 held under Title No. HSD 119760, Mukim and District of Klang, Selangor Darul Ehsan	Lot Nos. PT 129421, PT 129422 and PT 129415, held under Title Nos. HSD 135837, HSD 135838 and HSD 135832 respectively, all located within Mukim and District of Klang, Selangor Darul Ehsan	Lot Nos. 78156 and 174465, held under Title Nos. PN 32378 and PN 112363 respectively, all located within Mukim and District of Klang, Selangor Darul Ehsan	Lot No. PT 144922 held under Title No. HSD 152979, Mukim and District of Klang, Selangor Darul Ehsan
<b>Locality</b>	Pulau Indah Industrial Park	Pulau Indah Industrial Park	Pulau Indah Industrial Park	Pulau Indah Industrial Park
<b>Type of Property</b>	A parcel of industrial land	Three (3) contiguous parcels of industrial lands	Two (2) contiguous parcels of industrial lands	A parcel of industrial land
<b>Planning</b>	Located in an area zoned for industrial use	Located in an area zoned for industrial use	Located in an area zoned for industrial use	Located in an area zoned for industrial use
<b>Tenure</b>	99-year leasehold interest (remaining 80 years)	99-year leasehold interest (remaining 80 years)	99-year leasehold interest (remaining 78 years)	99-year leasehold interest (remaining 80 years)
<b>Land Area</b>	2.63 acres / 114,564 square feet	13.00 acres / 566,320 square feet	19.75 acres / 860,233 square feet	2.72 acres / 118,773 square feet
<b>Consideration</b>	RM8,019,200	RM25,482,600	RM25,807,518	RM7,957,456
<b>Date</b>	28 <sup>th</sup> April 2017	30 <sup>th</sup> August 2016	18 <sup>th</sup> July 2016	2 <sup>nd</sup> February 2016
<b>Source</b>	Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Valuation and Property Services Department			
<b>Vendor</b>	Syarikat Petaling Corporation Sdn Bhd.	Central Spectrum (M) Sdn Bhd.	Waxwood Sdn Bhd / Laserwood Sdn Bhd.	A S Transit Warehouse Sdn Bhd.
<b>Purchaser</b>	Cekap Mineral Sdn Bhd.	Iffco Foods Sdn Bhd.	Excelcorp Sdn Bhd.	Tanjong Express Logistics (M) Sdn Bhd.
<b>Analysis</b>	RM70.00 per square foot	RM45.00 per square foot	RM30.00 per square foot	RM67.00 per square foot
<b>Adjustments</b>	General adjustments are made for size, tenure, lease arrangement and Free Trade Zone facilities / incentives	General adjustments are made for prevailing market condition, tenure, lease arrangement and Free Trade Zone facilities / incentives	General adjustments are made for prevailing market condition, size, tenure, lease arrangement and Free Trade Zone facilities / incentives	General adjustments are made for prevailing market condition, size, tenure, lease arrangement and Free Trade Zone facilities / incentives
<b>Adjusted Value</b>	RM38.50 per square foot	RM35.43 per square foot	RM28.35 per square foot	RM38.69 per square foot

**Valuation Rationale Improved Land Value** – From the adjusted values, we note that the values derived range between RM28.35 per square foot to RM38.69 per square foot.

In reconciling our opinion of Market Value, we have placed greater emphasis on Comparable No. 2 (Lot Nos. PT 129421, PT 129422 and PT 129415 within Pulau Indah Industrial Park) because it is of similar land area compared to the Subject Property.

Having regards to the foregoing, we have adopted the analysed land value of about RM35.43 per square foot and a RM5.00 per square foot as site improvement (of which comprising costs from external infrastructure works, site clearance + preparation, fencing etc; after having considered, the average costs as derived from analysis of other similar developments) in our valuation as a fair representation.

**MARKET VALUE (CONT'D)**

**Lessor's Interest** The Subject Property is currently leased to the Lessee with rental payable on a monthly basis. Hence, we have deducted the Lessor's interest in the remaining 27 years of the lease from the Improved Land Value to determine the Lessee's interest in the Subject Property. The Lessor's interest is derived by capitalizing the ground rent payable to the Lessor at the yield of 6.5%.

**Depreciated Building Value** The building value is arrived at by Depreciated Replacement Cost Approach whereby an estimate is made of the replacement cost new and then allowing for depreciation.

In arriving at the replacement cost new, we have made reference to the industry average costing as derived from analysis of other awarded contracts of similar development and the average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2017 ("Handbook").

In our assessment, we have adopted the replacement cost new for the respective buildings ranging from RM80.00 per square foot to RM140.00 per square foot depending on the type, design, building specifications and finishes of the respective buildings.

Generally, the building depreciated rate adopted is based on a 50-year building lifespan. In our assessment of building value(s), we have adopted an annual depreciation rate of 2.0% per annum as fair and reflective of the existing building condition of the subject property.

**Income Approach by Investment Method** A summary of parameters adopted in undertaking our assessment is scheduled below.

Summary of Parameters	
Term (Current Passing Monthly Rental Based On Contractual Rent)	<p>Developer's Parcel No. P119 (Warehouse, Office &amp; Ancillary Buildings): <b>RM1.61 psf / month</b> over the gross floor area of 56,232 square feet.</p> <p>Part of Developer's Parcel Nos. P120-P125 (Vacant Land):</p> <p>Term 1: <b>RM0.48 psf / month</b> over the land area of 87,120 square feet. (18<sup>th</sup> November 2017 to 17<sup>th</sup> November 2018)</p> <p>Term 2: <b>RM0.58 psf / month</b> over the land area of 87,120 square feet. (18<sup>th</sup> November 2018 to 17<sup>th</sup> November 2019)</p>
Reversionary (Assumed Fair Market Rental as of Date of Valuation)	<p>Developer's Parcel No. P119 (Warehouse, Office &amp; Ancillary Buildings): <b>RM1.40 psf / month</b> over the gross floor area of 56,232 square feet.</p> <p>Developer's Parcel Nos. P120-P125 (Vacant Land): <b>RM0.40 psf / month</b> over the rented land area of 87,120 square feet. <b>RM0.30 psf / month</b> over the remaining land area of 334,093 square feet.</p>
Void Allowance	<p><b>5.00%.</b></p> <p>This is adopted to reflect rental for voids, vacancy periods between rent reviews which include the rent free, fitting out periods and possibility of bad debts.</p>



MARKET VALUE (CONT'D)

Summary of Parameters (Cont'd)

<p>Allowance of Outgoings</p>	<p><b>Term:</b> <b>RM0.52 psf</b> / month adopted for the warehouse / office located on Developer's Parcel No. P119.</p> <p><b>RM0.17 psf</b> / month adopted for the vacant land located on Developer's Parcel Nos. P120-P125.</p> <p><b>Reversion:</b> <b>RM0.52 psf</b> / month adopted for the warehouse / office located on Developer's Parcel No. P119.</p> <p><b>RM0.17 psf</b> / month adopted for the vacant land located on Developer's Parcel Nos. P120-P125.</p> <p>We have allocated a range of 5.00% to 15.00% of gross rental income as the estimated property expenses to maintain the building structural works; including all the quit rent, assessment, charges, rates and other outgoings including fire insurance since all outgoings are borne by the Lessee including payment of ground rent to Lessor.</p>
<p>Capitalisation Rate</p>	<p><b>Term:</b> <b>6.75% - 7.25%.</b></p> <p>Yield rate varies across different property type (warehouse / office and vacant land and adjusted accordingly to the existing passing rent (whether it is at the fair rent, over rent or under rent).</p> <p><b>Reversion:</b> <b>6.50% - 7.00%.</b></p> <p>Yield rate varies across different property type (warehouse / office and vacant land). Reversionary yield rates are at the fair market rates and they are market derived.</p> <p>We have benchmarked against the existing yields of industrial lands / industrial premises reflecting current market conditions are in the region of about 5.00% to 8.00%. We have thus adopted a capitalisation rate / yield from 6.50% to 7.00% after having considered the prevailing market condition, location, land / building sizes, tenure, lease arrangement and Free Trade Zone facilities / incentives.</p>

**MARKET VALUE (CONT'D)**

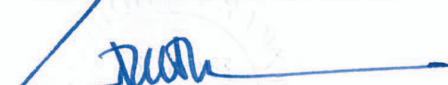
Reconciliation of Values	Valuation Methodology	Derivation of Values
	Cost Approach	RM16,200,000
	Income Approach by Investment Method	RM16,500,000

Taking into consideration that the Subject Property is a purpose-built industrial premise, we have adopted the Market Value as derived from the Cost Approach as a fair representation of the Subject Property supported by the Market Value derived from the Income Approach.

We wish to draw attention that the master title carries a restriction-in-interest which stipulates that "Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri". In this regard, our valuation is on the basis that written consent from the State Authority in respect of the aforesaid restriction in interest will not be unreasonably withheld.

Having regard to the foregoing, our opinion of the **Market Value** of the remaining unexpired Lessee's interest of approximately 27 years in the Subject Property; subject to the Lease Agreement dated 16<sup>th</sup> December 2014, free from all encumbrances, with vacant possession, good, marketable and registrable, as at 21<sup>st</sup> November 2017 is **RM16,200,000 (Ringgit Malaysia Sixteen Million And Two Hundred Thousand Only)**.

For and on behalf of  
**KNIGHT FRANK MALAYSIA SDN BHD**



**JUSTIN CHEE TING HWANG**  
 Registered Valuer, V-774  
 MRICS, MRISM, MPEPS, A Fin

Date: 30<sup>th</sup> November 2017

## GENERAL PRINCIPLES ADOPTED AND LIMITING CONDITIONS IN THE PREPARATION OF VALUATION REPORTS

These are the general principles and limiting conditions upon which our Valuation Reports are normally prepared; they apply unless we have specifically mentioned otherwise in the body of the report.

### 1) MALAYSIAN VALUATION STANDARDS

The Valuation Report is carried out in accordance with the Manual of Valuation Standards published by the Board of Valuers, Appraisers and Estate Agents.

Where applicable, we have also made reference to other established valuation manuals and standards such as the International Valuation Standards (IVS) and the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

### 2) CONFIDENTIALITY

Our Valuation Report is confidential to the client or to whom it is addressed and for the specific purpose to which it refers. It may only be disclosed to other professional advisors assisting the client in respect of that purpose, but the client shall not disclose the report to any other party. Accordingly, our Valuation Report is to be relied on by the client and no other party. No responsibility is accepted to any other party and neither the whole, nor any part, nor reference thereto may be included in any published document, statement or circular, or published in any way, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear. We shall bear no responsibility nor be held liable to any party in any manner whatsoever in the event of any unauthorised publications of our Valuation Report, whether in part or in whole.

### 3) USE OF REPORT

The opinion of value expressed in this Report is addressed to the client only and shall be used for the purpose stated or intended in this Report only. We are not responsible for any consequences arising from the Valuation Report being relied upon by any other party whatsoever or for any information therein being quoted out of context. You may not otherwise reproduce, distribute, transmit, post or disclose the content of the Report without our prior written consent.

### 4) SOURCE OF INFORMATION

Where it is stated in the Report that information has been supplied by the sources listed, this information is believed to be reliable and no responsibility is accepted should it prove not to be so nor warranty of any kind, be it express or implied, is intended. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with the relevant authorities. This Report has been prepared on the basis that full disclosure of all information and facts which may affect the Valuation have been made known to ourselves and we cannot accept any liability or responsibility in any event, unless such full disclosure has been made to us.

### 5) LEGAL TITLE

Whenever possible, a private title search is conducted at the relevant Land Registry/Office but this is done to establish title particulars relevant to valuation only. Whilst we may have inspected the title of the property as recorded in the Register Document of Title, we cannot accept any responsibility for its legal validity or as to the accuracy and timeliness of the information extracted or obtained from the relevant Land Registry/Office.

### 6) TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the Structure Plan, Local Plan and Development Plans published by the relevant Authority. Whilst we may make verbal enquiries, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road and drainage improvements. If reassurance is required, we recommend that verification be obtained from your lawyers or other professional advisors.

Our Valuation is prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations (including fire safety and building regulations). It is assumed that they have been, or will be issued with a Certificate of Fitness for Occupation / Certificate of Completion and Compliance by the competent authority.

### 7) LEASES AND TENANCIES

Enquiries as to the financial standing of actual or prospective lessees or tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the lessees or tenants are capable of meeting their obligations under the lease or tenancy and that there are no arrears of rent or undisclosed breaches of covenants and/or warranties.

**8) DEVELOPMENT AGREEMENTS**

Unless otherwise stated, no allowances are made in our valuation for any joint venture agreement, development right agreement or other similar contracts.

**9) MEASUREMENTS AND AGE OF BUILDING**

All measurements are carried out in accordance with the Uniform Method of Measurement of Buildings issued by The Royal Institution of Surveyors, Malaysia. Where the age of the building is estimated, this is for guidance only.

**10) SITE SURVEYS**

We have not conducted any boundary checks; however, we assume that the dimensions correspond with those shown in the title document, certified plan or any relevant agreement.

**11) STRUCTURAL SURVEYS**

We have not carried out a building survey or any testing of services, nor have we inspected those parts of the property which are inaccessible. We cannot express an opinion about or advice upon the condition of uninspected parts and this Report should not be taken as making any implied representation or statement about such parts. Whilst any defects or items of disrepair may be noted during the course of inspection, we are not able to give any assurance in respect of any rot, termite or pest infestation or other hidden defects.

**12) SITE CONDITIONS**

We do not carry out investigations on the property or neighbouring land (including the past and present uses) in order to determine the suitability of the ground conditions (including contamination or potential for contamination) and services for the existing or any new development, nor have we undertaken any archaeological, ecological or environmental surveys. Unless we are otherwise informed, our Valuation is on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

**13) DELETERIOUS OR HAZARDOUS MATERIALS**

No investigation has been carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the property, or has since been incorporated and we are therefore unable to account or report for such in the Report.

**14) DISEASES AND INFESTATIONS**

Whilst due care is taken to note the presence of any disease or infestation, we have not carried out any test to ascertain possible latent infestations or diseases affecting crops or stock. We are therefore unable to account for such in our Report.

**15) OUTSTANDING DEBTS**

In the case of buildings where works are in hand or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.

**16) TAXATION, ENCUMBRANCES, STATUTORY NOTICES AND OUTGOINGS**

Unless otherwise stated, no allowances are made in our valuation for any expense of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise. We have considered the property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. We also assumed the property is free of statutory notices and outgoing (including all outstanding maintenance fee and/or service charges + sinking funds applicable for stratified properties).

**17) ATTENDANCE**

The instruction and the valuation assignment does not automatically bind us to attendance in court or to appear in any enquiry before any government or statutory bodies in connection with the Valuation unless agreed when the instruction is given.

**18) VALIDITY PERIOD OF VALUATION REPORT**

This Valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

## STANDARD TERMS OF BUSINESS FOR VALUATION

These Standard Terms of Business comprise a part of our Letter of Engagement. The following Standard Terms of Business apply to all valuations and appraisals undertaken by Knight Frank Malaysia Sdn Bhd unless specifically agreed otherwise in confirming instructions and so stated within the main body of the valuation report.

### 1. DEFINITIONS

- 1.1 'Terms' means the terms of business set out in this agreement and include any other terms and conditions set out or referred to in our Letter of Engagement. These Terms apply to all services that you instruct us to provide and cannot be varied or amended except in writing and signed by you and Knight Frank.
- 1.2 'Client' (referred to throughout as 'you') means the person, company, firm or other legal entity named in our Letter of Engagement. Knight Frank will not accept instructions to act for any alternative person, company, firm or other legal entity nor will these Terms apply unless we have agreed in writing to act for that alternative entity.
- We reserve the right to refuse to act for such an alternative entity until (if at all) we have undertaken due diligence to fulfill our internal credit, anti-money laundering and risk obligations. In the event that we are instructed to act for a single purpose corporate vehicle we reserve the right to require and be provided with a parent company guarantee for our fees before accepting instructions to act.
- 1.3 'Knight Frank' means Knight Frank Malaysia Sdn Bhd (Co. No. 585479-A).
- 1.4 'Letter of Engagement' means the instruction letter, proposal or tender which is sent to you with these Terms. In the event that there is any conflict between the terms set out in this agreement and the Letter of Engagement, the terms in the Letter of Engagement shall take precedence.
- 1.5 'Services' means the specific services set out in the Letter of Engagement and any other services which we agree to provide in writing.

### 2. OUR FEES

- 2.1 The client shall pay to Knight Frank fees as set out in our Letter of Engagement. In addition, the client will reimburse Knight Frank the cost of all reasonable out-of-pocket expenses that maybe incurred, unless stated otherwise.
- 2.2 We reserve the right to impose an interest of 10% per annum on the outstanding balance of the invoice which is not settled in full within 30 days from the date of the invoice. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.
- 2.3 If before the valuation is concluded:-
- (a) you end this instruction at any stage, we will charge abortive fees; or
  - (b) you delay the instruction by more than [6] months or materially alter the instruction
- And in each case such fees will be calculated on the basis of reasonable time and expenses incurred, or the amount specified in the Letter of Engagement.
- 2.4 Where the valuation is for loan security purposes, and we agree to accept payment of our fee from the borrower, the fee remains due from you until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions of the loan being met.

### 3. INVOICING AND PAYMENT

We will be entitled to issue an invoice and our fees will become due for payment free from any discount, deduction set-off or counter claim:

- i) within 30 days from the date of invoice; or
- ii) when you withdraw your instructions, in which case Clause 2.3 applies.

### 4. TAXES

The fees, disbursements and expenses referred to in these Terms unless otherwise stated in the Letter of Engagement are all subject to the addition of Service Tax / GST where applicable (and any other taxes worldwide which may arise).

## **5. LIMITATIONS ON LIABILITY**

- 5.1 Our valuation is confidential to the party to whom it is addressed for the stated purpose as agreed between the client and Knight Frank and no liability is accepted to any third party for the whole or any part of its contents. Liability will not subsequently be extended to any other party save on the basis of written and agreed instructions; this may incur an additional fee.
- 5.2 Neither the whole or any part of Knight Frank's report / letter and valuation nor any reference thereto may be included in any document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.
- 5.3 The client agrees not to bring any claims arising out of or in connection with this agreement against any member, employee, shareholder or consultant of Knight Frank.
- Those individuals will not have a personal duty of care to the client and any such claim for losses must be brought against Knight Frank.
- 5.4 Knight Frank will not be liable in respect of any of the following:
- i) for any services outside the scope of the services agreed to be performed by Knight Frank;
  - ii) to any third party; or
  - iii) in respect of any direct or indirect consequential losses or loss of profits.
- 5.5 Where any loss is suffered by you for which Knight Frank and any other person are jointly and severally liable to you, the loss recoverable by you from Knight Frank shall be limited so as to be in proportion to Knight Frank's relative contribution to the overall fault.
- 5.6 Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to RM10 million, unless otherwise stated.
- 5.7 Nothing in these Standard Terms (or in our Letter of Engagement) shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

## **6. INDEMNITIES**

You agree to indemnify Knight Frank against all costs, claims, charges and expenses which Knight Frank shall incur by reason of (but not limited to):

- i) Use of any of Knight Frank's work for purposes other than those agreed by Knight Frank.
- ii) Misrepresentation by you or with your authority to third parties of advice given by Knight Frank.
- iii) Misrepresentation to third parties of the extent of Knight Frank's involvement in any particular project.

## **7. ASSIGNMENT**

Neither this agreement nor any of its terms may be assigned by either you or Knight Frank to any third party unless agreed in writing.

## **8. COMPLAINT PROCEDURE**

If you have any concerns about our service, please raise them in the first instance with the valuer concerned. If this does not result in a satisfactory resolution, please contact the relevant Head of Department.

## **9. GOVERNING LAW**

These Terms of Business shall be governed by and construed in accordance with the laws of Malaysia.

**PRIVATE & CONFIDENTIAL**

**Cogent Holdings Limited**  
1 Buroh Crescent, Cogent 1. Logistic Hub  
Singapore 627545

Date: 30<sup>th</sup> November 2017

Reference No: V/COR/17/0084(B)/ljh

Dear Sir / Madam,

**VALUATION CERTIFICATE OF LESSEE'S INTEREST OF DEVELOPER'S PARCEL NOS. P126 - P129, JALAN FZ5-P1, PORT KLANG FREE ZONE / KS12, 42920 PULAU INDAH, SELANGOR DARUL EHSAN, LOCATED ON PART OF PARENT LOT NO. 67894, MASTER TITLE NO. PN 7324, MUKIM AND DISTRICT OF KLANG, SELANGOR DARUL EHSAN AND HELD UNDER A 30-YEAR SUB-LEASE INTEREST WITH REMAINING UNEXPIRED TERM OF ABOUT 28 YEARS (HEREINAFTER REFERRED TO AS THE "SUBJECT PROPERTY")**

---

We were instructed by Cogent Holdings Limited (hereinafter referred to as the Client) for our firm to ascertain the Market Value of the legal interest in the Subject Property.

This Valuation Certificate is prepared for audit purpose and submission to the Singapore Stock Exchange (SGX) in connection with the voluntary conditional cash offer ("Offer") by COSCO SHIPPING International (Singapore) Co. Ltd for all the shares in Cogent Holdings Limited ("Cogent") and for inclusion in Cogent's circular to shareholders in relation to the Offer ("Circular") on an "As Is Where Is" basis.

The Valuation was prepared in conformity with the Malaysian Valuation Standards published by the Board of Valuers, Appraisers and Estate Agents, Malaysia and other established valuation manuals and standards such as the International Valuation Standards (IVS) and the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual (where applicable).

This Valuation Certificate is prepared in accordance with the general principles adopted and limiting conditions as enclosed at the end of our formal Valuation Report. For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal Valuation Report.

The basis of Valuation adopted is the **Market Value** which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

**WE WISH TO DRAW ATTENTION THAT OUR VALUATION IS BASED ON A LEASE AGREEMENT DATED 16<sup>TH</sup> DECEMBER 2014 MADE BETWEEN PORT KELANG AUTHORITY ("THE LESSOR") AND SH COGENT LOGISTICS SDN BHD ("THE LESSEE"). VIDE THE ABOVEMENTIONED AGREEMENT WE NOTE THAT THE SUBJECT PROPERTY HAVING AN APPROXIMATE LAND AREA OF ABOUT 9.630 ACRES (419,480 SQUARE FEET / 38,971.00 SQUARE METRES) LEASED FOR A TERM OF 30 YEARS COMMENCING ON 1<sup>ST</sup> MARCH 2016 WITH A MONTHLY RENTAL OF RM62,922.00. NOTWITHSTANDING THE ABOVE, WE HAVE VALUED THE LESSEE'S 30 YEARS LEASEHOLD INTEREST HAVING AN UNEXPIRED TERM OF ABOUT 28 YEARS (AS THE DATE OF THIS VALUATION), ON THE BASIS THAT VACANT POSSESSION AND CONTINUOUS USE FOR THE REMAINING TERM OF THE LEASE IS AVAILABLE.**

Accordingly, we have conducted the site inspection on 21<sup>st</sup> November 2017 and adopted the date of inspection as our material date of valuation.

Brief description of the Subject Property is as attached overleaf.

**Knight Frank Malaysia Sdn Bhd (Co. No.585479-A) (VE (1) 0141)**

Suite 10.01, Level 10, Centrepoint South, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia  
T + 603 228 99 688 F + 603 228 99 788 [www.knightfrank.com](http://www.knightfrank.com)



**IDENTIFICATION OF PROPERTY**


<b>Address</b>	Developer's Parcel Nos. P126 - P129, Jalan FZ5-P1, Port Klang Free Zone / KS12, 42920 Pulau Indah, Selangor Darul Ehsan.
<b>Type of Property</b>	An industrial premise accommodating a single-storey detached warehouse integrated with a single-storey office building together with ancillary buildings erected on four (4) contiguous parcels of industrial lots.
<b>Legal Interest</b>	Lessee's interest within Developer's Parcel Nos. P126 - P129 measuring 9.630 acres (419,480 square feet / 38,971.00 square meters) forming part of Parent Lot No. 67894, Master Title No. PN 7324, Mukim and District of Klang, Selangor Darul Ehsan and held under a 30-year sub-lease interest with remaining unexpired term of about <u>28</u> years as per Lease Agreement dated 16 <sup>th</sup> December 2014.
<b>Lessor</b>	Port Kelang Authority (Registered Proprietor of Parent Lot).
<b>Lessee</b>	SH Cogent Logistics Sdn Bhd.
<b>Date of Valuation / Date of Inspection</b>	21 <sup>st</sup> November 2017.

**Title Particulars of Parent Lot**

Summary of Title Particulars	
Lot No.:	Lot No. 67894 held under Master Title No. PN 7324, Mukim and District of Klang, Selangor Darul Ehsan.
Surveyed Land Area:	4,044,000 square metres (404.4 hectares).
Tenure:	Leasehold interest for a term of 99 years expiring on 18 <sup>th</sup> October 2093 (remaining unexpired term of 75 years).
Registered Proprietor:	Port Kelang Authority.
Category of Land Use:	'Perusahaan'.
Express Condition:	"Industri".
Restriction-In-Interest:	"Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri".
Endorsements / Encumbrances:	Refer to title document as attached in our formal Valuation Report.



**PROPERTY DESCRIPTION**

<b>Location</b>	<p>The Subject Property is located within Port Klang Free Zone; which is sited off the southern (left) side of the Lebuhraya Pulau Indah, travelling from Bandar Botanik towards Pulau Indah. Geographically, the Subject Property is located about 55 kilometres due south-west of Kuala Lumpur city centre.</p> <p>The Subject Property is easily accessible from Kuala Lumpur city centre via Jalan Tun Razak, Lebuhraya Kuala Lumpur – Putrajaya (MEX), Lebuhraya Shah Alam (KESAS), Lebuhraya Pulau Indah, exiting onto Persiaran Masjid Sultan and thereafter onto several internal roads leading to the Subject Property.</p>
<b>Site Description</b>	<p>The Subject Property comprises of four (4) contiguous industrial plots; when combined, forms a regular shaped land with a land area of approximately 38,971.00 square metres. The site faces north-west and enjoys a direct frontage measuring approximately 344.22 metres (1,129 feet) onto the frontage road with an average depth of about 94.35 metres (310 feet). The site boundaries are generally demarcated by chain link fencing.</p>
<b>Property Description</b>	<p><b>A Single-Storey Detached Warehouse</b></p> <p>The warehouse building is generally constructed of reinforced concrete frame with brick infills rendered externally and plastered internally and supported by steel portals roofed over with metal deck roofing sheets whilst the elevations are generally of plastered brick walls and plastered brick walls surmounted with corrugated metal deck claddings up to roof height. The floor finishes are generally of cement screed throughout.</p> <p>The warehouse building accommodates a general warehouse area; with a floor to eaves height of approximately 10.5 metres (34 feet) and a total gross floor area of about 24,906.58 square metres (268,092 square feet).</p> <p><b>An Integral Single-Storey Office Building</b></p> <p>The office building is generally constructed of reinforced concrete frame with brick infills rendered externally and plastered internally; with a total gross floor area of about 188.99 square metres (2,034 square feet). We wish to highlight that as of our date of inspection, we were not able to carry out an internal inspection of the office building as the entrance was locked and therefore inaccessible. As such, our valuation is on the assumption that the office building is based on the approved building plan with similar layout and accommodations.</p> <p><b>Ancillary Buildings</b></p> <p>Ancillary buildings sited thereon include two (2) guard houses and a refuse chamber; with a combined gross floor area of about 23.76 square metres (256 square feet).</p>
<b>Approximate Total Gross Floor Area</b>	25,119.33 square metres (270,382 square feet).
<b>Age of Buildings</b>	Less than 1 year old from the issuance date of the Certificate of Completion and Compliance dated 9 <sup>th</sup> March 2017.
<b>Building Condition</b>	The Subject Property is in good state of decorative repair.

**PROPERTY DESCRIPTION (CONT'D)****Lease Agreement**

An extract copy of the Lease Agreement dated 16<sup>th</sup> December 2014 made between Port Kelang Authority (the 'Lessor'), Port Klang Free Zone Sdn Bhd (Attorney of the Lessor) and SH Cogent Logistics Sdn Bhd (the 'Lessee') has revealed that the Subject Property has been leased to the Lessee for a term of 30 years commencing on 1<sup>st</sup> March 2016, with a monthly rental of RM62,922.00.

Pertinent details of the Lease Agreements are as follow: -

**Lessors' Covenants**

- Shall use its best endeavours, at its own cost and expense, to apply and procure the Consent;
- Shall covenant with the Lessee that upon the Lessee paying the Rent hereby reserved and performing and observing the several covenants and stipulations herein and on its part to be performed and observed, the Lessee shall peacefully hold and enjoy the Demised Area during the Lease Term without any interruption by PKFZ and the Lessor.

**Lessee's Covenants**

- Shall pay the Maintenance Charges monthly in advance to PKFZ commencing from the Date of Vacant Possession;
- Shall promptly pay, bear and discharge a portion of the quit rent charged or imposed on the Land by the Relevant Authority including any increase thereon incurred from the Date of Vacant Possession;
- Shall pay, bear and discharge all and any rates, taxes, assessment, duties, impositions, fees other outgoings and burdens whatsoever lawfully assessed charged or imposed on the Demised Area and/or the Building by the Relevant Authority including any increase thereon incurred from the Date of Vacant Possession;
- Shall promptly pay all utilities charges (save and except for the water bills) in respect of utilities used or consumed by the Lessee in the Demised Area to the Relevant Authority and/or the utilities companies;
- Shall promptly pay the charges for the water supply to the Demised Area to PKFZ;
- Shall, at the expiration of the Lease Term, surrender the Demised Area together with the Building, its fixtures and fittings erected thereon on an "as is where is basis" to PKFZ without any compensation for the Building, its fixtures and fittings.

**Revised Rent**

The revised Rent for the Renewal Term commencing on the date falling after the last day of the Lease Term and the subsequent Renewal Term shall be in such a sum and at such a rent as may be determined by PKFZ at its absolute discretion. Such revised Rent shall be reviewed every five (5) years during the Renewal Term to such a sum and such a rate as may be determined by PKFZ provided always that during each review the revised Rent shall not be increased by more than fifteen (15%) per centum of the revised Rent payable before such review.

**Termination of the Lease**

If:-

- the Rent hereby reserved or any part thereof shall at any time be in arrears and unpaid after the same shall have become due; or

PROPERTY DESCRIPTION (CONT'D)

- Lease Agreement (Cont'd)**
- the Lessee shall at any time fail or neglect to perform and observe any of the covenants and conditions herein contained and on its part to be performed and observed; or
  - the Lessee ceases or threatens to cease to carry on its business on the Demised Area for a continuous period of three (3) months.

**Early Termination of the Lease**

The Lessee may terminate the Lease during the Lease Term by giving a one (1) year written notice to PKFZ.

**Occupancy Status**                      The Subject Property is currently occupied by the Lessee.

**Planning Approval**                      Designated for industrial use; and was issued with a Certificate of Completion and Compliance (CCC) by Lembaga Arkitek Malaysia bearing Certificate No. LJM/S/1970 dated 9<sup>th</sup> March 2017.

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**MARKET VALUE**

**Valuation Methodology**

**i) Cost Approach**

This comparative approach considers the possibility that, as a substitute for the purchase of a given property, one could construct another property that is either a replica of the original or one that could furnish equal utility. In a real estate context, one would normally not be justified in paying more for a given property than the cost of acquiring equivalent land and constructing an alternative structure, unless undue time, inconvenience, and risk are involved. In practice, the approach also involves an estimate of depreciation for older and/or less functional properties where an estimate of cost new unreasonably exceeds the likely price that would be paid for the appraised property. The land component is arrived at by the Comparison Approach. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

**ii) Income Approach by Investment Method**

This approach involves capitalization of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalization rate.

**Cost Approach**

A summary of parameters adopted in the Cost Approach is scheduled as follow: -

Description	Value(s)
Improved Land Value (Market value of land with unexpired 28 years with additional site improvement of RM5.00 psf)	RM17,952,638 (RM43 psf over land area)
Less Lessor's interest for the remaining 28 years	-(RM9,660,505)
Depreciated Building Value (after allowing for depreciation)	RM28,170,388 (RM104 psf over GFA area)
<b>Total</b>	<b>RM36,462,521</b>
<b>Market Value, say</b>	<b>RM36,500,000</b>

We have identified and analyzed recent transactions of vacant industrial lands and have summarized the details and our valuation approach in the table attached.

**MARKET VALUE (CONT'D)**

Sales Comparison and Analysis of Industrial Land				
	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Legal Description	Lot No. PT 121640 held under Title No. HSD 119760, Mukim and District of Klang, Selangor Darul Ehsan	Lot Nos. PT 129421, PT 129422 and PT 129415, held under Title Nos. HSD 135837, HSD 135838 and HSD 135832 respectively, all located within Mukim and District of Klang, Selangor Darul Ehsan	Lot Nos. 78156 and 174465, held under Title Nos. PN 32378 and PN 112363 respectively, all located within Mukim and District of Klang, Selangor Darul Ehsan	Lot No. PT 144922 held under Title No. HSD 152979, Mukim and District of Klang, Selangor Darul Ehsan
Locality	Pulau Indah Industrial Park	Pulau Indah Industrial Park	Pulau Indah Industrial Park	Pulau Indah Industrial Park
Type of Property	A parcel of industrial land	Three (3) contiguous parcels of industrial lands	Two (2) contiguous parcels of industrial lands	A parcel of industrial land
Planning	Located in an area zoned for industrial use	Located in an area zoned for industrial use	Located in an area zoned for industrial use	Located in an area zoned for industrial use
Tenure	99-year leasehold interest (remaining 80 years)	99-year leasehold interest (remaining 80 years)	99-year leasehold interest (remaining 78 years)	99-year leasehold interest (remaining 80 years)
Land Area	2.63 acres / 114,564 square feet	13.00 acres / 566,320 square feet	19.75 acres / 860,233 square feet	2.72 acres / 118,773 square feet
Consideration	RM8,019,200	RM25,482,600	RM25,807,518	RM7,957,456
Date	28 <sup>th</sup> April 2017	30 <sup>th</sup> August 2016	18 <sup>th</sup> July 2016	2 <sup>nd</sup> February 2016
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Valuation and Property Services Department			
Vendor	Syarikat Petaling Corporation Sdn Bhd.	Central Spectrum (M) Sdn Bhd.	Waxwood Sdn Bhd / Laserwood Sdn Bhd.	A S Transit Warehouse Sdn Bhd.
Purchaser	Cekap Mineral Sdn Bhd.	Iffco Foods Sdn Bhd.	Excelcorp Sdn Bhd.	Tanjong Express Logistics (M) Sdn Bhd.
Analysis	RM70.00 per square foot	RM45.00 per square foot	RM30.00 per square foot	RM67.00 per square foot
Adjustments	General adjustments are made for size, tenure, lease arrangement and Free Trade Zone facilities / incentives	General adjustments are made for prevailing market condition, size, tenure, lease arrangement and Free Trade Zone facilities / incentives	General adjustments are made for prevailing market condition, size, tenure, lease arrangement and Free Trade Zone facilities / incentives	General adjustments are made for prevailing market condition, size, tenure, lease arrangement and Free Trade Zone facilities / incentives
Adjusted Value	RM45.50 per square foot	RM37.80 per square foot	RM29.93 per square foot	RM45.73 per square foot

**Valuation Rationale Improved Land Value** – From the adjusted values, we note that the values derived range between RM29.93 per square foot to RM45.73 per square foot.

In reconciling our opinion of Market Value, we have placed greater emphasis on Comparable No. 2 (Lot Nos. PT 129421, PT 129422 and PT 129415 within Pulau Indah Industrial Park) because it is of similar land area compared to the Subject Property.

Having regards to the foregoing, we have adopted the analysed land value of about RM37.80 per square foot and a RM5.00 per square foot as site improvement (of which comprising costs from external infrastructure works, site clearance + preparation, fencing etc; after having considered, the average costs as derived from analysis of other similar developments) in our valuation as a fair representation.

**MARKET VALUE (CONT'D)**

**Lessor's Interest** The Subject Property is currently leased to the Lessee with rental payable on a monthly basis. Hence, we have deducted the Lessor's interest in the remaining 28 years of the lease from the Improved Land Value to determine the Lessee's interest in the Subject Property. The Lessor's interest is derived by capitalizing the ground rent payable to the Lessor at the yield of 6.5%.

**Depreciated Building Value** The building value is arrived at by Depreciated Replacement Cost Approach whereby an estimate is made of the replacement cost new and then allowing for depreciation.

In arriving at the replacement cost new, we have made reference to the industry average costing as derived from analysis of other awarded contracts of similar development and the average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2017 ("Handbook").

In our assessment, we have adopted the replacement cost new for the respective buildings ranging from RM80.00 per square foot to RM140.00 per square foot depending on the type, design, building specifications and finishes of the respective buildings.

Generally, the building depreciated rate adopted is based on a 50-year building lifespan. In our assessment of building value(s), we have adopted an annual depreciation rate of 2.0% per annum as fair and reflective of the existing building condition of the subject property.

**Income Approach by Investment Method** A summary of parameters adopted in undertaking our assessment is scheduled below.

Summary of Parameters	
Reversionary (Assumed Fair Market Rental as of Date of Valuation)	RM1.45 psf / month over the gross floor area of 270,382 square feet.
Void Allowance	5.00%. This is adopted to reflect rental for voids, vacancy periods between rent reviews which include the rent free, fitting out periods and possibility of bad debts.
Allowance of Outgoings	Reversion: RM0.52 psf / month adopted for the warehouse / office building.  We have allocated 15.00% of gross rental income as the estimated property expenses to maintain the building structural works; including all the quit rent, assessment, charges, rates and other outgoings including fire insurance since all outgoings are borne by the Lessee including payment of ground rent to Lessor.

**MARKET VALUE (CONT'D)**

**Summary of Parameters (Cont'd)**

<b>Capitalisation Rate</b>	<b>Reversion:</b> <b>7.00%.</b>  Reversionary yield rates are at the fair market rates and they are market derived.  We have benchmarked against the existing yields of industrial premises reflecting current market conditions are in the region of about 6.00% to 7.00%. We have thus adopted a capitalisation rate / yield of 7.00% after having considered the prevailing market condition, location, land / building sizes, tenure, lease arrangement and Free Trade Zone facilities / incentives.
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**Reconciliation of Values**


Valuation Methodology	Derivation of Values
Cost Approach	RM36,500,000
Income Approach by Investment Method	RM36,600,000

Taking into consideration that the Subject Property is a purpose-built industrial premise, we have adopted the Market Value as derived from the Cost Approach as a fair representation of the Subject Property supported by the Market Value derived from the Income Approach.

We wish to draw attention that the master title carries a restriction-in-interest which stipulates that "Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri". In this regard, our valuation is on the basis that written consent from the State Authority in respect of the aforesaid restriction in interest will not be unreasonably withheld.

Having regard to the foregoing, our opinion of the **Market Value** of the remaining unexpired Lessee's interest of approximately 28 years in the Subject Property; subject to the Lease Agreement dated 16<sup>th</sup> December 2014, free from all encumbrances, with vacant possession, good, marketable and registrable, as at 21<sup>st</sup> November 2017 is **RM36,500,000 (Ringgit Malaysia Thirty Six Million And Five Hundred Thousand Only).**

For and on behalf of  
**KNIGHT FRANK MALAYSIA SDN BHD**

  
**JUSTIN CHEE TING HWANG**  
 Registered Valuer, V-774  
 MRICS, MRISM, MPEPS, A Fin

Date: 30<sup>th</sup> November 2017

## GENERAL PRINCIPLES ADOPTED AND LIMITING CONDITIONS IN THE PREPARATION OF VALUATION REPORTS

These are the general principles and limiting conditions upon which our Valuation Reports are normally prepared; they apply unless we have specifically mentioned otherwise in the body of the report.

### 1) MALAYSIAN VALUATION STANDARDS

The Valuation Report is carried out in accordance with the Manual of Valuation Standards published by the Board of Valuers, Appraisers and Estate Agents.

Where applicable, we have also made reference to other established valuation manuals and standards such as the International Valuation Standards (IVS) and the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

### 2) CONFIDENTIALITY

Our Valuation Report is confidential to the client or to whom it is addressed and for the specific purpose to which it refers. It may only be disclosed to other professional advisors assisting the client in respect of that purpose, but the client shall not disclose the report to any other party. Accordingly, our Valuation Report is to be relied on by the client and no other party. No responsibility is accepted to any other party and neither the whole, nor any part, nor reference thereto may be included in any published document, statement or circular, or published in any way, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear. We shall bear no responsibility nor be held liable to any party in any manner whatsoever in the event of any unauthorised publications of our Valuation Report, whether in part or in whole.

### 3) USE OF REPORT

The opinion of value expressed in this Report is addressed to the client only and shall be used for the purpose stated or intended in this Report only. We are not responsible for any consequences arising from the Valuation Report being relied upon by any other party whatsoever or for any information therein being quoted out of context. You may not otherwise reproduce, distribute, transmit, post or disclose the content of the Report without our prior written consent.

### 4) SOURCE OF INFORMATION

Where it is stated in the Report that information has been supplied by the sources listed, this information is believed to be reliable and no responsibility is accepted should it prove not to be so nor warranty of any kind, be it express or implied, is intended. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with the relevant authorities. This Report has been prepared on the basis that full disclosure of all information and facts which may affect the Valuation have been made known to ourselves and we cannot accept any liability or responsibility in any event, unless such full disclosure has been made to us.

### 5) LEGAL TITLE

Whenever possible, a private title search is conducted at the relevant Land Registry/Office but this is done to establish title particulars relevant to valuation only. Whilst we may have inspected the title of the property as recorded in the Register Document of Title, we cannot accept any responsibility for its legal validity or as to the accuracy and timeliness of the information extracted or obtained from the relevant Land Registry/Office.

### 6) TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the Structure Plan, Local Plan and Development Plans published by the relevant Authority. Whilst we may make verbal enquiries, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road and drainage improvements. If reassurance is required, we recommend that verification be obtained from your lawyers or other professional advisors.

Our Valuation is prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations (including fire safety and building regulations). It is assumed that they have been, or will be issued with a Certificate of Fitness for Occupation / Certificate of Completion and Compliance by the competent authority.

### 7) LEASES AND TENANCIES

Enquiries as to the financial standing of actual or prospective lessees or tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the lessees or tenants are capable of meeting their obligations under the lease or tenancy and that there are no arrears of rent or undisclosed breaches of covenants and/or warranties.



**8) DEVELOPMENT AGREEMENTS**

Unless otherwise stated, no allowances are made in our valuation for any joint venture agreement, development right agreement or other similar contracts.

**9) MEASUREMENTS AND AGE OF BUILDING**

All measurements are carried out in accordance with the Uniform Method of Measurement of Buildings issued by The Royal Institution of Surveyors, Malaysia. Where the age of the building is estimated, this is for guidance only.

**10) SITE SURVEYS**

We have not conducted any boundary checks; however, we assume that the dimensions correspond with those shown in the title document, certified plan or any relevant agreement.

**11) STRUCTURAL SURVEYS**

We have not carried out a building survey or any testing of services, nor have we inspected those parts of the property which are inaccessible. We cannot express an opinion about or advice upon the condition of uninspected parts and this Report should not be taken as making any implied representation or statement about such parts. Whilst any defects or items of disrepair may be noted during the course of inspection, we are not able to give any assurance in respect of any rot, termite or pest infestation or other hidden defects.

**12) SITE CONDITIONS**

We do not carry out investigations on the property or neighbouring land (including the past and present uses) in order to determine the suitability of the ground conditions (including contamination or potential for contamination) and services for the existing or any new development, nor have we undertaken any archaeological, ecological or environmental surveys. Unless we are otherwise informed, our Valuation is on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

**13) DELETERIOUS OR HAZARDOUS MATERIALS**

No investigation has been carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the property, or has since been incorporated and we are therefore unable to account or report for such in the Report.

**14) DISEASES AND INFESTATIONS**

Whilst due care is taken to note the presence of any disease or infestation, we have not carried out any test to ascertain possible latent infestations or diseases affecting crops or stock. We are therefore unable to account for such in our Report.

**15) OUTSTANDING DEBTS**

In the case of buildings where works are in hand or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.

**16) TAXATION, ENCUMBRANCES, STATUTORY NOTICES AND OUTGOINGS**

Unless otherwise stated, no allowances are made in our valuation for any expense of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise. We have considered the property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. We also assumed the property is free of statutory notices and outgoing (including all outstanding maintenance fee and/or service charges + sinking funds applicable for stratified properties).

**17) ATTENDANCE**

The instruction and the valuation assignment does not automatically bind us to attendance in court or to appear in any enquiry before any government or statutory bodies in connection with the Valuation unless agreed when the instruction is given.

**18) VALIDITY PERIOD OF VALUATION REPORT**

This Valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

## STANDARD TERMS OF BUSINESS FOR VALUATION

These Standard Terms of Business comprise a part of our Letter of Engagement. The following Standard Terms of Business apply to all valuations and appraisals undertaken by Knight Frank Malaysia Sdn Bhd unless specifically agreed otherwise in confirming instructions and so stated within the main body of the valuation report.

### 1. DEFINITIONS

- 1.1 'Terms' means the terms of business set out in this agreement and include any other terms and conditions set out or referred to in our Letter of Engagement. These Terms apply to all services that you instruct us to provide and cannot be varied or amended except in writing and signed by you and Knight Frank.
- 1.2 'Client' (referred to throughout as 'you') means the person, company, firm or other legal entity named in our Letter of Engagement. Knight Frank will not accept instructions to act for any alternative person, company, firm or other legal entity nor will these Terms apply unless we have agreed in writing to act for that alternative entity.
- We reserve the right to refuse to act for such an alternative entity until (if at all) we have undertaken due diligence to fulfill our internal credit, anti-money laundering and risk obligations. In the event that we are instructed to act for a single purpose corporate vehicle we reserve the right to require and be provided with a parent company guarantee for our fees before accepting instructions to act.
- 1.3 'Knight Frank' means Knight Frank Malaysia Sdn Bhd (Co. No. 585479-A).
- 1.4 'Letter of Engagement' means the instruction letter, proposal or tender which is sent to you with these Terms. In the event that there is any conflict between the terms set out in this agreement and the Letter of Engagement, the terms in the Letter of Engagement shall take precedence.
- 1.5 'Services' means the specific services set out in the Letter of Engagement and any other services which we agree to provide in writing.

### 2. OUR FEES

- 2.1 The client shall pay to Knight Frank fees as set out in our Letter of Engagement. In addition, the client will reimburse Knight Frank the cost of all reasonable out-of-pocket expenses that maybe incurred, unless stated otherwise.
- 2.2 We reserve the right to impose an interest of 10% per annum on the outstanding balance of the invoice which is not settled in full within 30 days from the date of the invoice. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.
- 2.3 If before the valuation is concluded:-
- (a) you end this instruction at any stage, we will charge abortive fees; or
  - (b) you delay the instruction by more than [6] months or materially alter the instruction
- And in each case such fees will be calculated on the basis of reasonable time and expenses incurred, or the amount specified in the Letter of Engagement.
- 2.4 Where the valuation is for loan security purposes, and we agree to accept payment of our fee from the borrower, the fee remains due from you until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions of the loan being met.

### 3. INVOICING AND PAYMENT

We will be entitled to issue an invoice and our fees will become due for payment free from any discount, deduction set-off or counter claim:

- i) within 30 days from the date of invoice; or
- ii) when you withdraw your instructions, in which case Clause 2.3 applies.

### 4. TAXES

The fees, disbursements and expenses referred to in these Terms unless otherwise stated in the Letter of Engagement are all subject to the addition of Service Tax / GST where applicable (and any other taxes worldwide which may arise).

## **5. LIMITATIONS ON LIABILITY**

- 5.1 Our valuation is confidential to the party to whom it is addressed for the stated purpose as agreed between the client and Knight Frank and no liability is accepted to any third party for the whole or any part of its contents. Liability will not subsequently be extended to any other party save on the basis of written and agreed instructions; this may incur an additional fee.
- 5.2 Neither the whole or any part of Knight Frank's report / letter and valuation nor any reference thereto may be included in any document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.
- 5.3 The client agrees not to bring any claims arising out of or in connection with this agreement against any member, employee, shareholder or consultant of Knight Frank.
- Those individuals will not have a personal duty of care to the client and any such claim for losses must be brought against Knight Frank.
- 5.4 Knight Frank will not be liable in respect of any of the following:
- i) for any services outside the scope of the services agreed to be performed by Knight Frank;
  - ii) to any third party; or
  - iii) in respect of any direct or indirect consequential losses or loss of profits.
- 5.5 Where any loss is suffered by you for which Knight Frank and any other person are jointly and severally liable to you, the loss recoverable by you from Knight Frank shall be limited so as to be in proportion to Knight Frank's relative contribution to the overall fault.
- 5.6 Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to RM10 million, unless otherwise stated.
- 5.7 Nothing in these Standard Terms (or in our Letter of Engagement) shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

## **6. INDEMNITIES**

You agree to indemnify Knight Frank against all costs, claims, charges and expenses which Knight Frank shall incur by reason of (but not limited to):

- i) Use of any of Knight Frank's work for purposes other than those agreed by Knight Frank.
- ii) Misrepresentation by you or with your authority to third parties of advice given by Knight Frank.
- iii) Misrepresentation to third parties of the extent of Knight Frank's involvement in any particular project.

## **7. ASSIGNMENT**

Neither this agreement nor any of its terms may be assigned by either you or Knight Frank to any third party unless agreed in writing.

## **8. COMPLAINT PROCEDURE**

If you have any concerns about our service, please raise them in the first instance with the valuer concerned. If this does not result in a satisfactory resolution, please contact the relevant Head of Department.

## **9. GOVERNING LAW**

These Terms of Business shall be governed by and construed in accordance with the laws of Malaysia.

## EXTRACTS FROM THE COMPANY'S CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution of the Company and reproduced below:

*All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution of the Company, a copy of which is available for inspection at the registered address of the Company at 1 Buroh Crescent, #6M-01, Cogent 1.Logistics Hub, Singapore 627545 during normal business hours for the period during which the Offer remains open for acceptance.*

### (a) Rights in respect of Capital

#### **"ISSUE OF SHARES**

3. *Subject to the Statutes and the provisions of these presents, no shares may be issued by the Directors without the prior approval of the Company by Ordinary Resolution but subject thereto and to Article 7, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of shares to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, PROVIDED THAT:*
  - (a) *(subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 7(A) with such adaptations as are necessary shall apply; and*
  - (b) *the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in the provisions of these presents.*
4. (A) *Preference shares may be issued subject to such limitation thereof as may be prescribed by any securities exchange upon which shares in the Company are listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six Months in arrear.*
  - (B) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*

#### **VARIATION OF RIGHTS**

5. (A) *Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the Statutes, be varied or abrogated either with the consent in writing of holders who represent at least three-quarters of the total voting rights of all the shares of that class or by a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of all the shares of that class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him,*

*PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the shares of that class concerned within two Months of such General Meeting shall be as valid and effectual as a Special Resolution passed at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.*

- (B) *The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the preference shares concerned within two Months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.*
- (C) *The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

#### **ALTERATION OF SHARE CAPITAL**

- 6. *The Company in General Meeting may from time to time by Ordinary Resolution increase its capital by the allotment and issue of new shares.*
- 7. (A) *Subject to the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed or to any direction to the contrary that may be given by the Company in a General Meeting, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 7(A).*
- (B) *Except so far as otherwise provided by the conditions of issue or by the provisions of these presents, all new shares shall be subject to the Statutes and the provisions of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*
- 8. *The Company may by Ordinary Resolution:*
  - (a) *consolidate and divide all or any of its shares;*
  - (b) *cancel any shares which, at the date of the passing of the resolution, have been forfeited and diminish the amount of its capital by the number of shares so cancelled;*
  - (c) *sub-divide its shares, or any of them in, accordance with the Statutes and the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; or*
  - (d) *subject to the Statutes, convert any class of paid-up shares into any other class of paid-up shares.*
- 9. (A) *The Company may reduce its share capital or any reserve in any manner and with and subject to any incident authorised and consent required by law.*

- (B) *Subject to the Statutes, the Company may purchase or otherwise acquire any of its issued shares on such terms and in such manner as the Company may from time to time think fit and in the manner prescribed by the Statutes. If required by the Statutes, any share which is so purchased or acquired by the Company, unless held as treasury shares in accordance with the Statutes, shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share (including treasury shares) which is so purchased or acquired by it in accordance with the Statutes.*

## **SHARES**

13. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way (except by the Statutes or the provisions of these presents) to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (as the case may be) a person whose name is entered in the Depository Register in respect of that share.*
14. *Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any sham in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions (as regards dividend, return of capital, voting or otherwise) as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the Statutes, the Company may issue preference shares which are, or at the option of the Company, are liable to be redeemed.*
15. *Subject to the Statutes and the provisions of these presents relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.*
16. *The Company may exercise the powers of paying commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly shares or partly in one way and partly in the other.*

## **STOCK**

48. *The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.*
49. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.*
50. *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by any number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted."*

### **(b) Rights in respect of Voting**

#### **"GENERAL MEETINGS**

51. *Subject to the Statutes, an Annual General Meeting shall be held once in every Year and not more than fifteen Months after the holding of the last preceding Annual General Meeting, at such time and place as may be determined by the Directors. All other General Meetings shall be Extraordinary General Meetings.*

52. *The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.*

#### **NOTICE OF GENERAL MEETINGS**

53. (A) *Subject to the Statutes, any General Meeting at which it is proposed to pass a Special Resolution shall be called by twenty-one days' notice in writing at the least. An Annual General Meeting and any other Extraordinary General Meeting shall be called by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereafter mentioned to all members other than those who are not under the provisions of these presents entitled to receive such notices from the Company, PROVIDED THAT a General Meeting which has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:*
- (a) *in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and*
- (b) *in the case of an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,*
- except that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.*
- (B) *Where special notice is required of a resolution pursuant to the Statutes, notice of the intention to move the resolution shall be given to the Company and notice of any General Meeting shall be called in accordance with the Statutes and in particular, Section 185 of the Act.*
- (C) *Subject to the Statutes or the bye-laws or listing rules of the securities exchange on which shares in the Company are listed, for so long as the shares in the Company are listed on the Securities Exchange, notices convening any General Meeting at which it is proposed to pass a Special Resolution shall be sent to members entitled to attend and vote at the meeting at least twenty-one calendar days before the meeting (excluding the date of notice and the date of meeting). Notices convening any other General Meeting must be sent to members entitled to attend and vote at the meeting at least fourteen calendar days before the meeting (excluding the date of notice and the date of meeting). At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any securities exchange on which shares in the Company are listed.*

#### **PROCEEDINGS AT GENERAL MEETINGS**

57. *The Chairman of the Board, failing whom the Deputy Chairman of the Board, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present and willing to act within five minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.*
58. *No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business, Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy, PROVIDED THAT where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum.*
59. *If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.*

60. *The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*
61. *Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.*
62. *If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*
63. *At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:*
- (a) the chairman of the meeting;*
  - (b) not less than five members having the right to vote at the meeting;*
  - (c) a member having the right to vote at the meeting representing not less than ten per cent. of the total voting rights of all the members having the right to vote at the meeting; or*
  - (d) a member having the right to vote at the meeting and holding shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid-up on all shares of the Company conferring that right (excluding treasury shares),*

*PROVIDED THAT no poll shall be demanded on the choice of a chairman or on a question of adjournment.*

64. *A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*
65. *In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.*
66. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.*

#### **VOTES OF MEMBERS**

67. *Each member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 12, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote PROVIDED THAT in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote. On a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any*



*General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.*

68. *In the case of joint holders of a share, any one of such person may vote, and be reckoned in quorum at any General Meeting, either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto, but if more than one of such joint holders is so present at any meeting, then the person present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall alone be entitled to vote in respect thereof.*
69. *Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.*
70. *Any member shall be entitled to be present and to vote either personally or by proxy, at any General Meeting of the Company, in respect of any share or shares upon which all calls due to the Company have been paid, and shall be entitled to exercise any other right conferred by membership in relation to meetings of the Company.*
71. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.*
72. *On a poll, votes may be given personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.*
73. (A) *A member may appoint not more than two proxies to attend and vote at the same General Meeting, PROVIDED THAT if the member is a Depositor, the Company shall be entitled and bound:*
- (a) *to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*
- (b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (B) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*
- (C) *In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*
- (D) *A proxy need not be a member of the Company.*
74. (A) *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:*
- (a) *in the case of an individual, shall be signed by the appointor or his attorney; and*
- (b) *in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.*

(B) *The signature on such instrument need not be witnessed. 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 pursuant to Article 75, failing which the instrument may be treated as invalid.*

75. *An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the registered office of the Company) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, PROVIDED THAT an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.*

#### **CORPORATIONS ACTING BY REPRESENTATIVES**

78. *Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of the provisions of these presents, be deemed to be present in person at any such meeting if a person so authorised is present thereat."*

#### **(c) Rights in respect of Dividends**

##### **"FORFEITURE AND LIEN**

29. *If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.*

30. *The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith, the shares on which the call has been made will be liable to be forfeited.*

31. *If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.*

34. *The Company shall have a first and paramount lien on every share (not being a fully paid share) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.*

35. *The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.*

36. *The residue of the proceeds of such sale pursuant to Article 35 after the satisfaction of the unpaid calls and accrued interest and expenses of such sale shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.*

37. *A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold or disposed to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee, as the case may be) or allottee thereof shall (subject to the execution of a transfer if the same is required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.*

#### **TRANSMISSION OF SHARES**

45. (A) *In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
- (B) *In the case of the death of a member who is a Depositor, the survivor or survivors where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
- (C) *Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*
46. *Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.*
47. *Save as otherwise provided by or in accordance with the provisions of these presents, a person becoming entitled to a share pursuant to Article 45(A) or (B) or Article 46 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.*

#### **DIVIDENDS**

124. *The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares.*
125. *If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*

126. *Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide and except as otherwise permitted under the Statutes:*
- (a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
  - (b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which dividend is paid.*
- For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.*
127. *No dividend shall be paid otherwise than out of profits available for distribution under the Statutes.*
128. *No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.*
129. (A) *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*
- (B) *The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.*
- (C) *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or moneys unclaimed after a period of six Years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.*
- (D) *A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability in respect of that payment. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six Years has elapsed from the date on which such other moneys are first payable.*
130. *The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
131. *The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*
132. (A) *Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled*

to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

- (a) *the basis of any such allotment shall be determined by the Directors;*
  - (b) *the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;*
  - (c) *the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded PROVIDED THAT the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and*
  - (d) *the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 136, the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.*
- (B)
- (a) *The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Article shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.*
  - (b) *The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these presents, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down or whereby the benefit of the fractional entitlements accrues to the Company rather than the members).*
- (C) *The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.*
- (D) *The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such*

*other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.*

- (E) *Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Article.*
133. *Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 135, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.*
134. *If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.*
135. *Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.*

#### **CAPITALISATION OF PROFITS AND RESERVES**

136. *Subject to Article 3 and Article 7, the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including any undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter into an agreement with the Company on behalf of all the members interested, providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*
- 136A. *In addition and without prejudice to the power to capitalise profits and other moneys provided for by Article 136, the Directors shall have power to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit."*