

**OFFER DOCUMENT DATED 16 JANUARY 2015**

**THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

If you are in any doubt about the Partial Offer (as defined herein) or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Maybank Kim Eng Securities Pte. Ltd. ("**MKES**") is acting for and on behalf of Hap Seng Investment Holdings Pte. Ltd. (the "**Offeror**"), a direct wholly-owned subsidiary of Hap Seng Consolidated Berhad ("**HSCB**"), and does not purport to advise the shareholders of Hafary Holdings Limited (the "**Company**") or any other person.

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company ("**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Offer Document and the accompanying Form of Acceptance and Authorisation ("**FAA**") to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your Shares not deposited with CDP, you should immediately hand this Offer Document and the accompanying Form of Acceptance and Transfer ("**FAT**") 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 views of the Hafary Independent Directors (as defined herein) and the independent financial adviser to the Hafary Independent Directors on the Partial Offer will be made available to you in due course by the Company. You may wish to consider their views before taking any decision on the Partial Offer.**

**The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.**

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER**

by



**Maybank Kim Eng Securities Pte. Ltd.**

(Incorporated in Singapore)  
(Company Registration No.: 197201256N)

for and on behalf of

**Hap Seng Investment Holdings Pte. Ltd.**

(Incorporated in Singapore)  
(Company Registration No.: 201434907E)

a direct wholly-owned subsidiary of



to acquire 51 per cent. of the ordinary shares in the issued share capital of

**Hafary Holdings Limited**

(Incorporated in Singapore)  
(Company Registration No.: 200918637C)

other than those already owned, controlled or agreed to be acquired by  
the Offeror and parties acting in concert with it

**If the Partial Offer becomes or is declared to be unconditional in all respects, it will result in the Offeror and parties acting in concert with it holding 51 per cent. of the Shares in issue after the Closing Date (as defined herein). Accordingly, the Offeror and parties acting in concert with it will be able to exercise statutory control over the Company and will be free, subject to a six-month moratorium after the Closing Date, to acquire further Shares without incurring any obligation to make a general take-over offer for the Company.**

**IMPORTANT DATE AND TIME:**

**VOTES AND ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE PARTIAL OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 13 FEBRUARY 2015.**

**THE OFFEROR DOES NOT INTEND TO REVISE OR EXTEND THE PARTIAL OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON 13 FEBRUARY 2015. NOTICE IS HEREBY GIVEN THAT THE PARTIAL OFFER WILL NOT BE REVISED OR BE OPEN FOR VOTING AND ACCEPTANCE BEYOND 5.30 P.M. (SINGAPORE TIME) ON 13 FEBRUARY 2015 SAVE THAT SUCH NOTICE SHALL NOT BE CAPABLE OF BEING ENFORCED IN A COMPETITIVE SITUATION (AS DEFINED HEREIN).**

The procedures for voting and acceptance are set out in **Appendix 2** to this Offer Document and in the accompanying FAA and/or FAT.

## IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

### Overseas Shareholders

The availability of the Partial Offer to Relevant Shareholders (as defined herein) whose addresses are outside Singapore, as shown on the Register (as defined herein), or, as the case may be, in the records of CDP, may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Relevant Shareholders not resident in Singapore should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Partial Offer is made to all Relevant Shareholders, including those to whom this Offer Document, the FAA and the FAT have not been, or will not be, sent, provided that this Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Partial Offer is not being made into any jurisdiction in which the making or acceptance of the Partial Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Partial Offer to Relevant Shareholders in any such jurisdiction.

### Overseas Jurisdictions

It is the responsibility of any Relevant Shareholder outside Singapore who wishes to accept the Partial 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 other necessary formalities or legal requirements. If any Relevant Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. Overseas Shareholders (as defined herein) should read **Section 18** of this Offer Document.

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## DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Offer Document, the FAA and the FAT:

“3Q2014”	:	The third quarter ended 30 September 2014
“CCK”	:	Mr Ching Chiat Kwong
“CDP”	:	The Central Depository (Pte) Limited
“Closing Date”	:	5.30 p.m. (Singapore time) on 13 February 2015
“Code”	:	The Singapore Code on Take-overs and Mergers (as revised with effect from 9 April 2012)
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Company” or “Hafary”	:	Hafary Holdings Limited
“Company Shareholders’ Resolution”	:	Has the meaning ascribed to it in <b>Section 2.5.2</b> of this Offer Document
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Date of Receipt”	:	The date of receipt by CDP, for and on behalf of the Offeror, of the FAA or, in the case where such date of receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date)
“Despatch Date”	:	16 January 2015, being the date of despatch of this Offer Document
“Entitlement Notification Letter”	:	Has the meaning ascribed to it in <b>Appendix 2</b> to this Offer Document
“Excess Shares”	:	Has the meaning ascribed to it in <b>Section 8.2</b> of this Offer Document
“FAA”	:	Form of Acceptance and Authorisation, which is applicable to Shareholders whose Offer Shares are deposited with CDP and which forms part of this Offer Document
“FAT”	:	Form of Acceptance and Transfer, which is applicable to Shareholders whose Offer Shares are registered in their own names in the Register and which forms part of this Offer Document
“FY”	:	Financial year ended 31 December

“Hafary Annual Report”	:	Annual Report of the Company for the financial year ended 30 June 2014
“Hafary Group”	:	The Company and its subsidiaries
“Hafary Independent Directors”	:	The directors of the Company who are considered independent for the purpose of the Partial Offer
“HSCB”	:	Hap Seng Consolidated Berhad
“HSCB 3Q2014 Balance Sheet”	:	Has the meaning ascribed to it in <b>Paragraph 3</b> of <b>Appendix 4</b> to this Offer Document
“HSCB 3Q2014 Financial Statements”	:	Has the meaning ascribed to it in <b>Paragraph 3</b> of <b>Appendix 4</b> to this Offer Document
“HSCB Annual Report”	:	Annual Report of the HSCB Group for FY2013
“HSCB Financial Statements”	:	Has the meaning ascribed to it in <b>Paragraph 3</b> of <b>Appendix 4</b> to this Offer Document
“HSCB FY2013 Balance Sheet”	:	Has the meaning ascribed to it in <b>Paragraph 3</b> of <b>Appendix 4</b> to this Offer Document
“HSCB Group”	:	HSCB and its subsidiaries
“Irrevocable Undertakings”	:	Has the meaning ascribed to it in <b>Section 4.1.1</b> of this Offer Document
“Latest Practicable Date”	:	8 January 2015, being the latest practicable date prior to the printing of this Offer Document
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date
“LBL”	:	Dr Low Bee Lan Audrey
“LKA”	:	Mr Low Kok Ann
“LSC”	:	Mr Low See Ching
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“MKES”	:	Maybank Kim Eng Securities Pte. Ltd.
“Offer Announcement”	:	The announcement of the Offer released by the Offeror on the Offer Announcement Date
“Offer Announcement Date”	:	30 December 2014, being the date of the Offer Announcement
“Offer Document”	:	This document and any other document which may be issued by MKES, for and on behalf of the Offeror, to amend, revise, supplement or update this document from time to time
“Offer Price”	:	S\$0.24 in cash for each Offer Share
“Offer Shares”	:	Has the meaning ascribed to it in <b>Section 2.1</b> of this Offer Document

“Offeror”	:	Hap Seng Investment Holdings Pte. Ltd.
“Overseas Shareholders”	:	Has the meaning ascribed to it in <b>Section 18.1</b> of this Offer Document
“Partial Offer”	:	The voluntary conditional cash partial offer made by the Offeror to acquire 51 per cent. of the Shares as at the Record Date, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it as at such date, on the terms and subject to the conditions set out in this Offer Document, the FAA and/or the FAT
“Record Date”	:	5.00 p.m. (Singapore time) on 30 January 2015, being the 14th day before the Closing Date, on which the Transfer Books and Register will be closed in order to determine the entitlements of the Relevant Shareholders to the Partial Offer
“Reference Period”	:	The period from 30 June 2014 (being the six-month period immediately preceding the Offer Announcement Date) and ending on the Latest Practicable Date
“Register”	:	The register of holders of the Shares, as maintained by the Registrar
“Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Relevant Acceptance Forms”	:	FAA and/or FAT
“Relevant Day”	:	Has the meaning ascribed to it in <b>Paragraph 3.1</b> of <b>Appendix 1</b> to this Offer Document
“Relevant Percentage Offer Shares”	:	Such number of Relevant Shares each Relevant Shareholder is entitled to tender in acceptance of the Partial Offer, being 51 per cent. of the Relevant Shares (i.e. 510 Shares for every 1,000 Shares) held by him as at the Record Date, fractional entitlements to be disregarded
“Relevant Securities”	:	Has the meaning ascribed to it in <b>Section 15.1.2</b> of this Offer Document
“Relevant Shareholders”	:	Has the meaning ascribed to it in <b>Section 2.2</b> of this Offer Document
“Relevant Shares”	:	All the Shares in issue which are not already owned, controlled or agreed to be acquired by the Offeror and its concert parties
“RM” and “Sen”	:	Ringgit Malaysia and Sen respectively, being the lawful currency of Malaysia
“Scale-Back”	:	Has the meaning ascribed to it in <b>Section 8.3</b> of this Offer Document
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

“Shareholders”	:	The holders of the Shares, including persons whose Offer Shares are deposited with CDP
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“S\$”	:	Singapore dollars, being the lawful currency of Singapore
“Undertaken Shares”	:	Has the meaning ascribed to it in <b>Section 4.1.1(i)</b> of this Offer Document
“Undertaking Shareholders”	:	LKA, LSC, LBL and CCK
“Voting Shares”	:	Has the meaning ascribed to it in <b>Section 4.1.1(ii)</b> of this Offer Document
“VWAP”	:	Volume weighted average price
“%” or “per cent.”	:	Per centum or percentage

**Acting in Concert etc.** The expressions “**acting in concert**” and “**offer period**” shall have the meanings ascribed to them in the Code.

**Announcement, Notice, etc.** References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by MKES or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

**Depositors.** The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in the Companies Act.

**Genders.** Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

**Headings.** The headings in this Offer Document are inserted for convenience only and shall be ignored in construing this Offer Document.

**Shares in the Capital of the Company.** In this Offer Document, the total number of Shares is 429,000,000 as at the Latest Practicable Date, based on information provided by the Company to the Offeror in accordance with the Code.

**Subsidiary.** The expression “**subsidiary**” shall have the meaning ascribed to it in the Companies Act.

**Offer Document.** References to “**Offer Document**” shall include the FAA and the FAT, unless the context otherwise requires.

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

**Shareholders.** References to “**you**”, “**your**” and “**yours**” in this Offer Document are, as the context so determines, to Shareholders.

**Statutes.** Any reference in this Offer Document to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the Code or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code or that modification, as the case may be.

**Time and Date.** Any reference to a time of day and date in this Offer Document shall be a reference to Singapore time and date, unless otherwise specified.



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

All statements other than statements of historical facts included in this Offer Document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “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 Offeror’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 and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor MKES undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

## INDICATIVE TIMETABLE

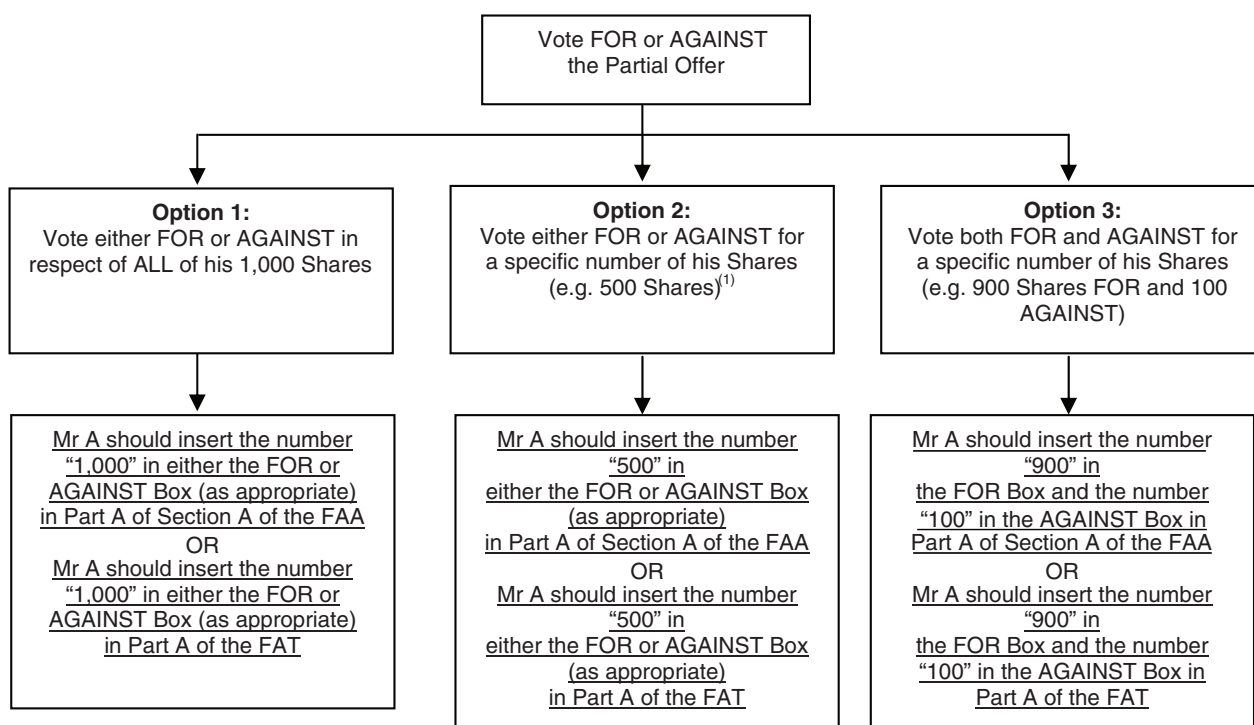
The following are the indicative dates and times for the Partial Offer:

<b>EVENT</b>	<b>DATE</b>
Despatch Date	16 January 2015
Record Date	5.00 p.m. (Singapore time) on 30 January 2015
Despatch of Entitlement Notification Letters	On or about 4 February 2015
Closing Date	5.30 p.m. (Singapore time) on 13 February 2015
Settlement of consideration for Offer Shares acquired by the Offeror	Within 10 days of the Closing Date

## COURSES OF ACTION IN VOTING ON THE PARTIAL OFFER (FOR ILLUSTRATIVE PURPOSES ONLY)

**ASSUME** Mr A either has 1,000 Shares in his Securities Account or holds 1,000 Shares which are not deposited with CDP as at the Record Date. Mr A can choose to vote FOR, vote AGAINST, or ABSTAIN from voting on the Partial Offer.

***If Mr A chooses to vote on the Partial Offer, he must complete Part A of Section A of the FAA or Part A of the FAT.***



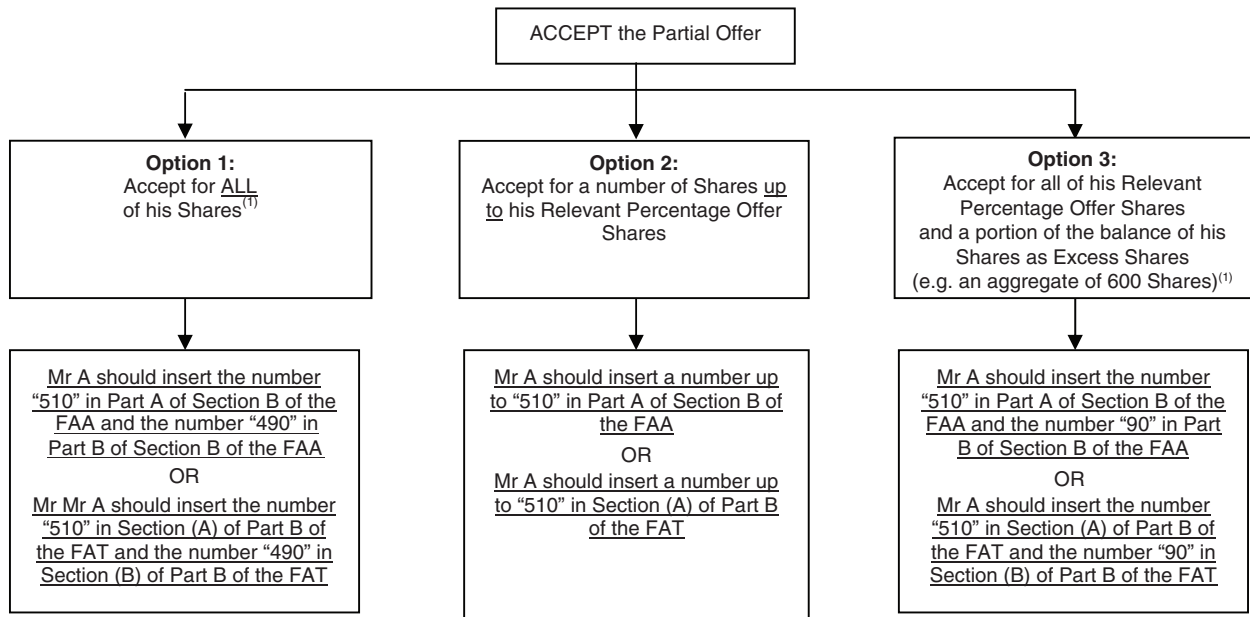
**Note:**

<sup>(1)</sup> In option 2 above, Mr A will be regarded as having abstained from voting in respect of the balance of the Shares which are not inserted in either the FOR or AGAINST Box.

## COURSES OF ACTION IN ACCEPTING THE PARTIAL OFFER (FOR ILLUSTRATIVE PURPOSES ONLY)

**ASSUME** Mr A either has 1,000 Shares in his Securities Account or holds 1,000 Shares which are not deposited with CDP as at the Record Date and his Relevant Percentage Offer Shares is 510 Shares. Mr A can choose to ACCEPT the Partial Offer for all or part of his Shares, or not accept the Partial Offer.

**If Mr A chooses to ACCEPT the Partial Offer in whole or in part, he must complete Section B of the FAA or Part B of the FAT.**



**Note:**

<sup>(1)</sup> In Options 1 and 3 above, any Shares tendered in acceptance in excess of the Relevant Percentage Offer Shares will be subject to Scale-Back (as defined herein) in the manner set out in the FAA and/or the FAT and this Offer Document. An illustration of the Scale-Back is set out in Paragraph 5 of Appendix 1 to this Offer Document.



## MAYBANK KIM ENG SECURITIES PTE. LTD.

(Incorporated in Singapore)  
(Company Registration No.: 197201256N)

16 January 2015

To: The Shareholders of Hafary Holdings Limited

Dear Sir / Madam

### **VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY MKES, FOR AND ON BEHALF OF THE OFFEROR, TO ACQUIRE THE OFFER SHARES**

#### **1. INTRODUCTION**

- 1.1 Offer Announcement.** On 30 December 2014, MKES announced, for and on behalf of the Offeror, the intention of the Offeror to make the Partial 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.** This Offer Document contains the formal Partial Offer by the Offeror to acquire the Offer Shares, and shall be despatched to Shareholders on the Despatch Date.

#### **2. THE PARTIAL OFFER**

- 2.1 Offer Shares.** The Partial Offer will be made for 51 per cent. of the Relevant Shares as at the Record Date (the "**Offer Shares**"), in accordance with Section 139 of the SFA and the Code.

- 2.2 Relevant Shareholders.** The Partial Offer will be extended to all Shareholders as at the Record Date, other than the Offeror and parties acting in concert with it (the "**Relevant Shareholders**").

- 2.3 Offer Price.** The price for each Offer Share is as follows:

**For each Offer Share: S\$0.24 in cash**

- 2.4 No Encumbrances.** The Offer Shares will be acquired:

**2.4.1** fully paid;

**2.4.2** free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and

**2.4.3** together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including all voting rights, the right to receive and retain all dividends, rights and other distributions (if any) announced, declared, paid or made by the Company on or after the Offer Announcement Date.

If any dividend, right, other distribution or return of capital is announced, declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who accepts or has accepted the Partial Offer, the Offeror reserves the right to reduce the Offer Price payable to such accepting Shareholder by the amount of such dividend, right, other distribution or return of capital.

**2.5 Conditions.** The Partial Offer will be subject to the following conditions:

**2.5.1** the Offeror, having received by the Closing Date, valid acceptances in respect of at least 51 per cent. of the Relevant Shares as at the Record Date; and

**2.5.2** the Offeror having received by the Closing Date, approval of the Partial Offer by the Relevant Shareholders representing more than 50 per cent. of the valid votes received (provided that the Offeror, parties acting in concert with it and their respective associates shall abstain from voting) (the “**Company Shareholders’ Resolution**”).

**The Partial Offer will be unconditional in all other respects.**

**2.6 Employee Performance Awards.** As at the Latest Practicable Date, based on the latest information available to the Offeror, the Company has granted an aggregate of 1,550,000 Shares which have been awarded but not yet allotted to participants of the Hafary Performance Share Plan<sup>1</sup>. The terms of the Hafary Performance Share Plan provide that prior to the allotment of such Shares to which the award relates, such grants of awards are not transferable except with the prior approval of the committee administering the Hafary Performance Share Plan.

Accordingly, the Partial Offer will not be extended to participants of the Hafary Performance Share Plan to whom such awards have been granted but the Shares of which have not been allotted. The Partial Offer will however be extended, on the same terms and conditions, to all new Shares which have been allotted and issued pursuant to the vesting of Shares under the Hafary Performance Share Plan prior to the Record Date. For the purposes of the Partial Offer, the expression “**Offer Shares**” shall include all such new Shares.

**2.7 Options.** As at the Latest Practicable Date, based on information provided by the Company to the Offeror in accordance with the Code, no option to subscribe for new Shares has been granted by the Company. For the avoidance of doubt, the Partial Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any option to subscribe for new Shares granted on or prior to the Closing Date.

**2.8 No Increase of Offer Price.** The Offeror does not intend to increase the Offer Price.

**2.9 Aggregate Holding.** As at the Latest Practicable Date, the Offeror and parties acting in concert with the Offeror do not own or control any Shares.

### **3. SIC APPROVAL**

**3.1** On 8 December 2014, the SIC granted its consent to the making of the Partial Offer, subject to the applicable conditions under Rule 16.4 of the Code.

**3.2** The applicable requirements of Rule 16.4 of the Code are as follows:

**3.2.1** the Partial Offer is not a mandatory offer under Rule 14 of the Code;

**3.2.2** the Offeror confirms and undertakes in its application for consent that it and its concert parties did not and will not acquire any voting shares (excluding voting shares acquired by the Offeror and its concert parties via a rights issue and/or bonus issue without increasing their aggregate percentage shareholdings) in the Company:

(i) in the six months prior to the Offer Announcement Date (and confirms this fact in the Offer Announcement);

(ii) in the period between submitting the application for the SIC’s consent and the making of the Partial Offer;

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<sup>1</sup> Based on the announcement released on the SGXNET on 1 August 2014.

- (iii) during the offer period (except pursuant to the Partial Offer); and
- (iv) during a period of six months after the Closing Date, if the Partial Offer becomes unconditional as to acceptances;

**3.2.3** the Partial Offer is conditional, not only on the specified number or percentage of acceptances being received, but also on approval by the Shareholders. The Offeror, parties acting in concert with it and their associates are not allowed to vote on the Partial Offer. Voting should be:

- (i) if a general meeting is convened, by way of a poll on a separate ordinary resolution on the Partial Offer. The Partial Offer must be approved by Shareholders (present and voting either in person or by proxy) of more than 50 per cent. of the votes cast; or
- (ii) if it is on the form of acceptance for the Partial Offer, in a separate box with the number of voting shares indicated. The Partial Offer must be approved by Shareholders of more than 50 per cent. of the votes received. Upon the close of the Partial Offer, the receiving agent must confirm in writing to the SIC that it has done the necessary checks and verification to ensure that votes (if any) cast by Shareholders not allowed to vote, are disregarded and excluded for the purpose of determining shareholders' approval for the Partial Offer;

**3.2.4** arrangements are made with the SGX-ST prior to the posting of the Offer Document to provide a temporary trading counter to trade odd-lots in the Shares after the close of the Partial Offer. Such counter should be open for a reasonable period of time, which in any case should not be shorter than one month;

**3.2.5** the Offer Document contains a specific and prominent statement to the effect that if the Partial Offer succeeds, the Offeror will be able to exercise statutory control over the Company and that the Offeror and its concert parties will be free, subject to the six-month period in **Section 3.2.2(iv)** above, to acquire further shares without incurring any obligation to make a general offer;

**3.2.6** the Partial Offer is made to all Shareholders of the class and arrangements are made for those Shareholders who wish to accept in full for the relevant percentage of their holdings. Shares tendered in excess of this percentage should be accepted by the Offeror from each Shareholder in the same proportion as the number tendered to the extent necessary to enable the Offeror to obtain the relevant number of Offer Shares. The Offeror should arrange its acceptance procedure to minimise the number of new odd-lot shareholdings;

**3.2.7** if the Company has more than one class of equity share capital, a comparable offer is made for each other class;

**3.2.8** an appropriate Partial Offer is made for outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights. In addition, the Partial Offer must be extended to holders of newly issued Shares arising from the exercise of such instruments, subscription rights or options during the offer period; and

**3.2.9** the precise number of Shares, percentage or proportion offered is stated, and the offer may not be declared unconditional as to acceptances unless acceptances are received for not less than that number, percentage or proportion.

**3.3** In connection with the condition set out in **Section 3.2.2** of this Offer Document, the Offeror has confirmed and provided the relevant undertaking to the SIC.

## 4. IRREVOCABLE UNDERTAKINGS

### 4.1 Obligations of the Undertaking Shareholders.

4.1.1 As at the Latest Practicable Date, each of the Undertaking Shareholders have given an irrevocable undertaking to the Offeror (the “**Irrevocable Undertakings**”) to, *inter alia*:

- (i) accept and to procure the acceptance of, the Partial Offer in respect of all of the specified number of Shares held or beneficially owned by the Undertaking Shareholders (the “**Undertaken Shares**”); and
- (ii) exercise all voting rights attaching to all Shares in which the Undertaking Shareholders are the registered holder, beneficial owner or have an interest in, including the Undertaken Shares (collectively, the “**Voting Shares**”), and any other Shares of which they may hereafter become such registered holder, beneficial owner or in which they may become so interested in such manner as to enable the Partial Offer to be made and become unconditional, including to vote all such Undertaken Shares in favour of the Company Shareholders’ Resolution.

4.1.2 Pursuant to the terms of the Irrevocable Undertakings, the Undertaking Shareholders are required to tender the Undertaken Shares in acceptance of the Partial Offer not later than 3.00 p.m. (Singapore time) on the third business day after the Despatch Date.

### 4.2 Details of the Undertaking Shareholders.

4.2.1 **Undertaken Shares.** As at the Latest Practicable Date, the aggregate number of Undertaken Shares which are the subject of the Irrevocable Undertakings amount to 219,580,500 Shares, representing approximately 51.18 per cent. of the total number of Shares in issue. The details of the number of Undertaken Shares which are the subject of the Irrevocable Undertakings as at the Latest Practicable Date are as follows:

Name	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Mr Low Kok Ann <sup>(1)</sup>	34,080,597	7.94	–	–
Mr Low See Ching	30,600,000	7.13	31,095,903 <sup>(2)</sup>	7.25
Dr Low Bee Lan Audrey	41,104,000	9.58	–	–
Mr Ching Chiat Kwong	21,000,000	4.90	61,700,000 <sup>(3)</sup>	14.38
<b>Total</b>	<b>126,784,597</b>	<b>29.55</b>	<b>92,795,903</b>	<b>21.63</b>

**Notes:**

(1) Mr Low Kok Ann is the father of Mr Low See Ching and Dr Low Bee Lan Audrey.

(2) Held in the name of Bank of Singapore Nominees Pte Ltd.

(3) 16,700,000 Shares are held in the name of Bank of Singapore Nominees Pte Ltd and 45,000,000 Shares are held in the name of DB Nominees (S) Pte Ltd.

4.2.2 **Voting Shares.** As at the Latest Practicable Date, the aggregate number of Voting Shares which are the subject of the Irrevocable Undertakings amounts to 314,904,000 Shares, representing approximately 73.40 per cent. of the Shares of the total number of Shares in issue.



- 4.3 Termination.** The obligations of the Undertaking Shareholders under the Irrevocable Undertakings shall lapse if:
- 4.3.1** the Offer Announcement is not released within five business days from the date of the signing of the Irrevocable Undertakings;
  - 4.3.2** the Partial Offer is not made (by the posting of the Offer Document) within the time period prescribed in the Code; or
  - 4.3.3** the Partial Offer lapses or is withdrawn without having become wholly unconditional.
- 4.4 No Other Undertaking.** Save as disclosed in this Offer Document, neither the Offeror nor parties acting in concert with the Offeror has received any irrevocable undertaking from any party (including any party acting in concert with the Offeror) to accept or reject the Partial Offer as at the Latest Practicable Date.

## **5. RECORD DATE**

The Transfer Books and Register will be closed as at the Record Date, 30 January 2015, being the 14th day before the Closing Date, for the purposes of determining the entitlements of Relevant Shareholders to the Partial Offer.

A Relevant Shareholder who is a Depositor and wishes to accept the Partial Offer must ensure that there are Shares held in his Securities Account as at the Record Date. A Relevant Shareholder who is not a Depositor and wishes to accept the Partial Offer must ensure that there are Shares registered in his name in the Register as at the Record Date.

## **6. WARRANTY**

A Relevant Shareholder who tenders his Shares in acceptance of the Partial Offer will be deemed to warrant that he sells such Shares as or on behalf of the beneficial owner(s) thereof, (i) fully paid, (ii) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including all voting rights, the right to receive and retain all dividends, rights and other distributions (if any) announced, declared, paid or made by the Company on or after the Offer Announcement Date.

## **7. DETAILS OF THE PARTIAL OFFER**

**Appendix 1** to this Offer Document sets out further details on (i) the duration of the Partial Offer, (ii) the settlement of the consideration for the Partial Offer, (iii) the requirements relating to the announcement of level of acceptances of the Partial Offer and (iv) the right of withdrawal of acceptances of the Partial Offer.

## **8. VOTING AND ACCEPTANCE OF THE PARTIAL OFFER**

- 8.1 Acceptance of Partial Offer.** Each Relevant Shareholder will be entitled to accept the Partial Offer up to his Relevant Percentage Offer Shares, being 51 per cent. of the Relevant Shares (i.e. 510 Relevant Shares for every 1,000 Relevant Shares) held by it as at the Record Date, fractional entitlements to be disregarded. A Relevant Shareholder may accept the Partial Offer in respect of all or any part of its Relevant Percentage Offer Shares. This entitlement is not transferable.

Relevant Shareholders who wish to accept the Partial Offer in respect of all or any of their Shares should do so by completing the FAA and/or the FAT (as the case may be) in accordance with the procedure set out in **Appendix 2** to this Offer Document and the instructions printed on the FAA and/or the FAT (as the case may be), and delivering the completed and signed FAA and/or FAT to Hap Seng Investment Holdings Pte. Ltd. c/o The Central Depository (Pte) Limited or Hap Seng Investment Holdings Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd. (as the case may be), in each case **to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.**

**A person who becomes a Shareholder after the Record Date, as a result of a purchase or transfer of Shares, shall not be entitled to tender his Shares for the purposes of accepting the Partial Offer.**

- 8.2 Excess Shares.** Each Relevant Shareholder may, in addition to its Relevant Percentage Offer Shares, tender Shares that are in excess of the number of its Relevant Percentage Offer Shares (the “**Excess Shares**”) for acceptance under the Partial Offer in the event that any one or more Relevant Shareholders do not accept their full entitlement of their respective Relevant Percentage Offer Shares.
- 8.3 Meeting of Acceptances by Offeror.** Under the Partial Offer, the Offeror is permitted to acquire only the Offer Shares (as stated in **Section 2.1** above) and is not permitted to acquire any additional Shares which may be tendered for acceptance under the Partial Offer. Where the aggregate number of the Relevant Percentage Offer Shares accepted and the Excess Shares tendered by the Relevant Shareholders exceed the number of the Offer Shares, the Excess Shares tendered will be accepted up to the number of Offer Shares on a pro-rata basis (the “**Scale-Back**”) (but in a manner which minimises the number of new odd-lot shareholdings as the Offeror may in its absolute discretion deem fit in the interest of the Offeror), provided that any one or more of the Relevant Shareholders do not accept their full entitlement of their respective Relevant Percentage Offer Shares and the Partial Offer becomes unconditional in all respects.
- 8.4 Voting on the Partial Offer.** A Relevant Shareholder may approve, reject or abstain from voting on the Partial Offer. Relevant Shareholders may vote all or any number of Shares held by them as at the Record Date for or against the Partial Offer, whether or not they wish to accept the Partial Offer.

Relevant Shareholders who wish to (i) sell their Shares by accepting the Partial Offer or (ii) support the Partial Offer but wish to retain their Shares may wish to vote in favour of the Partial Offer by completing the appropriate section in the FAA and/or the FAT (as the case may be) in accordance with the procedures set out in **Appendix 2** to this Offer Document and the instructions printed on the FAA and/or the FAT (as the case may be), and delivering the completed and signed FAA and/or FAT to Hap Seng Investment Holdings Pte. Ltd. c/o The Central Depository (Pte) Limited or Hap Seng Investment Holdings Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd. (as the case may be), in each case **to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.**

Relevant Shareholders who do not wish to approve the Partial Offer may abstain from voting on or vote against the Partial Offer.

Accepting Relevant Shareholders should note that the Partial Offer will not become or be capable of being declared unconditional unless the Offeror has received by 5.30 p.m. (Singapore time) on the Closing Date, approval of the Partial Offer by Relevant Shareholders representing more than 50 per cent. of the valid votes received.

**A Relevant Shareholder may vote on the Partial Offer only in respect of all or any number of Shares held by it as at the Record Date. A Relevant Shareholder may not vote on the Partial Offer in respect of Shares acquired after the Record Date, whether as a result of a purchase or transfer of Shares.**

- 8.5 Timing for Acceptance and Voting.** A Relevant Shareholder may tender Shares for acceptance under the Partial Offer and vote on the Partial Offer at the same time or at separate times but provided that such acceptance and/or votes must be received by Hap Seng Investment Holdings Pte. Ltd. c/o The Central Depository (Pte) Limited or Hap Seng Investment Holdings Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd. (as the case may be) no later than 5.30 p.m. (Singapore time) on the Closing Date in accordance with the procedures set out in **Appendix 2** to this Offer Document and the instructions printed on the FAA and/or the FAT (as the case may be).
- 8.6 Settlement.** Subject to the Partial Offer becoming unconditional in all respects, settlement of the consideration for the Offer Shares acquired by the Offeror will be made within 10 days of the Closing Date.

**8.7 Appendix 2 to this Offer Document sets out further details on the procedures for voting and acceptance of the Partial Offer.**

**9. EFFECTS OF A SUCCESSFUL PARTIAL OFFER**

**9.1 Effect of the Partial Offer.** The effect of the Partial Offer on the shareholding positions of the Offeror, existing substantial shareholders and other shareholders of the Company in the issued share capital of the Company before and after the Partial Offer is set out below for illustrative purposes only, and on the basis and assumptions listed below. Actual effects may differ depending on the actual allocation of Offer Shares, which shall be in a manner that minimises the number of new odd-lot shareholdings as the Offeror may in its absolute discretion deem fit in the interests of the Offeror.

	Before Partial Offer		After Partial Offer <sup>(1)</sup>			
	No. of Shares	%	Acceptances by Undertaking Shareholders for their Undertaking Shares only and Full Acceptances by all other Shareholders for their Relevant Percentage Offer Shares		Acceptances by Undertaking Shareholders for their Undertaking Shares only <sup>(2)</sup>	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Offeror and concert parties</b>	–	0.0	218,790,000	51.0	218,790,000	51.0
<b>Substantial Shareholders</b>						
Mr Low Kok Ann	68,000,000	15.9	33,919,403 <sup>(3)</sup>	7.9	33,919,403	7.9
Mr Low See Ching	123,100,000	28.7	61,404,097 <sup>(3)</sup>	14.3	61,404,097	14.3
Dr Low Bee Lan Audrey	41,104,000	9.6	19,581,692 <sup>(3)</sup>	4.6	262,453	0.1
Mr Ching Chiat Kwong	82,700,000	19.3	39,397,768 <sup>(3)</sup>	9.2	528,047	0.1
<b>Other Shareholders</b>	114,096,000	26.6	55,907,040 <sup>(4)</sup>	13.0	114,096,000	26.6
<b>Total</b>	<b>429,000,000</b>	<b>100.0</b>	<b>429,000,000</b>	<b>100.0</b>	<b>429,000,000</b>	<b>100.0</b>

**Notes:**

<sup>(1)</sup> Assuming (i) the Partial Offer becomes and is declared unconditional in all respects on or prior to the Closing Date, (ii) no new shares are issued pursuant to the Hafary Performance Share Plan and (iii) the shareholding statistics of the Company as at the Record Date are the same as disclosed in the Hafary Annual Report.

<sup>(2)</sup> Assuming no acceptances by Relevant Shareholders other than the Undertaking Shareholders.

<sup>(3)</sup> All Undertaking Shareholders will tender all their Undertaking Shares.

<sup>(4)</sup> All other Shareholders only tender their Relevant Percentage Offer Shares and do not tender any Excess Shares.

**9.2 Resultant Position.** If the Partial Offer becomes or is declared to be unconditional in all respects, it will result in the Offeror and parties acting in concert with it holding 51 per cent. of the Shares in issue after the Closing Date. Accordingly, the Offeror and parties acting in concert with it will be able to exercise statutory control over the Company and will be free, subject to a six-month moratorium after the Closing Date, to acquire further Shares without incurring any obligation to make a general take-over offer for the Company.

## 10. DESCRIPTION OF THE OFFEROR AND HSCB

**Appendix 3** and **Appendix 4** to this Offer Document set out information on the Offeror and HSCB respectively.

## 11. DESCRIPTION OF THE COMPANY

The Company is incorporated in Singapore and is listed on the Main Board of the SGX-ST. The Hafary Group is a leading supplier of premium tiles, stone, mosaic, wood-flooring, quartz top and sanitary ware and fittings in Singapore. Leveraging on their strong sourcing and procurement network, the Company carries a wide variety of surfacing materials from Europe (mainly Italy and Spain) and Asia and supply to their customers at competitive prices.

**Appendix 5** to this Offer Document sets out certain additional information on the Company. Information on the Company is also available from its website at [www.hafary.com.sg](http://www.hafary.com.sg).

## 12. RATIONALE FOR THE PARTIAL OFFER

**12.1** HSCB, through the Offeror, is seeking to acquire a controlling interest in the Company as the Company would be complementary to HSCB's existing involvement in the building materials upstream market segment and a business combination between the Company and HSCB is expected to create strong synergistic benefits for the following reasons:

**12.1.1** HSCB is involved in upstream segment of the building materials market while the Company is a strong downstream candidate, being a distributor of internationally-acclaimed brands and having a diversified customer portfolio and an established and extensive distribution network; and

**12.1.2** the Company can facilitate HSCB's regional expansion to develop an integrated building materials business, having regard to (a) the Company being a market leader in the tiles segment in the Singapore market and (b) potential growth catalyst in the Company through emerging market presence in Vietnam and China.

## 13. THE OFFEROR'S INTENTIONS FOR THE COMPANY

**13.1 The Offeror's Future Plans for the Company.** It is the intention of the Offeror to carry on and expand the existing business of the Company, and the Offeror presently has no intention to (i) introduce any major changes to the business of the Company, (ii) re-deploy the fixed assets of the Company or (iii) discontinue the employment of the employees of the Company, save in the ordinary course of the business. However, the Offeror retains the flexibility at any time to consider any options in relation to the Company which may present themselves and which the Offeror may regard to be in the interest of the Company.

### 13.2 Listing Status.

**13.2.1 Listing Status of the Company.** Under Rule 1105 of the Listing Manual, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Partial Offer or otherwise, own or control more than 90 per cent. of the Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the Shares (excluding treasury shares) held in public hands falls below 10 per cent., the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Pursuant to Rule 724(2) of the Listing Manual, the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares held by members of the public to at least 10 per cent., failing which the Company may be de-listed from the SGX-ST.

As the Partial Offer is made for the Offer Shares, which, if successful will result in the Offeror and parties acting in concert with the Offeror holding 51 per cent. of the Shares in issue as at the Closing Date, the Offeror and parties acting in concert with the Offeror will not, as a result of the Partial Offer, own, control or acquire more than 90 per cent. of the Shares. Accordingly, Rules 1105 and 724(1) of the Listing Manual will not be invoked solely as a result of the Partial Offer.

**13.2.2 Intention of the Offeror.** It is the current intention of the Offeror to acquire a controlling shareholding interest in the Company and to maintain the listing status of the Company on the SGX-ST following completion of the Partial Offer.

### 13.3 No Compulsory Acquisition.

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives acceptances pursuant to the Partial Offer in respect of not less than 90 per cent. of the Shares in issue (other than those already held by the Offeror, its related corporations or their respective nominees as at the Record Date), the Offeror will have the right to compulsorily acquire at the Offer Price, all the Shares of the Shareholders who have not accepted the Partial Offer.

Similarly, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with Shares held by it, comprise not less than 90 per cent. of the Shares, Shareholders who have not accepted the Partial Offer will have the right to require the Offeror to acquire their Shares at the Offer Price.

However, as the Partial Offer is made for the Offer Shares which, if successful, will result in the Offeror and parties acting in concert with it holding 51 per cent. of the Shares in issue as at the Closing Date, the Offeror and parties acting in concert with it will not, as a result of the Partial Offer, acquire 90 per cent. or more of the Shares in issue (other than those already held by the Offeror, its related corporations or their respective nominees as at the Record Date). Accordingly the aforesaid rights of compulsory acquisition will not arise as a result of the Partial Offer.

## 14. FINANCIAL ASPECTS OF THE PARTIAL OFFER

The Offer Price represents the following premium over the historical traded prices of the Shares:

	Historical Traded Price of the Shares <sup>(1)</sup> (S\$) <sup>(2)</sup>	Premium of Offer Price over the Historical Traded Price of the Shares (%)
Last traded price of the Shares on 30 December 2014, being the Offer Announcement Date	0.220	9.1
VWAP of the Shares for the one-month period up to and including the Offer Announcement Date	0.216	11.1
VWAP of the Shares for the three-month period up to and including the Offer Announcement Date	0.206	16.5
VWAP of the Shares for the six-month period up to and including the Offer Announcement Date	0.199	20.6
VWAP of the Shares for the 12-month period up to and including the Offer Announcement Date	0.194	23.7

**Notes:**

<sup>(1)</sup> Source: Bloomberg L.P.

<sup>(2)</sup> Rounded to the nearest three decimal places.

## 15. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

### 15.1 Holdings and Dealings in Shares.

#### 15.1.1 The Offeror and its Concert Parties.

- (i) None of the Offeror and parties acting or deemed to be acting in concert with the Offeror owns, controls or has agreed to acquire any Shares as at the Latest Practicable Date.
- (ii) **Appendix 8** to this Offer Document sets out dealings in Shares by the Offeror and parties acting or deemed to be acting in concert with it during the Reference Period.

**15.1.2 No Other Holdings or Dealings.** As at the Latest Practicable Date, save as disclosed in this Offer Document, none of the Offeror and parties acting or deemed to be acting in concert with it owns, controls or has agreed to acquire or have dealt for value in any (a) securities which carry voting rights in the Company and (b) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in the Company (collectively, the “**Relevant Securities**”) during the Reference Period.

**15.1.3 Other Arrangements.** As at the Latest Practicable Date, none of the Offeror and parties acting or deemed to be acting in concert with it has (a) granted a security interest relating to any Relevant Securities to another person, whether through a charge, pledge or otherwise, (b) borrowed any Relevant Securities from another person (excluding borrowed Relevant Securities which have been on-lent or sold) or (c) lent any Relevant Securities to another person, save that the Offeror may be required to transfer certain of the Relevant Securities for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.

**15.2 No Irrevocable Undertakings.** As at the Latest Practicable Date, save for the Irrevocable Undertakings disclosed in **Section 4** above, none of the Offeror and parties acting or deemed to be acting in concert with it has received any irrevocable undertaking from any party to accept or reject the Partial Offer.

## 16. TEMPORARY TRADING COUNTER FOR TRADING OF ODD-LOTS

**16.1 Odd-lots.** It is likely that odd-lots of the Shares will be created if Relevant Shareholders accept the Partial Offer in respect of all of their Relevant Percentage Offer Shares.

**16.2 Temporary Odd-lot Trading Counter.** Arrangements have been made by the Company with the SGX-ST for the establishment of a temporary trading counter for the trading of odd-lots of the Shares in the event that the Partial Offer becomes unconditional in all respects. The SGX-ST confirmed in writing to the Company that a temporary trading counter will be established for the period of one month commencing after settlement of the consideration of the Offer Shares, for the trading of board lots of one Share each if the Partial Offer becomes unconditional in all respects. Thereafter, investors can trade in the Unit Share Market of the SGX-ST for any odd-lot Shares. Further details on the temporary trading counter, if applicable, will be announced in due course.

## 17. CONFIRMATION OF FINANCIAL RESOURCES

MKES, as financial adviser to the Offeror in connection with the Partial Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Partial Offer.

## 18. OVERSEAS SHAREHOLDERS

**18.1 Overseas Shareholders.** The availability of the Partial Offer to Relevant Shareholders whose addresses are outside Singapore, as shown on the Register, or, as the case may be, in the records of CDP (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe,



any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Partial Offer is made to all Relevant Shareholders, including those to whom this Offer Document, the FAA and the FAT have not been, or will not be, sent, provided that this Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Partial Offer is not being made into any jurisdiction in which the making or acceptance of the Partial Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Partial Offer to Relevant Shareholders in any such jurisdiction.

**18.2 Copies of the Offer Document, the FAA and the FAT.** Relevant Shareholders (including Overseas Shareholders) may obtain copies of this Offer Document, the FAA, the FAT and any related documents, during normal business hours and up to the Closing Date from Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, Relevant Shareholders (including Overseas Shareholders) may write to Hap Seng Investment Holdings Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, to request for this Offer Document, the FAA, the FAT and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three Market Days prior to the Closing Date.

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

**18.4 Overseas Jurisdiction.** It is the responsibility of any Overseas Shareholder who wishes to accept the Partial 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 other necessary formalities or legal requirements. Such Overseas Shareholder shall be liable for the payment of any taxes, imposts, duties or other requisite payments payable. In accepting the Partial Offer, the Overseas Shareholder represents and warrants to the Offeror, MKES and CDP 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 Relevant Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

## **19. GENERAL INFORMATION**

**19.1 Valid Votes and Acceptances.** The Offeror and MKES each reserves the right to treat votes on and acceptances of the Partial Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions herein and instructions printed on the FAA and/or the FAT, as the case may be.

**19.2 Information Pertaining to CPFIS Investors.** CPFIS Investors will receive further information on how to accept the Partial Offer from their respective CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice. CPFIS Investors who wish to accept the Partial Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Partial Offer becoming or being declared unconditional in accordance with its terms, CPFIS Investors who accept the Partial Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts.

- 19.3 Governing Law and Jurisdiction.** The Partial Offer, this Offer Document, the FAA and the FAT and all votes on and acceptances of the Partial Offer and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each Shareholder who has voted on and/or accepted the Partial Offer submits to the non-exclusive jurisdiction of the Singapore courts.
- 19.4 No Third Party Rights.** Unless expressly provided to the contrary in this Offer Document, the FAA and the FAT, a person who is not a party to any contracts made pursuant to the Partial Offer, this Offer Document, the FAA and the FAT has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
- 19.5 Accidental Omission.** Accidental omission to despatch this Offer Document, the FAA and the FAT or any notice or announcement required to be given under the terms of the Partial Offer or any failure to receive the same by any person to whom the Partial Offer is made or should be made, shall not invalidate the Partial Offer in any way.
- 19.6 Independent Advice.** MKES is acting as the financial adviser to the Offeror and does not purport to advise the Shareholders or any other person. The views of the Hafary Independent Directors and the independent financial adviser to the Hafary Independent Directors on the Partial Offer will be made available to Shareholders in due course by the Company and in any event, they are required under the Code to despatch their views within 14 days after the posting of this Offer Document. Shareholders may wish to consider their advice before taking any action in relation to this Partial Offer.
- 19.7 General Information.** Appendix 9 to this Offer Document sets out additional general information relating to the Partial Offer.

## **20. RESPONSIBILITY STATEMENT**

The directors of the Offeror and HSCB (including any who may have delegated detailed supervision of this Offer Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offer Document are fair and accurate and that no material facts have been omitted from this Offer Document, and the directors of the Offeror and HSCB jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or publicly available sources (including, without limitation, in relation to the Company), the sole responsibility of the directors of the Offeror and HSCB has been to ensure through reasonable enquiries that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Document.

Yours faithfully

**Maybank Kim Eng Securities Pte. Ltd.**

For and on behalf of

**Hap Seng Investment Holdings Pte. Ltd.**



## DETAILS OF THE PARTIAL OFFER

### 1. DURATION OF THE PARTIAL OFFER

**Closing Date.** The Partial Offer is open for acceptance by the Relevant Shareholders for at least 28 days from the Despatch Date, unless the Partial Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **Accordingly, the Partial Offer will close at 5.30 p.m. (Singapore time) on 13 February 2015. Notice is hereby given that the Partial Offer will not be revised or be open for voting and acceptance beyond 5.30 p.m. (Singapore time) on 13 February 2015, save that such notice shall not be capable of being enforced in a competitive situation.**

For these purposes, a “competitive situation” shall be deemed to arise when either (i) a firm intention to make a competing offer for the Company is announced, whether or not subject to any pre-conditions or (ii) the SIC determines that a competitive situation has arisen.

### 2. SETTLEMENT

Subject to the Partial Offer becoming or being declared unconditional in all respects in accordance with its terms and the receipt by the Offeror from accepting Relevant Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with such requirements as may be stated in this Offer Document and the Relevant Acceptance Forms, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares are standing to the credit of the “Free Balance” of the Depositor’s Securities Account at the relevant time, payment in the form of S\$ cheques drawn on a bank in Singapore for the appropriate amounts will be despatched by ordinary post (or by such other manner as the accepting Relevant Shareholders may have agreed with CDP for the payment of any cash distributions), pursuant to Rule 16.6 of the Code, to the accepting Relevant Shareholders (or in the case of Relevant Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct), at the risk of the accepting Relevant Shareholders, as soon as practicable following the Closing Date but in any event within 10 days of the Closing Date.

### 3. ANNOUNCEMENTS

**3.1 Timing and Contents.** Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the Market Day (the “**Relevant Day**”) immediately after the day on which the Partial Offer is due to expire, or the Partial Offer becomes or is declared to be unconditional as to acceptances, the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

**3.1.1** for which valid acceptances of the Partial Offer have been received;

**3.1.2** held by the Offeror and parties acting in concert with it prior to the commencement of the offer period (as defined in the Code); and

**3.1.3** acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the offer period (as defined in the Code),

and will specify the percentages of the Shares (including Shares issued or to be issued pursuant to the valid exercise of any option to subscribe for new Shares prior to the close of the Partial Offer) represented by such numbers.

**3.2 Suspension.** If the Offeror is unable, within the time limit, to comply with any of the requirements of **paragraph 3.1** of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

**3.3 Valid Votes and Acceptances.** Subject to **Section 19.1 (“Valid Votes and Acceptances”)** of the Offer Document, in computing the number of Offer Shares represented by acceptances, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects. Acceptances of the Partial Offer will only be treated as valid for the purposes of the acceptance condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

#### **4. RIGHT OF WITHDRAWAL OF ACCEPTANCES**

**4.1 Votes and Acceptances Irrevocable.** Except as expressly provided in this Offer Document and the Code, votes on and acceptances of the Partial Offer shall be irrevocable.

**4.2 Right of Withdrawal of Shareholders.** A Relevant Shareholder who has tendered acceptances under the Partial Offer may:

**4.2.1** withdraw his acceptance immediately if the Partial Offer has become or been declared to be unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in **paragraph 3.1** of this **Appendix 1** by 3.30 p.m. (Singapore time) on the Relevant Day. The Offeror may terminate this right of withdrawal not less than eight days after the Relevant Day by confirming (if that be the case) that the Partial Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in **paragraph 3.1** of this **Appendix 1**;

**4.2.2** withdraw his acceptance after 14 days from the Closing Date, if the Partial Offer has not by then become or is declared to be unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Partial Offer becomes or is declared to be unconditional as to acceptances; and

**4.2.3** withdraw his acceptance immediately if a competing offer for the Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Partial Offer becomes or is declared to be unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such other offer immediately.

**4.3 Procedures for Withdrawal of Acceptances.** To withdraw his acceptance under the Partial Offer:

**4.3.1** a Relevant Shareholder holding Offer Shares which **are not deposited with** CDP must give written notice to Hap Seng Investment Holdings Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; and

**4.3.2** a Shareholder holding Shares which **are deposited with** CDP must give written notice to Hap Seng Investment Holdings Pte. Ltd. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

A notice of withdrawal shall be effective only if signed by the accepting Relevant Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.

#### **5. SCALE-BACK**

The determination of the Scale-Back is set out herein for illustrative purposes only. Assume that the Offeror receives aggregate acceptances at the close of the Partial Offer for 300,000,000 Shares of which (a) 180,000,000 Shares have been tendered by Relevant Shareholders in respect of their Relevant Percentage Offer Shares; and (b) 120,000,000 Shares have been tendered by Relevant Shareholders as Excess Shares.

Under the terms of the Partial Offer, the Offeror is permitted to acquire up to the relevant percentage of Offer Shares (being 51 per cent. of the Relevant Shares as at the Record Date) and is not permitted to acquire further Shares tendered for acceptance of the Partial Offer. In this scenario, the proportion of Excess Shares from each Relevant Shareholder which will be accepted by the Offeror will be based on the following formula:

$$\frac{\text{Number of Shares to be acquired under the Partial Offer} - \text{Number of Relevant Percentage Offer Shares tendered}}{\text{Number of Excess Shares tendered}}$$

Using the figures in the example above, the proportion of the Scale-Back is 32.325 per cent. as derived by the following calculation:

$$\frac{(218,790,000 - 180,000,000)}{120,000,000}$$

Assume Mr A has 1000 Shares as at the Record Date and accepts for all of his 1,000 shares, he will be deemed to have tendered all 510 of his Relevant Percentage Offer Shares and 490 Excess Shares. If the Partial Offer becomes unconditional in all respects, the Offeror would acquire all of the 510 Relevant Percentage Offer Shares tendered and 158 of the Excess Shares tendered (fractional entitlements disregarded), being 32.325 per cent. of 490 Excess Shares. Accordingly, Mr A would receive the Offer Price for 668 Shares and the remaining 332 Shares which were not accepted as a result of the Scale-Back will be returned to Mr A in accordance with procedures set out in **Appendix 2** to this Offer Document, the FAA and the FAT. In calculating the Scale-Back, the acceptances will also be subject to the Offeror's procedures to minimise the number of odd-lot shareholdings and any fraction of a Share will be disregarded.

## PROCEDURES FOR VOTING AND ACCEPTANCE OF THE PARTIAL OFFER

### 1. INTRODUCTION

**1.1. Entitlement Notification Letter.** A letter (the “**Entitlement Notification Letter**”) will be despatched to Relevant Shareholders after the Record Date to notify them, *inter alia*, of (i) the number of Shares held as at Record Date in respect of which they are entitled to vote on the Partial Offer and (ii) their Relevant Percentage Offer Shares.

**1.2. For the avoidance of doubt, if you are unsure about the number of Shares you hold as at the Record Date, you may wait until you receive the Entitlement Notification Letter after the Record Date which will notify you of the Relevant Percentage Offer Shares as at the Record Date, before completing the FAA and/or the FAT.**

**1.3. Voting by Relevant Shareholders.** The Partial Offer will not become or be capable of being declared unconditional in all respects unless more than 50 per cent. of the votes received from Relevant Shareholders are in favour of the Partial Offer (the Offeror, parties acting in concert with the Offeror and the respective associates of the Offeror and parties acting in concert with the Offeror shall not be allowed to vote).

(1) **RELEVANT SHAREHOLDERS MAY VOTE ALL OR ANY NUMBER OF SHARES HELD BY THEM AS AT THE RECORD DATE FOR OR AGAINST THE PARTIAL OFFER, WHETHER OR NOT THEY WISH TO ACCEPT THE PARTIAL OFFER.**

(2) As voting entitlement is determined as at the Record Date, this means that a Relevant Shareholder is entitled to vote on the Partial Offer in respect of the Shares held by it as at the Record Date even if it has sold all those Shares after the Record Date. Conversely, any person who has purchased those Shares after the Record Date will not be entitled to vote on the Partial Offer in respect of those Shares.

(3) A Relevant Shareholder who has submitted an FAA or FAT (as the case may be) to vote its Shares on the Partial Offer, and who wishes to vote additional Shares thereafter may obtain and submit another FAA or FAT (as the case may be) in respect of such additional Shares to be voted and the procedures below on voting shall apply *mutatis mutandis* to such further votes.

(4) A Relevant Shareholder shall be deemed NOT to have voted either for or against the Partial Offer unless the procedures and instructions in this Offer Document and printed on the FAA and the FAT have been complied with.

**1.4. Acceptance by Relevant Shareholders.** A Relevant Shareholder who is a Depositor and wishes to accept the Partial Offer must ensure that there are Shares held in his Securities Accounts as at the Record Date. A Relevant Shareholder who is not a Depositor and wishes to accept the Partial Offer must ensure that there are Shares registered in his name in the Register as at the Record Date.

(1) A Relevant Shareholder is entitled to accept (in full or in part) or not accept the Partial Offer in respect of his Shares. A Relevant Shareholder is entitled to (i) accept the Partial Offer for up to the number of Relevant Percentage Offer Shares stated in the Entitlement Notification Letter; and (ii) may tender his Excess Shares for acceptance under the Partial Offer. Subject to the Partial Offer becoming unconditional in all respects, acceptances in excess of the Relevant Percentage Offer Shares will be scaled down proportionately, but in a manner which minimises the number of new odd-lot shareholdings as the Offeror may in its absolute discretion deem fit in the interest of the Offeror.

- (2) A Relevant Shareholder who has submitted an FAA or FAT (as the case may be) in respect of Shares accepted and tendered for acceptance under the Partial Offer, and who wishes to tender additional Shares for acceptance thereafter may obtain and submit another FAA or FAT (as the case may be) in respect of such additional Shares to be tendered and the procedures below on acceptances shall apply *mutatis mutandis* to such further acceptances.
- (3) In all instances, the aggregate number of Shares accepted and tendered for acceptance under the Partial Offer shall not be more than the lower of (i) the number of Shares (in the case of Depositors) standing to the credit of the “Free Balance” of a Relevant Shareholder’s Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) if the Date of Receipt is the Closing Date and/or (in the case of Relevant Shareholders holding Shares which are not deposited with CDP (“**in scrip form**”) represented by the attached share certificate(s) save where such share certificate(s) is/are not readily available or is/are lost as provided under sub-paragraph 3.3(3)(b) below) or (ii) the number of Shares (in the case of Depositors) held in a Relevant Shareholder’s Securities Account as at the Record Date and/or (in the case of Relevant Shareholders holding Shares in scrip form) held by the Relevant Shareholders as at the Record Date.

## 2. PROCEDURES FOR VOTING AND ACCEPTANCE OF THE PARTIAL OFFER BY DEPOSITORS WHOSE SECURITIES ACCOUNTS ARE CREDITED WITH OFFER SHARES

2.1. **FAA.** If you have Shares held in your Securities Account on the Record Date, you should receive this Offer Document together with the FAA. You will also receive the Entitlement Notification Letter (for your information only) after the Record Date, notifying you of the number of Shares held as at the Record Date including your Relevant Percentage Offer Shares. If you are a Depositor whose Securities Account is or will be credited with Offer Shares on the Record Date but you do not receive the FAA, you may obtain such FAA upon production of satisfactory evidence that you are a Shareholder from The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

2.2. **Voting.** If you wish to vote for or against the Partial Offer, you should:

- (1) complete **Part A of Section A** of the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA. In particular, you must insert the number of Shares you wish to vote in the “**FOR**” or “**AGAINST**” box (as appropriate) in **Part A of Section A** of the FAA. If you:
  - (a) insert the number of Shares only in the “**FOR**” box and such number of Shares exceeds the total number of Shares held in your Securities Account as at the Record Date, you will be deemed to have voted all your Shares held in your Securities Account as at the Record Date for the Partial Offer;
  - (b) insert the number of Shares only in the “**AGAINST**” box and such number of Shares exceeds the total number of Shares held in your Securities Account as at the Record Date, you will be deemed to have voted all your Shares held in your Securities Account as at the Record Date against the Partial Offer;
  - (c) insert the number of Shares in both the “**FOR**” and “**AGAINST**” boxes, you will be deemed to have voted such number of Shares inserted in the relevant boxes for or against the Partial Offer, respectively. If the total number of Shares inserted in both the “**FOR**” and “**AGAINST**” boxes exceeds the total number of Shares held in your Securities Account as at the Record Date, you will be deemed not to have voted for or against the Partial Offer;
  - (d) insert an Indication (as defined below) instead of the number of Shares only in the “**FOR**” box, you will be deemed to have voted all your Shares held in your Securities Account as at the Record Date for the Partial Offer;

- (e) insert an Indication instead of the number of Shares only in the “**AGAINST**” box, you will be deemed to have voted all your Shares held in your Securities Account as at the Record Date against the Partial Offer;
- (f) insert both an Indication and the number of Shares in the same box in **Part A of Section A** of the FAA, only the number of Shares inserted in the box will be taken into account and the Indication will be disregarded;
- (g) insert only an Indication in both the “**FOR**” and “**AGAINST**” boxes, you will be deemed not to have voted for or against the Partial Offer;
- (h) insert an Indication in one box and the number of Shares in another box in **Part A of Section A** of the FAA, you will be deemed to have voted (i) the number of Shares inserted in the latter box for or against the Partial Offer (as the case may be) and (ii) the remainder of your Shares held in your Securities Account as at the Record Date, if any, against or for the Partial Offer (as the case may be); and
- (i) neither insert (i) the number of Shares nor (ii) an Indication in **Part A of Section A** of the FAA, you will be deemed NOT to have voted either for or against the Partial Offer;

For the purposes of the FAA, an indication is defined as a tick, cross or such other forms of annotation to be determined by the Offeror in its absolute discretion for the purpose of ascertaining your voting intention (the “**Indication**”);

- (2) sign the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA; and
- (3) deliver the completed and signed FAA either:
  - (a) **by hand** to Hap Seng Investment Holdings Pte. Ltd., c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
  - (b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Hap Seng Investment Holdings Pte. Ltd., c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case **so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date**. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

**2.3. Acceptance.** If you wish to accept the Partial Offer, you should:

- (1) complete **Section B** of the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular:
  - (a) if you insert the number of Shares in **Part A of Section B** of the FAA (not exceeding the number of your Relevant Percentage Offer Shares), you will be deemed to have accepted the Partial Offer in respect of such number of Shares so inserted in **Part A of Section B** of the FAA;
  - (b) if you insert the number of Shares in **Part B of Section B** of the FAA, you shall be deemed to have tendered, subject to the provisions of sub-paragraph (e) below, such number of Shares for acceptance as Excess Shares under the Partial Offer;
  - (c) if the number of Shares inserted in **Part A of Section B** of the FAA exceeds the number of the Relevant Percentage Offer Shares, you will be deemed to have (i) accepted the Partial Offer in respect of all your Relevant Percentage Offer Shares and (ii) (if applicable) tendered the number of Shares in excess of your Relevant Percentage Offer Shares (up to the number of Shares inserted in **Part A of Section B** of the FAA) as Excess Shares, for acceptance under the Partial Offer;



- (d) if you want to accept the Partial Offer only in respect of part or all of your Relevant Percentage Offer Shares and do not want to tender any Excess Shares for acceptance, please ensure that you insert the number of Relevant Percentage Offer Shares in **Part A of Section B** of the FAA and leave **Part B of Section B** of the FAA blank;
- (e) if you insert the number of Shares only in **Part B of Section B** of the FAA, you will be deemed to have (i) accepted the Partial Offer in respect of all your Relevant Percentage Offer Shares and (ii) (if applicable) tendered the difference of the number of shares indicated in **Part B of Section B** of the FAA and your Relevant Percentage Offer Shares as Excess Shares in acceptance for the Partial Offer; and
- (f) if both **Part A of Section B** of the FAA and **Part B of Section B** of the FAA have been left blank or the insertions in **Part A** and/or **Part B of Section B** of the FAA are not in terms of the number of Shares standing to the credit of the "Free Balance" of your Securities Account as at the Record Date (including insertions of ticks, crosses or percentages in **Part A** and/or **Part B of Section B of the FAA**), you will be deemed not to have accepted the Partial Offer and your acceptance will be rejected;

Provided always that:

- (i) in all instances, the number of Shares you will be deemed to have tendered for acceptance under the Partial Offer shall not be more than the lower of (i) the number of Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) if the Date of Receipt is the Closing Date or (ii) the number of Shares held in your Securities Account as at the Record Date;
  - (ii) you must ensure that you have not less than the relevant number of Shares (in respect of which you have accepted the Partial Offer or tendered for acceptance under the Partial Offer) standing to the credit of the "Free Balance" of your Securities Account on the Date of Receipt, failing which you will be deemed to have accepted the Partial Offer in respect of all the Shares (if any) which are standing to the credit of the "Free Balance" of your Securities Account on the Date of Receipt, provided always that the Date of Receipt is on or before the Closing Date; and
  - (iii) subject to the Partial Offer becoming unconditional as described in this Offer Document, acceptances will be met by the Offeror in full to the extent necessary to enable the Offeror to acquire the Offer Shares. Acceptances in excess of the Offer Shares will be scaled down proportionately but in a manner which minimises the number of new odd-lot shareholdings as the Offeror may in its absolute discretion deem fit in the interest of the Offeror. None of MKES or CDP take responsibility for any decisions that the Offeror may have made;
- (2) sign the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA; and
  - (3) deliver the completed and signed FAA either:
    - (a) **by hand** to Hap Seng Investment Holdings Pte. Ltd., c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
    - (b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Hap Seng Investment Holdings Pte. Ltd., c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case **so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date**. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

- 2.4. General.** No acknowledgement will be given for submissions of the FAA made by hand or by post to CDP or deposited into boxes located at CDP's premises. All communications, notices, documents and remittances to be delivered or sent to you will be sent by ordinary post at your risk to your mailing address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Shares credited to your Securities Account. You can verify such number through CDP Online if you have registered for the CDP Internet Access Service or through CDP Phone Service if you have a T-PIN.
- 2.5. Suspense Account.** Upon receipt by CDP, for and on behalf of the Offeror, of the duly completed and signed original of the FAA, CDP will take such measures as it may consider necessary and expedient to prevent any trading of the Shares in respect of which you have accepted the Partial Offer during the period commencing on the Date of Receipt and ending on the date of settlement of the Offer Price, in the event the Partial Offer becomes or is declared unconditional in all respects in accordance with its terms (including, without limitation, earmarking, blocking, and/or transferring the relevant number of such Shares from the "Free Balance" of your Securities Account to a "Suspense Account").
- 2.6. Return of Offer Shares.** In the event the Partial Offer does not become or is not declared unconditional in all respects in accordance with its terms, the relevant Shares in respect of which you have accepted the Partial Offer will be returned to the "Free Balance" of your Securities Account as soon as possible but, in any event, not later than 14 days from the lapse of the Partial Offer.
- 2.7. Partial Offer Conditional.** If the Partial Offer becomes or is declared to be unconditional in accordance with its terms, and if you have accepted the Partial Offer in accordance with the provisions contained herein and in the FAA, CDP will send you a notification letter stating the number of Shares debited from your Securities Account together with payment of the Offer Price by way of a cheque drawn on a bank in Singapore for the appropriate amount, or in such manner as you may have agreed with CDP for the payment of any cash distributions, at your own risk.
- 2.8. No Securities Account.** If you do not have any existing Securities Account in your own name at the time of acceptance of the Partial Offer, your acceptance as contained in the FAA will be rejected.
- 3. PROCEDURES FOR VOTING AND ACCEPTANCE OF THE PARTIAL OFFER BY RELEVANT SHAREHOLDERS WHO HOLD OFFER SHARES WHICH ARE NOT DEPOSITED WITH CDP**
- 3.1. FAT.** If you hold Shares in scrip form on the Record Date, you should receive this Offer Document together with the FAT. You will also receive the Entitlement Notification Letter (for your information only) after the Record Date, notifying you of the number of Shares held as at the Record Date including your Relevant Percentage Offer Shares. If you are a Shareholder as at the Record Date in scrip form or have purchased Offer Shares in scrip form on or prior to the Record Date but you do not receive the FAT, you may obtain such FAT upon production of satisfactory evidence that you are a Shareholder from the Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.
- 3.2. Voting.** If you wish to vote for or against the Partial Offer, you should:
- (1) complete **Part A** of the FAT in accordance with the provisions of this Offer Document and the instructions printed on the FAT. In particular, you must either insert the number of Shares you wish to vote in the "**FOR**" or "**AGAINST**" box (as appropriate) in **Part A** of the FAT. If you:
    - (a) insert the number of Shares only in the "**FOR**" box and such number of Shares exceeds the total number of Shares held by you as at the Record Date, you will be deemed to have voted all your Shares held by you as at the Record Date for the Partial Offer;
    - (b) insert the number of Shares only in the "**AGAINST**" box and such number of Shares exceeds the total number of Shares held by you as at the Record Date, you will be deemed to have voted all your Shares held by you as at the Record Date against the Partial Offer;



- (c) insert the number of Shares in both the “**FOR**” and “**AGAINST**” boxes, you will be deemed to have voted such number of Shares inserted in the relevant boxes for or against the Partial Offer, respectively. If the total number of Shares inserted in both the “**FOR**” and “**AGAINST**” boxes exceeds the total number of Shares held by you as at the Record Date, you will be deemed not to have voted for or against the Partial Offer;
- (d) insert an Indication instead of the number of Shares only in the “**FOR**” box, you will be deemed to have voted all your Shares held by you as at the Record Date for the Partial Offer;
- (e) insert an Indication instead of the number of Shares only in the “**AGAINST**” box, you will be deemed to have voted all your Shares held by you as at the Record Date against the Partial Offer;
- (f) insert both an Indication and the number of Shares in the same box in **Part A** of the FAT, only the number of Shares inserted in the box will be taken into account and the Indication will be disregarded;
- (g) insert only an Indication in both the “**FOR**” and “**AGAINST**” boxes, you will be deemed not to have voted for or against the Partial Offer;
- (h) insert an Indication in one box and the number of Shares in another box in **Part A** of the FAT, you will be deemed to have voted (i) the number of Shares inserted in the latter box for or against the Partial Offer (as the case may be) and (ii) the remainder of your Shares held by you as at the Record Date, if any, against or for the Partial Offer (as the case may be); and
- (i) neither insert (i) the number of Shares nor (ii) an Indication in **Part A** of the FAT, you will be deemed NOT to have voted either for or against the Partial Offer;

For the purposes of the FAT, an indication is defined as a tick, cross or such other forms of annotation to be determined by the Offeror in its absolute discretion for the purpose of ascertaining your voting intention (the “**Indication**”);

- (2) sign **Part A** of the FAT in accordance with the provisions of this Offer Document and the instructions printed on the FAT; and
- (3) deliver the completed and signed **Part A** of the FAT either:
  - (a) **by hand** to Hap Seng Investment Holdings Pte. Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
  - (b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Hap Seng Investment Holdings Pte. Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623,

in either case **so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date**. If the completed and signed FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

**3.3. Acceptance.** If you wish to accept the Partial Offer, you should:

- (1) complete **Part B** of the FAT in accordance with this Offer Document and the instructions printed on the FAT. In particular:
  - (a) if you insert the number of Shares in **Section (A) of Part B** of the FAT (not exceeding the number of your Relevant Percentage Offer Shares), you will be deemed to have accepted the Partial Offer in respect of such number of Shares so inserted in **Section (A) of Part B** of the FAT;
  - (b) if you insert the number of Shares in **Section (B) of Part B** of the FAT, you shall be deemed to have tendered, subject to the provisions of sub-paragraph (e) below, such number of Excess Shares for acceptance under the Partial Offer;
  - (c) if the number of Shares inserted in **Section (A) of Part B** of the FAT exceeds the number of the Relevant Percentage Offer Shares, you will be deemed to have (i) accepted the Partial Offer in respect of all your Relevant Percentage Offer Shares and (ii) (if applicable) tendered the number of Shares in excess of your Relevant Percentage Offer Shares (up to the lower of (i) the difference between the total number of Shares inserted in **Section (A) of Part B** of the FAT and all your Relevant Percentage Offer Shares and (ii) the difference between the Shares represented by the attached share certificate(s) and all your Relevant Percentage Offer Shares) as Excess Shares, for acceptance under the Partial Offer;
  - (d) if you want to accept the Partial Offer only in respect of part or all of your Relevant Percentage Offer Shares and do not want to tender any Excess Shares for acceptance, please ensure that you insert the number of Relevant Percentage Offer Shares in **Section (A) of Part B** of the FAT and leave **Section (B) of Part B** of the FAT blank;
  - (e) if you insert the number of Shares only in **Section (B) of Part B** of the FAT, you will be deemed to have (i) accepted the Partial Offer in respect of all your Relevant Percentage Offer Shares and (ii) (if applicable) tendered the number of Shares in excess of your Relevant Percentage Offer Shares (up to the lower of (i) the difference between the total number of Shares inserted in **Section (B) of Part B** of the FAT and all your Relevant Percentage Offer Shares and (ii) the difference between the Shares represented by the attached share certificate(s) and all your Relevant Percentage Offer Shares) as Excess Shares, for acceptance under the Partial Offer; and
  - (f) if both **Section (A) of Part B** of the FAT and **Section (B) of Part B** of the FAT have been left blank or the insertions in **Section (A)** and/or **Section (B) of Part B** of the FAT are not in terms of the number of Shares held by you as at the Record Date (including insertions of ticks, crosses or percentages in **Section (A)** and/or **Section (B) of Part B** of the FAT), you will be deemed not to have accepted the Partial Offer and your acceptance will be rejected;

Provided always that:

- (i) in all instances, the number of Shares you will be deemed to have tendered for acceptance under the Partial Offer shall not be more than the lower of (i) the number of Shares represented by the attached share certificate(s) save where such share certificate(s) is/are not readily available or is/are lost as provided under sub-paragraph (3)(b) below or (ii) the number of Shares held by you as at the Record Date; and
- (ii) subject to the Partial Offer becoming unconditional as described in this Offer Document, acceptances will be met by the Offeror in full to the extent necessary to enable the Offeror to acquire the Offer Shares. Acceptances in excess of the Offer Shares will be scaled down proportionately but in a manner which minimises the number of new odd-lot shareholdings as the Offeror may in its absolute discretion deem fit in the interest of the Offeror. None of MKES or Boardroom Corporate & Advisory Services Pte. Ltd. takes responsibility for any decisions that the Offeror may have made;

- (2) sign **Part B** of the FAT in accordance with the provisions of this Offer Document and the instructions printed on the FAT; and
- (3) deliver:
  - (a) the completed and signed **Part B** of the FAT;
  - (b) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror relating to the Shares in respect of which you wish to accept the Partial Offer. If you are recorded in the Register as holding Shares but do not have the relevant share certificate(s) relating to such Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the Memorandum and Articles of Association of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document; and
  - (c) where such Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of transferee left blank (to be completed by the Offeror or a person authorized by it),

**by hand** to Hap Seng Investment Holdings Pte. Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or **by post**, in the enclosed pre-addressed envelope at your own risk, to Hap Seng Investment Holdings Pte. Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, **in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.**

If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

- 3.4. Receipt.** No acknowledgement of receipt of any FAT, share certificate(s) or any other document(s) will be given by the Offeror, MKES or the Registrar.
- 3.5. Return of Offer Shares.** In the event the Partial Offer does not become or is not declared unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and/or any other accompany document(s) will be returned to you as soon as possible but, in any event, not later than 14 days from the lapse of the Partial Offer.

#### **4. GENERAL**

- 4.1. Disclaimer.** The Offeror, MKES, CDP and the Registrar (as the case may be) will be entitled, at their sole and absolute discretion, to reject any acceptance which does not comply with the terms of this Offer Document and the Relevant Acceptance Forms or which is otherwise incomplete, incorrect or invalid in any respect. If you wish to accept the Partial Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is properly completed in all respects and that the FAA and/or the FAT, as the case may be, is submitted with original signature(s) and that all required documents are provided. Any decision to reject any acceptance will be final and binding and none of the Offeror, MKES, CDP and the Registrar accepts any responsibility or liability for the consequences of such a decision.
- 4.2. Discretion.** The Offeror and MKES reserve the right to treat acceptances of the Partial Offer as valid if received by or on behalf of it at any place or places determined by it otherwise than as stated in this Offer Document or in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and in the FAA and/or the FAT, as the case may be.

- 4.3. Scrip and Scripless Shares.** If you hold some Shares in scrip form and others with CDP, you should complete the FAT for the former and the FAA for the latter in accordance with the respective procedures set out in this **Appendix 2** if you wish to accept the Partial Offer in respect of all such Shares.
- 4.4. Acceptances received on Saturday, Sunday or Public Holiday.** Acceptances in the form of the FAA and/or FAT received by the Offeror, MKES, CDP and/or the Registrar, on a Saturday, Sunday or public holiday will only be processed and validated on the next business day.
- 4.5. Deposit Time.** If you hold Shares in scrip form, the Shares may not be credited into your Securities Account with CDP in time for you to accept the Partial Offer if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Partial Offer in respect of such Shares, you should complete the FAT and follow the procedures set out in **paragraph 3** of this **Appendix 2**.
- 4.6. Correspondences.** All communications, notices, documents and remittances to be delivered or sent to you (or in the case of scrip holders, your designated agent or, in the case of accepting joint Shareholders who have not designated any agent, to the one first-named in the Register or Depository Register, as the case may be) will be sent by ordinary post to your address as it appears in the records of CDP or the Registrar, as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and address as may be specified by you in the FAT, as the case may be, at your own risk).
- 4.7. Evidence of Title.** Delivery of the duly completed and signed FAA and/or FAT to CDP and/or the Registrar and/or the Offeror and/or MKES, as the case may be, shall be conclusive evidence in favour of CDP, the Registrar, the Offeror and/or MKES of the right and title of the person signing it to deal with the same and with the Shares to which it relates.
- 4.8. Loss in Transmission.** The Offeror, MKES, CDP or the Registrar, as the case may be, shall not be liable for any loss in transmission of the FAA and/or FAT.

## INFORMATION ON THE OFFEROR

### 1. DIRECTORS

The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as follows:

Name	Address	Description
Ms Cheah Yee Leng	21st Floor Menara Hap Seng Jalan P. Ramlee 50250 Kuala Lumpur	Director
Datuk Edward Lee Ming Foo	No. 43 Jalan PJU1A/36 Ara Damansara 47301 Petaling Jaya Selangor Darul Ehsan	Director
Mr Chan Kien Ming	138 Hillview Avenue #07-01 Hillview Residence Singapore 669599	Director

### 2. PRINCIPAL ACTIVITIES

The Offeror is a company incorporated in Singapore on 24 November 2014 and its principal activity is that of an investment holding company. It has an issued and paid-up share capital of S\$1.00 comprising one ordinary share. It is a direct wholly-owned subsidiary of HSCB.

### 3. FINANCIAL INFORMATION

As the Offeror was incorporated on 24 November 2014, no audited financial statements of the Offeror have been prepared since the Latest Practicable Date.

### 4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of making and financing the Partial Offer, there has been no material changes to the financial position of the Offeror subsequent to the date of its incorporation.

### 5. REGISTERED OFFICE

The registered office of the Offeror is at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

## INFORMATION ON HSCB

### 1. DIRECTORS

The names, addresses and descriptions of the directors of HSCB as at the Latest Practicable Date are as follows:

Name	Address	Description
Dato' Jorgen Bornhoft	B-4-3A No. 1, Persiaran Persekutuan Sri Bukit Persekutuan 50480 Kuala Lumpur	Independent Non-Executive Chairman
Datuk Edward Lee Ming Foo	No. 43 Jalan PJU1A/36 Ara Damansara 47301 Petaling Jaya Selangor Darul Ehsan	Managing Director
Mr Lee Wee Yong	No. 6 Jalan PJU1A/29B Ara Damansara 47301 Petaling Jaya Selangor Darul Ehsan	Executive Director
Ms Cheah Yee Leng	21st Floor Menara Hap Seng Jalan P. Ramlee 50250 Kuala Lumpur	Executive Director
Datuk Shim Kong Yip	TB3169, Taman Fook An Mile 2 3/4 Jalan Sin Onn 91000 Tawau Sabah	Non-Independent Non-Executive Director
Ch'ng Kok Phan	No. 8, Wangjing Road LSH Plaza, Daimler Tower 8th Floor, Chaoyang District Beijing 100102 P.R. China	Non-Independent Non-Executive Director
Lt. Gen (R) Datuk Abdul Aziz bin Hasan	No. 18, Jalan SS 5B/3 Taman Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Independent Non-Executive Director
Dato' Mohammed Bin Haji Che Hussein	35, Jalan 12 Taman Tun Abdul Razak 68000 Ampang Selangor Darul Ehsan	Independent Non-Executive Director
Mr Tan Ghee Kiat	7, Jalan Turi Bukit Bandaraya 59100 Kuala Lumpur	Independent Non-Executive Director

## 2. PRINCIPAL ACTIVITIES

HSCB is a company incorporated in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad with diversified businesses in plantations, property investment and development, credit financing, trading of fertilizers and automotive, as well as building materials and stone quarries.

## 3. FINANCIAL INFORMATION

Set out below are certain financial information extracted from HSCB Group's audited consolidated financial statements for FY2011, FY2012 and FY2013 and HSCB Group's unaudited interim consolidated financial statements for 3Q2014 (the "HSCB 3Q2014 Financial Statements" and collectively, the "HSCB Financial Statements"). Such financial information should be read in conjunction with the HSCB Financial Statements and the accompanying notes as set out therein.

	<b>Unaudited 9 months ended 30 September 2014 RM'000</b>	<b>Audited FY2013 RM'000</b>	<b>Audited FY2012 RM'000</b>	<b>Audited FY2011 RM'000</b>
Revenue	2,784,782	3,486,747	3,958,899	3,628,380
Other non-operating items	–	415,508	–	(2,175)
Profit before tax	787,493	801,581	681,579	636,894
Profit after tax	610,610	635,842	490,926	495,022
Non-controlling interests	45,570	47,585	63,822	117,525
Profit attributable to owners of the Company	565,040	588,257	427,104	377,497
Basic earnings per share (sen)	27.92	28.70	19.79	18.94
Dividends per share (sen)	25.00	16.00	10.50	8.60

The audited consolidated balance sheet of HSCB Group as at 31 December 2013 (the "HSCB FY2013 Balance Sheet") and the unaudited consolidated balance sheet of the HSCB Group as at 30 September 2014 (the "HSCB 3Q2014 Balance Sheet") which are extracted from the HSCB 3Q2014 Financial Statements are set out in **Appendix 6**. The HSCB FY2013 Balance Sheet and the HSCB 3Q2014 Balance Sheet should be read in conjunction with the audited consolidated financial statements for FY2013 and the accompanying notes as set out in the HSCB Annual Report and the HSCB 3Q2014 Financial Statements and the accompanying notes as set out in the HSCB 3Q2014 Financial Statements respectively.

## 4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as (i) a result of the making and financing of the Partial Offer and (ii) otherwise disclosed in any information on HSCB Group that is publicly available, there have been no material changes to the financial position of HSCB Group since 31 December 2013, being the date of the last published audited accounts of HSCB Group.

## 5. SIGNIFICANT ACCOUNTING POLICIES

The HSCB FY2013 Financial Statements have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The significant accounting policies of HSCB reproduced from the HSCB Annual Report are set out in **Appendix 7** to this Offer Document.

**6. CHANGES IN ACCOUNTING POLICIES**

There have been no changes to the significant accounting policies of HSCB Group since the date of the HSCB FY2013 Financial Statements, which will cause the figures set out in paragraph 3 above and **Appendix 6** to this Offer Document to be not comparable to a material extent.

**7. REGISTERED OFFICE**

The registered office of HSCB is at 21<sup>st</sup> Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.



## ADDITIONAL INFORMATION ON THE COMPANY

### 1. DIRECTORS

The names, addresses and descriptions of the directors of the Company as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr Low Kok Ann	23A Marigold Drive Singapore 576431	Executive Chairman and Chief Executive Officer
Mr Low See Ching	23 Gallop Park Gallop Park Singapore 259030	Non-Executive Director
Mr Ong Beng Chye	5A Lothian Terrace Singapore 456785	Lead Independent Director
Mr Terrance Tan Kong Hwa	1 Paya Lebar Crescent #01-01 Tangerine Grove Singapore 536019	Independent Director
Mr Chow Wen Kwan Marcus	1 Shenton Way #21-06 One Shenton Singapore 068803	Independent Director

### 2. SHARE CAPITAL

As at the Latest Practicable Date, based on information provided by the Company to the Offeror in accordance with the Code, the Company has 429,000,000 Shares in issue (excluding treasury shares).

### 3. MATERIAL CHANGES IN FINANCIAL POSITION

To the knowledge of the Offeror, as at the Latest Practicable Date, save as disclosed in any information on the Company which is publicly available (including without limitation, the announcements released by the Company on the SGX-ST), there are no material changes in the financial position or prospects of the Company since the date of the last balance sheet laid before the Company in general meeting.

### 4. REGISTERED OFFICE

The registered office of the Company is at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836.

## THE HSCB FY2013 BALANCE SHEET AND THE HSCB 3Q2014 BALANCE SHEET

The HSCB FY2013 Balance Sheet and the HSCB 3Q2014 Balance Sheet have been extracted from the HSCB 3Q2014 Financial Statements and are set out below.

	<b>Unaudited as at 30 September 2014 RM'000</b>	<b>Audited as at 31 December 2013 RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,089,374	1,047,228
Biological assets	439,290	436,030
Investment properties	891,637	712,076
Investment in associates	376,688	376,252
Other investment	30,000	30,000
Land held for property development	352,552	358,301
Goodwill	36,736	36,736
Trade and other receivables, including derivatives	919,692	1,032,902
Deferred tax assets	12,602	13,010
	4,148,571	4,042,535
<b>Current assets</b>		
Inventories	505,781	487,223
Property development costs	682,352	614,148
Trade and other receivables, including derivatives	1,330,837	1,307,401
Tax recoverable	15,677	24,142
Cash and bank balances	560,731	632,660
	3,095,378	3,065,574
<b>TOTAL ASSETS</b>	<b>7,243,949</b>	<b>7,108,109</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	2,212,567	2,205,709
Reserves	2,051,901	1,526,900
	4,264,468	3,732,609
Less: Treasury shares	(175,293)	(378,375)
	4,089,175	3,353,874
<b>Non-controlling interests</b>	416,489	414,913
<b>TOTAL EQUITY</b>	<b>4,505,664</b>	<b>3,768,787</b>
<b>Non-current liabilities</b>		
Borrowings	582,380	942,177
Deferred tax liabilities	183,596	176,391
Other payables	4,929	6,014
	770,905	1,124,582

**Current liabilities**

Trade and other payables, including derivatives and provisions

378,297 446,464

Tax payable

110,516 51,446

Borrowings

1,478,567 1,556,396

Dividend payable

– 160,434

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1,967,380 2,214,740**TOTAL LIABILITIES**

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2,738,285 3,339,322**TOTAL EQUITY AND LIABILITIES**

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7,243,949 7,108,109

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## SIGNIFICANT ACCOUNTING POLICIES OF HSCB

The significant accounting policies of the Offeror have been reproduced from the HSCB Annual Report and, save for references to page numbers which have been altered to conform with the pagination of this Offer Document, are set out below.

Annual Report 2013

Hap Seng Consolidated Berhad

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ["FRSs"] and the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ["RM"] and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### 2.2 Effects of adopting new and amended Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the changes arising from the adoption of the following FRSs, Interpretations and amendments that are mandatory for annual periods beginning on or after 1 July 2012 and 1 January 2013:

#### ***Effective for annual periods beginning on or after 1 July 2012***

- Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

#### ***Effective for annual periods beginning on or after 1 January 2013***

- FRS 10 Consolidated Financial Statements
- FRS 11 Joint Arrangements
- FRS 12 Disclosure of Interests in Other Entities
- FRS 13 Fair Value Measurement
- FRS 119 Employee Benefits
- FRS 127 Separate Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 Effects of adopting new and amended Financial Reporting Standards (continued)

##### **Effective for annual periods beginning on or after 1 January 2013 (continued)**

- FRS 128 Investment in Associates and Joint Ventures
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 1: Government Loans
- Amendments to FRS 7: Disclosure – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance
- Amendments to FRS contained in the document entitled “Improvements to FRSs (2012)”

Except for the changes arising from the adoption of FRS 10 as disclosed below, the adoption of other applicable FRSs, Interpretations and amendments mainly affects presentation and disclosure only and did not have any material effect on the financial performance or position of the Group and of the Company.

##### FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor’s returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

The above change in accounting policy has no significant impact to the financial statements of the Group and of the Company.

#### 2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following FRSs, Interpretations and amendments which have been issued by the Malaysian Accounting Standards Board [“MASB”] but are only effective for future financial periods:

##### **Effective for annual periods beginning on or after 1 January 2014**

- Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
- Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Standards issued but not yet effective (continued)

##### ***Effective for annual periods beginning on or after 1 July 2014***

- Amendments to FRS 119: Defined Benefit Plans: Employee Contributions
- Amendments to FRS contained in the document entitled "Annual Improvements to FRSs 2010 – 2012 Cycle"
- Amendments to FRS contained in the document entitled "Annual Improvements to FRSs 2011 – 2013 Cycle"

##### ***Effective for a date yet to be confirmed***

- FRS 9 Financial instruments (2009)
- FRS 9 Financial instruments (2010)
- FRS 9 Financial instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139
- Amendments to FRS 7 and FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no impact on the financial statements of the Group and of the Company upon their initial application, except as discussed below:

##### FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

##### Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current financial year. However, these amendments would be considered for future novation.

##### **Malaysian Financial Reporting Standards ["MFRS"]**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS framework, to be adopted by non-private entities for annual periods beginning on or after 1 January 2012. However, adoption of the MFRS framework by Transitioning Entities will only be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the definition of Transitioning Entities and is currently exempted from adopting the MFRS. Accordingly, the Group will adopt the MFRS and present its first MFRS financial statements when adoption of the MFRS is mandated by the MASB. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its quantification of the financial effects arising from the change from FRS to MFRS. Accordingly, the consolidated financial statements for the years ended 31 December 2012 and 2013 could be different if prepared under the MFRS framework.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders of other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained profits. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Basis of consolidation (continued)

##### **Business combinations**

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be re-measured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.13.

#### 2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.6 Foreign currency

##### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates [“the functional currency”]. The consolidated financial statements are presented in RM, which is also the Company’s functional currency.

##### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### (c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Property, plant and equipment

##### (a) Assets

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of property, plant and equipment comprises their purchase price and any directly attributable costs including interest costs capitalised in bringing the property, plant and equipment to working condition. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

##### *Depreciation*

Freehold land and assets under construction are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life. The estimated useful lives are:

Leasehold land	23 to 999 years
Buildings	5 to 60 years
Road and infrastructure	10 to 33 years
Plant and equipment	
- Plant and machinery	4 to 20 years
- Office equipment, furniture, fixtures and fittings	3 to 10 years
- Motor vehicles	4 to 7 years

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

##### (b) Disposal of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the revaluation surplus included in the revaluation reserve in respect of the asset is transferred directly to retained profits.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.8 Biological assets

In accordance with paragraph 54 of FRS 101, the Group has presented plantation development expenditure as biological assets.

New planting which include land clearing, planting, field upkeep and maintenance of oil palm plantings to maturity are capitalised as plantation development expenditure. Oil palm plantings are considered mature 30 months after the date of planting. Expenditures incurred after maturity of crops are charged to profit or loss. Estate overhead expenditure is apportioned to revenue and plantation development expenditure on the basis of the proportion of mature and immature areas.

Net income from scout harvesting prior to maturity is offset against plantation development expenditure.

No amortisation is considered necessary for plantation development expenditure as the estate is maintained through replanting programmes and replanting expenditure is written off to profit or loss during the year when it is incurred.

#### 2.9 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is determined based on valuations performed by registered independent valuers and/or assessment performed by the management. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Subsequent expenditure is included in the investment property's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.9 Investment properties (continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use. Where the fair value of the property is higher than its carrying amount, the increase will be recognised in profit or loss to the extent that it reverses a previous impairment loss. Any remaining part of the increase is recognised in other comprehensive income and increases the revaluation surplus within equity. On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to retained profits. The transfer from revaluation surplus to retained profits is not made through profit or loss.

#### **Investment property under construction [“IPUC”]**

IPUC is measured at fair value (when the fair value is reliably determinable). The fair values of IPUC were determined based on the opinion of a qualified independent valuer and/or assessment performed by the management. Fair value is arrived at by reference to market evidence of transaction prices for similar properties. Each IPUC is individually assessed.

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

#### 2.10 Investment in subsidiaries

A subsidiary is an entity over which the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.11 Investment in associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. The Group determine at each reporting date whether there is any objective evidence that the investment in the associate is impaired, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.12 Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs (classified within current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Land held for property development comprises costs associated with the acquisition of land and all costs incurred subsequent to the acquisition but prior to the transfer to property development costs on activities necessary to prepare the land for its intended use.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 2012<sup>004</sup>.

#### 2.13 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment at each reporting date and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ["CGU"]).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### 2.15 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group or the Company determines the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.15 Financial assets (continued)

##### (a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### (b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

##### (c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group or the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.16 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

##### (b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally as follows:

Properties held for sale	- specific identification method
Quarry reserves	- specific identification method
Raw materials	- weighted average cost method
Produce inventories	- weighted average cost method
Work-in-progress	- weighted average cost method
Finished goods	
- vehicle and equipment	- specific identification method
- others	- weighted average cost method

Properties held for sale include costs of land, construction and appropriate development overheads.

Quarry reserves arising from the acquisition of subsidiary is amortised over the lease extraction of 20 years.

Cost of produce inventories includes estate production costs, processing and transport charges.

Costs of work-in-progress and finished goods produced by the Group include costs of direct materials, labour and a proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sales.

#### 2.18 Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and deposits with licensed financial institutions. These also include bank overdrafts that form an integral part of the Group's cash management.

#### 2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

##### (a) Dividend income

Dividend income is recognised when the right to receive payment is established.

##### (b) Interest income

Interest income is recognised using the effective interest method.

##### (c) Sale of goods

Revenue on sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.21 Revenue recognition (continued)

##### (d) Rental income

Rental income is accounted for on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (e) Hire purchase, finance lease and loan receivables

Income on hire purchase and finance leases is recognised using the "sum-of-digit" method. Interest income on term loans is accounted for on an accrual basis by reference to rest periods as stipulated in the loan agreements, which are either daily or monthly. Where the repayment of an account is in arrears for three months or more, the uncollected interest from that account is suspended until it is realised on a cash basis.

##### (f) Sale of properties

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.18.

Revenue from sale of completed properties held for resale is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

#### 2.22 Employee benefits

##### (a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees of the Group. Short term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.23 Income tax

##### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.23 Income tax (continued)

##### (b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.9, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amount at the reporting date unless the property is depreciable and is held within the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 2.24 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and/or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Financial liabilities (continued)

##### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities held for trading include derivatives entered into that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

##### (b) Other financial liabilities

Other financial liabilities include trade payables, other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

#### 2.25 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Capitalisation of borrowing costs shall cease when substantially all the activities to prepare the asset for its intended use or sale are completed.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.26 Hedge accounting

The Group uses derivatives to manage its exposure to foreign exchange risk and interest rate risk and applies hedge accounting for certain hedging relationships which qualify for hedge accounting. Such derivatives including forward currency contracts and cross currency interest rate swaps, are initially recognised at fair value on the date of which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit and loss.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as fair value hedges and cash flow hedges.

##### Fair value hedges

The change in the fair value of a foreign exchange derivative is recognised in the profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Fair value hedge accounting is discontinued if the hedging instrument expires or sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.26 Hedge accounting (continued)

##### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs. Where the hedged item is a non-financial asset or a non-financial liability, the amounts recognised previously in other comprehensive income are removed and included in the initial carrying amount of the non-financial asset or liability. The Group has elected not to apply basis adjustments to hedges of forecast transactions that result in the recognition of a non-financial asset or a non-financial liability.

##### Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

#### 2.27 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 2.28 Treasury shares

When issued shares of the Company are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares that have not been cancelled are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

#### 2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

#### 2.31 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

## DISCLOSURE OF DEALINGS IN SHARES

## DEALINGS IN SHARES

As at the Latest Practicable Date, the details of the dealings in Shares during the Reference Period by the Offeror and parties acting in concert with the Offeror are set out below:

Name	Date	No. of Shares Acquired	No. of Shares Sold	Transaction Price per Share (S\$)
Tan Siew Fong <sup>(1) (2)</sup>	13 August 2014	100,000	–	0.190
MKES <sup>(3)</sup>	1 October 2014	403,000	403,000	0.215 – 0.220
Tan Siew Fong <sup>(1) (2)</sup>	7 October 2014	–	82,000	0.220
Tan Siew Fong <sup>(1) (2)</sup>	13 October 2014	–	18,000	0.197
Tan Siew Fong <sup>(1) (2)</sup>	4 November 2014	200,000	–	0.225
Tan Siew Fong <sup>(1) (2)</sup>	5 January 2015	–	200,000	0.220

**Notes:**

- <sup>(1)</sup> Tan Siew Fong is the spouse of Mr Lee Wee Yong, a director of HSCB and the Shares were held in the name of DMG & Partners Securities Pte Ltd.
- <sup>(2)</sup> After the release of the Offer Announcement, the Offeror was informed that Tan Siew Fong had dealt in Shares during the Reference Period. The Offeror was not aware of such dealings prior to it being so informed. The Offeror has notified the SIC of the dealings in Shares by Tan Siew Fong during the Reference Period and is seeking approval from the SIC that, *inter alia*, such dealings may be disregarded for the purposes of Rule 16 of the Code for the Partial Offer. The Offeror will make the relevant announcement(s), if required, in due course.
- <sup>(3)</sup> The SIC has confirmed that the acquisitions by MKES may be disregarded for the purposes of Rule 16 of the Code for the Partial Offer.

## GENERAL INFORMATION

### 1. DISCLOSURE OF INTERESTS

- 1.1 No Agreement having any Connection with or Dependence upon the Partial Offer.** Save as disclosed in **Section 4** of this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror or any party acting in concert with the Offeror and (b) any of the current or recent directors of the Company or any of the current or recent Shareholders having any connection with or dependence upon the Partial Offer.
- 1.2 Transfer of Offer Shares.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any Offer Shares acquired pursuant to the Partial Offer will be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Offer Shares to any of its current or future related corporations (as defined in the Companies Act) or for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.
- 1.3 No Payment or Benefit to Directors of the Company.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Company or any of its related corporations (as defined in the Companies Act) as compensation for loss of office or otherwise in connection with the Partial Offer.
- 1.4 No Agreement Conditional upon Outcome of Partial Offer.** As at the Latest Practicable Date, save as disclosed in **Section 4** of this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror and (b) any of the directors of the Company or any other person in connection with or conditional upon the outcome of the Partial Offer or is otherwise connected with the Partial Offer.
- 1.5 Transfer Restrictions.** The Memorandum and Articles of Association of the Company do not contain any restrictions on the right to transfer the Offer Shares.
- 1.6 No Indemnity Arrangements.** As at the Latest Practicable Date, neither the Offeror nor any party acting in concert with the Offeror has entered into any arrangement with any person of the kind referred to in Note 7 to Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares.

### 2. GENERAL

- 2.1 Costs and Expenses.** All costs and expenses of or incidental to the preparation and circulation of this Offer Document (other than professional fees and other costs incurred or to be incurred by the Company relating to the Partial Offer) and stamp duty and transfer fees resulting from acceptances of the Partial Offer will be paid by the Offeror.
- 2.2 Consent.** MKES (as financial adviser to the Offeror in connection with the Partial Offer) has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion of its name and all references to its name in the form and context in which it appears in this Offer Document.

### 3. MARKET QUOTATIONS

- 3.1 Closing Prices of the Shares.** The closing prices of the Shares on the SGX-ST, as reported by Bloomberg L.P., on (a) the Latest Practicable Date was S\$0.220, (b) 29 December 2014 (being the latest trading day of the Offer Shares on the SGX-ST immediately preceding the Offer Announcement Date) was S\$0.225 and (c) 30 December 2014 (being the Offer Announcement Date) was S\$0.220.

The last transacted prices and aggregate trading volume of the Shares on the SGX-ST on a monthly basis from June 2014 to November 2014 (being the six calendar months preceding the Offer Announcement Date), as reported by Bloomberg L.P., are set out below:

Month	Last Transacted Price (S\$)	Volume of Shares Traded
June 2014	0.178	3,399,000
July 2014	0.189	9,659,000
August 2014	0.205	25,364,000
September 2014	0.210	27,308,000
October 2014	0.210	44,391,000
November 2014	0.215	24,939,000

### 3.2 Highest and Lowest Prices.

During the period between the start of the six months preceding the Offer Announcement Date and the Latest Practicable Date, the highest and lowest closing prices of the Shares on the SGX-ST, as reported by Bloomberg L.P. are as follows:

- (i) highest closing price: S\$0.235 on 7 November 2014; and
- (ii) lowest closing price: S\$0.178 on 30 June 2014, 9 July 2014, 10 July 2014 and 22 July 2014.

## 4. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at Hap Seng Investment Holdings Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 during normal business hours for the period for which the Partial Offer remains open for acceptance:

- (i) the letter of consent from MKES referred to in **paragraph 2.2** of this **Appendix 8**;
- (ii) the Offer Announcement;
- (iii) the Irrevocable Undertakings executed by the Undertaking Shareholders as referred to in **Section 4** of this Offer Document; and
- (iv) the HSCB Financial Statements.