

**APPENDIX DATED 9 APRIL 2015**

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

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

This Appendix is issued by Tiong Seng Holdings Limited (the "**Company**"). Its purpose is to explain the rationale and provide information to the Shareholders for the proposed renewal of the Share Buy-Back Mandate (as defined in this Appendix) and the proposed renewal of the IPT Mandate (as defined in this Appendix) to be tabled at the annual general meeting of the Company to be held on 24 April 2015 at 9.30 a.m. at Orchid Country Club, Emerald Suite, 1 Orchid Club Road, Singapore 769162 (the "**2015 AGM**"). The notice of the 2015 AGM and the proxy form has been, or will be, despatched to Shareholders on the same date as the date of this Appendix.

If you have sold or transferred all your shares in the capital of the Company, you should forward this Appendix immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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 Appendix.



**TIONG SENG HOLDINGS LIMITED**

(Incorporated in Singapore on 15 April 2008)  
(Company Registration No. 200807295Z)

**APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING**

**IN RELATION TO**

- (I) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE;**
- AND**
- (II) THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

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## DEFINITIONS

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

### General

<b>“2015 AGM”</b>	:	The annual general meeting of the Company to be held on 24 April 2015
<b>“AGM”</b>	:	An annual general meeting of the Company
<b>“Appendix”</b>	:	This appendix to the notice of annual general meeting dated 9 April 2015
<b>“Approval Date”</b>	:	Has the meaning ascribed to it in section 2.3.1 of this Appendix
<b>“Articles of Association”</b>	:	The articles of association of the Company, as amended or modified from time to time
<b>“Associate”</b>	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none"><li>(i) his immediate family;</li><li>(ii) the trustee of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more</li></ul> (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
<b>“Associated Company”</b>	:	A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company and/or its subsidiaries
<b>“Average Closing Price”</b>	:	Has the meaning ascribed to it in section 2.3.4 of this Appendix
<b>“Board” or “Board of Directors”</b>	:	The board of directors of the Company
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Chief Financial Officer”</b>	:	The chief financial officer of the Company
<b>“Company” or “Tiong Seng”</b>	:	Tiong Seng Holdings Limited

<b>“Companies Act”</b>	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
<b>“Controlling Shareholder”</b>	:	A person who: (i) holds directly or indirectly fifteen per cent. (15%) or more of the Company’s issued share capital; or (ii) in fact exercises control over the Company
<b>“Council”</b>	:	The Securities Industry Council
<b>“Depositor”</b>	:	Has the meaning ascribed to it in section 130A of the Companies Act
<b>“Depository Register”</b>	:	Has the meaning ascribed to it in section 130A of the Companies Act
<b>“Director”</b>	:	A director of the Company as at the date of this Appendix
<b>“EPS”</b>	:	Earnings per Share
<b>“FY” or “Financial Year”</b>	:	Financial year ending or ended 31 December
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Group Finance Team”</b>	:	The financial department of the Group, responsible for the financial oversight of the Group, and which for the purposes of the IPT Mandate, shall refer to parties who are independent of the Interested Persons
<b>“Interested Persons”</b>	:	The interested person(s) of the Company who fall within the IPT Mandate, namely, the PTC Group
<b>“IPTs”</b>	:	Interested person transactions
<b>“IPT Mandate”</b>	:	The general mandate approved by the Shareholders of the Company on 28 April 2014 to enable the Company, its subsidiaries and associated companies, or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the specified classes of persons who are considered to be interested persons for the purposes of Chapter 9 of the Listing Manual, and which is proposed to be renewed in the manner and on the terms set out in this Appendix
<b>“IPT Register”</b>	:	The register of IPTs as defined in section 3.5.10 of this Appendix, namely, the register of transactions carried out with the Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into
<b>“Latest Practicable Date”</b>	:	26 March 2015, being the latest practicable date prior to the printing of this Appendix
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as may be amended, supplemented or modified from time to time
<b>“Mainboard”</b>	:	The Mainboard of the SGX-ST

<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities
<b>“Memorandum”</b>	:	The memorandum of association of the Company
<b>“Non-Interested Directors”</b>	:	The Directors who are deemed to be independent for the purposes of making a recommendation to Shareholders in respect of the Proposed Renewal of the IPT Mandate, being Mr. Lee It Hoe, Mr. Ong Lay Khiam and Mr. Ang Peng Koon, Patrick
<b>“Notice of AGM”</b>	:	Notice of the 2015 AGM dated 9 April 2015
<b>“Maximum Price”</b>	:	Has the meaning ascribed to it in section 2.3.4 of this Appendix
<b>“NTA”</b>	:	Net tangible assets
<b>“Off-Market Share Buy-Back”</b>	:	Has the meaning ascribed to it in section 2.3.3 of this Appendix
<b>“On-Market Share Buy-Back”</b>	:	Has the meaning ascribed to it in section 2.3.3 of this Appendix
<b>“Project Director”</b>	:	A project director independent of the Interested Persons assigned to a particular construction project of the Group
<b>“Proposed Renewal of the IPT Mandate”</b>	:	The proposed renewal of the IPT Mandate
<b>“Proposed Renewal of the Share Buy-Back Mandate”</b>	:	The proposed renewal of the Share Buy-Back Mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Appendix
<b>“PTC”</b>	:	Peck Tiong Choon (Private) Limited
<b>“PTC Group”</b>	:	PTC and its subsidiaries
<b>“Relevant Period”</b>	:	Has the meaning ascribed to it under section 2.1 of this Appendix
<b>“Securities Accounts”</b>	:	The securities account maintained with CDP, but not including the securities accounts maintained with a Depository Agent (as defined in Section 130A of the Companies Act)
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Buy-Back Mandate”</b>	:	The general and unconditional mandate granted by the Shareholders to the Directors on 28 April 2014 to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares, and which is proposed to be renewed in the manner and on the terms set out in this Appendix
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“Share Buy-Back”</b>	:	The purchase of Shares by the Company pursuant to the Share Buy-Back Mandate

- “Shareholders”** : Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
- “Substantial Shareholder”** : A person who has an interest or interests in voting Shares in the Company representing not less than five per cent. (5%) of all the voting Shares
- “Take-over Code”** : The Singapore Code on Take-overs and Mergers, as amended and modified from time to time
- “Treasury Shares”** : Issued Shares of the Company which was (or is treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and has, since purchase, been continuously held by the Company

**Currencies, units and others**

- “S\$”, “SGD” or “\$” and “cents”** : Singapore dollars and cents respectively
- “%” or “per cent.”** : Percentage and per centum

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

Words importing the singular number shall include the plural number where the context admits and *vice versa*. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference to a time of day or date in this Appendix is a reference to a time of day or date, as the case may be, in Singapore, unless otherwise stated.

Any discrepancies in this Appendix between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

# TIONG SENG HOLDINGS LIMITED

(Incorporated in Singapore on 15 April 2008)  
(Company Registration No. 200807295Z)

## Directors:

Pek Ah Tuan (Non-Executive Chairman)  
Pek Lian Guan (Executive Director and Chief Executive Officer)  
Pay Sim Tee (Executive Director)  
Lee It Hoe (Non-Executive Director)  
Ong Lay Khiam (Lead Independent Director)  
Ang Peng Koon, Patrick (Independent Director)

## Registered Office:

510 Thomson Road  
#08-00 SLF Building  
Singapore 298135

9 April 2015

To: **The Shareholders of Tiong Seng Holdings Limited**

Dear Sir / Madam,

## (I) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

**AND**

## (II) THE PROPOSED RENEWAL OF THE IPT MANDATE

### 1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval for:

- (i) the proposed renewal of a general and unconditional mandate to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares, on the terms of that mandate (the "**Share Buy-Back Mandate**"); and
- (ii) the proposed renewal of the general mandate for the purposes of Chapter 9 of the Listing Manual to enable the Company, its subsidiaries and associated companies, or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the specified classes of persons who are considered to be interested persons for the purposes of Chapter 9 of the Listing Manual (the "**IPT Mandate**")

at the 2015 AGM to be held on 24 April 2015 at 9.30 a.m.. The notice of AGM has been, or will be, despatched to Shareholders on the same date as the date of this Appendix.

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

The SGX-ST assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Appendix.

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

#### 2.1 Proposed Renewal of the Share Buy-Back Mandate

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

At the annual general meeting of the Company held on 28 April 2014, the Shareholders had granted the Share Buy-Back Mandate. The Share Buy-Back Mandate will expire on 24 April 2015, being the date of the 2015 AGM. It is proposed that such authority be renewed.

Accordingly, we seek Shareholders' approval at the forthcoming 2015 AGM for a renewed general and unconditional mandate to be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its Shares on the terms of such mandate. If renewed at the 2015 AGM, the Share Buy-Back Mandate will continue to be in force until the date the next AGM is held or is required by law to be held, whichever is earlier (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in a general meeting (if so varied or revoked prior to the date the next AGM is held or is required by law to be held, whichever is earlier) (the "**Relevant Period**").

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

The Company proposes to seek Shareholders' approval for the Proposed Renewal of the Share Buy-Back Mandate to give Directors the flexibility to undertake Share Buy-Backs at any time when circumstances permit, with the objective of increasing Shareholders' value and to improve, *inter alia*, the return of equity of the Group. A Share Buy-Back made at an appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

The Directors believe that the Share Buy-Back Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above the Group's working capital requirements in an expedient and cost efficient manner. Share Buy-Backs also allow the Directors to exercise control over the Company's share structure and, depending on market conditions, may lead to an enhancement of the EPS and/or NTA per Share. The Directors further believe that Share Buy-Backs may also help to mitigate short-term market volatility and offset the effects of share price speculation.

If and when circumstances permit, the Directors will decide whether to effect the Share Buy-Backs *via* On-Market Share Buy-Backs (as defined hereinafter) or Off-Market Share Buy-Backs (as defined hereinafter), after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

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

## **2.3 Authority and limits of the Share Buy-Back Mandate**

The authority and limitations placed on the Share Buy-Backs by the Company under the Share Buy-Back Mandate, if renewed at the 2015 AGM, are summarised below:-

### **2.3.1 Maximum number of Shares**

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

The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate during the Relevant Period or within any one financial year of the Company, whichever is the earlier, is limited to that number of Shares representing not more than ten per cent. (10%) of the total issued ordinary share capital of the Company (ascertained as at the date of the 2015 AGM at which the Proposed Renewal of the Share Buy-Back Mandate is approved, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered) (the "**Approval Date**"). For the purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares will be disregarded.

**For illustrative purposes only**, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date of S\$181,947,000 comprising 919,247,700 Shares, and assuming that no further Shares are issued on or prior to the 2015 AGM, not more than 91,924,770 Shares (representing approximately ten per cent. (10%) of the issued ordinary share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

### 2.3.2 Duration of authority

Under the Share Buy-Back Mandate, Share Buy-Backs may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

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

The authority conferred on the Directors by the Share Buy-Back Mandate to purchase Shares may be renewed at each AGM or other general meeting of the Company. When seeking the approval of the Shareholders for the Proposed Renewal of the Share Buy-Back Mandate, the Company is required to disclose details pertaining to any Share Buy-Backs made during the previous twelve (12) months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Buy-Backs, where relevant, and the total consideration paid for such Share Buy-Backs.

### 2.3.3 Manner of Share Buy-Backs

Share Buy-Backs may be made by way of, *inter alia*:

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

The Directors may impose such terms and conditions, which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the Share Buy-Backs shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made to them;
- (c) the terms of all the offers are the same, except that there shall be disregarded:
  - (I) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (II) (if applicable) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid; and

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

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

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Buy-Back;
- (d) the consequences, if any, of Share Buy-Backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Buy-Back, if made, would have any effect on the listing of the Shares on the Official List of SGX-ST;
- (f) details of any Share Buy-Backs made by the Company in the previous twelve (12) months (whether On-Market Share Buy-Backs or Off-Market Share Buy-Backs), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Buy-Backs (where relevant) and the total consideration paid for such Share Buy-Backs; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

#### 2.3.4 Maximum purchase price

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

However, the purchase price to be paid for a Share pursuant to the Share Buy-Backs as determined by the Directors must not exceed:

- (i) in the case of an On-Market Share Buy-Back, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (ii) in the case of an Off-Market Share Buy-Back pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

(the “**Maximum Price**”) in either case, excluding related expenses of the Share Buy-Back.

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

#### 2.4 **Status of purchased Shares under the Share Buy-Back Mandate**

A Share purchased or acquired by the Company under the Share Buy-Back Mandate is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share.

## **2.5 Cancellation of purchased Shares**

Any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share shall expire on cancellation. The total number of Shares will be diminished by such number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Any Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted by the Companies Act) and cancelled will be automatically delisted by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase.

## **2.6 Purchased Shares held as treasury shares**

Under the Companies Act, as amended by the Companies Amendment Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under (i) the Listing Manual, and (ii) the Companies Act, as amended by the Companies Amendment Act, are summarised below:

### **2.6.1 Maximum holdings**

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

In the event that the Company holds more than ten per cent. (10%) of the total number of its issued Shares as treasury shares, the Company shall cancel or dispose of the excess treasury shares in the manner set out under section 2.6.3 below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

### **2.6.2 Voting and other rights**

The Company cannot exercise any right in respect of treasury shares. In particular and for the purposes of the Companies Act, the treasury shares shall be treated as having no voting rights and as such, the Company cannot exercise any right to attend or vote at meetings.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller or larger amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

### **2.6.3 Disposal and cancellation**

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

As at the Latest Practicable Date, the Company does not hold any of its Shares as treasury shares.

#### 2.6.4 Reporting obligation under the Listing Manual

Under the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares sold, transferred, cancelled and/or used.

#### 2.7 **Source of funds for Share Buy-Backs**

In undertaking Share Buy-Backs, the Company may only apply funds legally available for such purchase in accordance with the Memorandum and Articles of Association of the Company and the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than cash or, in the case of an On-Market Share Buy-Back, for settlement other than in accordance with the trading rules of the SGX-ST.

Pursuant to the Memorandum and Articles of Association of the Company and the Companies Act, any payment made by the Company in consideration for Share Buy-Backs may only be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the Share Buy-Backs is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. However, where the consideration paid by the Company for the Share Buy-Backs is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced.

The Company intends to use internal resources and/or external borrowings to finance its Share Buy-Backs.

#### 2.8 **Financial effects of the Share Buy-Back Mandate**

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

**For illustrative purposes only**, the financial effects on the Company and the Group arising from the Share Buy-Backs, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014 (the "FY2014"), are prepared on the assumptions set out below:

- a) the Share Buy-Backs comprised 91,924,770 Shares (representing ten per cent. (10%) of the 919,247,700 issued Shares as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as Treasury Shares on or prior to the AGM);
- b) in the case of On-Market Share Buy-Backs, the Maximum Price was S\$0.154 (being five per cent. (5%) above the average of the closing market prices of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding

the Latest Practicable Date). Accordingly, the maximum amount of funds required for effecting such On-Market Share Buy-Backs (excluding brokerage, stamp duties, commission, applicable goods, and services tax and other related expenses), would amount to S\$14,156,415;

- c) in the case of Off-Market Share Buy-Backs, the Maximum Price was S\$0.176 (being twenty per cent. (20%) above the average of the closing market price of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date). Accordingly, the maximum amount of funds required for effecting such Off-Market Share Buy-Backs (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses), would amount to approximately S\$16,178,760;
- d) the Share Buy-Backs were made entirely out of the Company's capital and financed entirely by internal cash of the Group;
- e) the Share Buy-Backs pursuant to the Share Buy-Back Mandate had taken place on 31 December 2014 for the purpose of computing the financial effects on the Shareholders' equity, NTA per share and gearing of the Group and the Company; and
- f) transaction costs incurred during the Share Buy-Backs pursuant to the Share Buy-Back Mandate are assumed to be insignificant and have thus been ignored for the purposes of computing the financial effects.

## Share Buy-Backs and cancelled

	Group			Company		
	Before Share Buy-Backs	After Share Buy-Backs		Before Share Buy-Backs	After Share Buy-Backs	
	S\$'000	On-Market Share Buy-Back S\$'000	Off-Market Share Buy-Back S\$'000	S\$'000	On-Market Share Buy-Back S\$'000	Off-Market Share Buy-Back S\$'000
<b>As at 31 December 2014</b>						
Share capital	181,947	167,791	165,768	181,947	167,791	165,768
Shareholders' fund	251,290	237,134	235,111	119,441	105,285	103,262
NTA	293,197	279,041	277,018	119,441	105,285	103,262
Current assets	829,708	815,552	813,529	136,567	126,170	126,170
Current liabilities	493,361	493,361	493,361	3,020	6,779	8,802
Cash and cash equivalents <sup>(1)</sup>	94,974	80,818	78,795	10,397	-	-
Total borrowings	297,687	297,687	297,687	74,730	74,730	74,730
Net borrowings <sup>(2)</sup>	202,713	216,869	218,892	64,333	74,730	74,730
Net loss for FY2014	(15,279)	(15,279)	(15,279)	(3,363)	(3,363)	(3,363)
Number of shares as at 31 December 2014 ('000)	919,248	827,323	827,323	919,248	827,323	827,323
Weighted average number of Shares as at 31 December 2014 ('000)	919,248	827,323	827,323	919,248	827,323	827,323

## Financial Ratios

NTA per Share (cents) <sup>(3)</sup>	31.9	33.7	33.5	13.0	12.7	12.5
Gross gearing (times) <sup>(4)</sup>	1.0	1.1	1.1	0.6	0.7	0.7
Net gearing (times) <sup>(5)</sup>	0.7	0.8	0.8	0.5	0.7	0.7
Current ratio (times) <sup>(6)</sup>	1.7	1.7	1.6	45.2	18.6	14.3
Loss per Share (cents) <sup>(7)</sup>	(1.7)	(1.8)	(1.8)	(0.4)	(0.4)	(0.4)

### Notes:

- (1) Based on the assumption that the Company borrows the additional amount of cash required from the Group.
- (2) "Net borrowings" represents total borrowings less cash and cash equivalents.
- (3) "NTA per Share" represents NTA divided by the number of Shares as at 31 December 2014.
- (4) "Gross gearing" represents total borrowings divided by total equity.
- (5) "Net gearing" represents net borrowings divided by total equity.
- (6) "Current ratio" represents current assets divided by current liabilities.
- (7) Loss per Share represents net loss attributable to owners of the Company for FY2014 respectively divided by the weighted average number of Shares for FY2014.

## Share Buy-Backs and held as treasury shares

	Group			Company		
	Before Share Buy-Backs	After Share Buy-Backs		Before Share Buy-Backs	After Share Buy-Backs	
	S\$'000	On-Market Share Buy-Back S\$'000	Off-Market Share Buy-Back S\$'000	S\$'000	On-Market Share Buy-Back S\$'000	Off-Market Share Buy-Back S\$'000
<b>As at 31 December 2014</b>						
Share capital	←	181,947	→	←	181,947	→
Shares held in Treasury	-	14,156	16,179	-	14,156	16,179
Shareholders' fund	251,290	237,134	235,111	119,441	105,285	103,262
NTA	293,197	279,041	277,018	119,441	105,285	103,262
Current assets	829,708	815,552	813,529	136,567	126,170	126,170
Current liabilities	493,361	493,361	493,361	3,020	6,779	8,802
Cash and cash equivalents <sup>(1)</sup>	94,974	80,818	78,795	10,397	-	-
Total borrowings	297,687	297,687	297,687	74,730	74,730	74,730
Net borrowings <sup>(2)</sup>	202,713	216,869	218,892	64,333	74,730	74,730
Net loss for FY2014	(15,279)	(15,279)	(15,279)	(3,363)	(3,363)	(3,363)
Number of shares as at 31 December 2014 ('000)	919,248	827,323	827,323	919,248	827,323	827,323
Weighted average number of Shares as at 31 December 2014 ('000)	919,248	827,323	827,323	919,248	827,323	827,323

### Financial Ratios

NTA per Share (cents) <sup>(3)</sup>	31.9	33.7	33.5	13.0	12.7	12.5
Gross gearing (times) <sup>(4)</sup>	1.0	1.1	1.1	0.6	0.7	0.7
Net gearing (times) <sup>(5)</sup>	0.7	0.8	0.8	0.5	0.7	0.7
Current ratio (times) <sup>(6)</sup>	1.7	1.7	1.6	45.2	18.6	14.3
Loss per Share (cents) <sup>(7)</sup>	(1.7)	(1.8)	(1.8)	(0.4)	(0.4)	(0.4)

### **Notes:**

- (1) Based on the assumption that the Company borrows the additional amount of cash required from the Group.
- (2) "Net borrowings" represents total borrowings less cash and cash equivalents.
- (3) "NTA per Share" represents NTA divided by the number of Shares as at 31 December 2014.
- (4) "Gross gearing" represents total borrowings divided by total equity.
- (5) "Net gearing" represents net borrowings divided by total equity.
- (6) "Current ratio" represents current assets divided by current liabilities.
- (7) Loss per Share represents net loss attributable to owners of the Company for FY2014 respectively divided by the weighted average number of Shares for FY2014.

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

**Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2014 and is not necessarily representative of the future financial performance of the Company and the Group.**

**Although the Proposed Renewal of the Share Buy-Back Mandate would authorise the Company to purchase up to ten per cent. (10%) of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back ten per cent. (10%) of the issued Shares in full. In addition, the Company may cancel all or part of the Share Buy-Backs or hold all or part of the Share Buy-Backs as treasury shares.**

## 2.9 Listing Manual

Under the Listing Manual, a listed company may only purchase shares by way of a market acquisition at a price which is not more than five per cent. (5%) above the average closing market price. The term average closing market price is defined as the average of the closing market price of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to market purchases by the Company, referred to in section 2.3.4 of this Appendix, conforms to this restriction.

Further, the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m., (a) in the case of an On-Market Share Buy-Back, on the Market Day following the day of purchase or acquisition of any of its shares and; (b) in the case of an Off-Market Share Buy-Back under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement should be made in compliance with Appendix 8.3.1 of the Listing Manual, which requires the inclusion of details of the total number of Shares purchased, the purchase price per share or the highest and lowest prices paid for such Shares, as applicable.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in compliance with Rule 1207(19)(c) of the Listing Manual, the Company would not purchase or acquire any Shares through Share Buy-Backs during the period commencing two (2) weeks immediately preceding the announcement of the Company's interim results or the period commencing one (1) month immediately preceding the announcement of the Company's annual (full-year) results, respectively.

Rule 723 of the Listing Manual requires a listed company to ensure that at least ten per cent. (10%) of any class of its listed securities are held by public shareholders.

For illustrative purposes only, as at the Latest Practicable Date, approximately 29.5% of the issued share capital of the Company (excluding treasury shares) are held by public Shareholders. Assuming that the Company undertakes Share Buy-Backs up to the maximum of ten per cent. (10%) pursuant to the Proposed Renewal of Buy-Back Mandate, the percentage of Shares held by the public would be approximately 21.7%.

Accordingly, the Company is of the view that there are sufficient Shares in issue held by public Shareholders which would permit the Company to undertake Share Buy-Backs up to the full ten per cent. (10%) limit pursuant to the Proposed Renewal of the Share Buy-Back Mandate without

affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

## 2.10 Tax implications

Section 10J of the Income Tax Act, Chapter 134, of Singapore stipulates that when a company buys back its own shares from a shareholder using funds other than contributed capital of the company, the payment by the company shall be deemed to be a dividend paid by the company to the shareholder.

Since the Companies (Amendment) Act has come into operation, purchases of Shares made by the Company may be paid out of the Company's capital or profits so long as the Company is solvent. Where the Company purchases its Shares out of contributed capital, it shall not be regarded as having paid a dividend to Shareholders.

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

## 2.11 Take-over Code Obligations arising from Share Buy-Backs

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

### 2.11.1 Obligation to make a take-over offer

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

### 2.11.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of the first-mentioned company;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

- (e) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions and companies controlled by any of the above.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a Share Buy-Back by the Company are set out in Appendix 2 of the Take-over Code.

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

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

With regard to Directors and persons acting in concert with them, if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months, such Directors and persons acting in concert with them will be exempted from the requirement to make a take-over offer under Rule 14 of the Take-over Code, subject to the following conditions:

- (a) this Appendix to contain advice to the effect that by voting for the Proposed Renewal of the Share Buy-Back Mandate, Shareholders are waiving their right to a general offer at the required price from Directors and parties acting in concert with them who, as a result of the Company buying back its Shares, would increase their voting rights to thirty per cent. (30%) or more, or, if they together hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, would increase their voting rights by more than one per cent. (1%) in any period of six (6) months; and the names of such Directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed Share Buy-Back to be disclosed in this same Appendix;
- (b) the resolution to authorise the Proposed Renewal of the Share Buy-Back Mandate to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Proposed Renewal of the Share Buy-Back Mandate;
- (c) Directors and/or persons acting in concert with them to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Proposed Renewal of Buy-Back Mandate;

(d) within seven (7) days after the passing of the resolution to authorise the Proposed Renewal of Buy-Back Mandate, each of the Directors to submit to the Council a duly signed form as prescribed by the Council;

(e) Directors and/or persons acting in concert with them not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back proposal is imminent and the earlier of:-

- the date on which the authority of the Share Buy-Back Mandate expires; and
- the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase to thirty per cent. (30%) or more; and

(f) Directors and/or persons acting in concert with them, together holding between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back proposal is imminent and the earlier of:-

- the date on which the authority of the Share Buy-Back Mandate expires; and
- the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months.

It follows that where the aggregate voting rights held by a Director and persons acting in concert with him increase by more than one per cent. (1%) solely as a result of the Share Buy-Back and none of them has acquired any Shares during the relevant period defined above, then such Director and/or persons acting in concert with him would be eligible for Council's exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

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

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

#### 2.11.4 Application of the Take-over Code

The shareholdings of the Substantial Shareholders as at the Latest Practicable Date and after the purchase by the Company (other than from the Substantial Shareholders) of the maximum of ten per cent. (10%) of the issued share capital of the Company pursuant to the Share Buy-back Mandate as the case may be, are as follows:

	Before Share Buy-Backs			After Share Buy-Backs		
	Number of Shares			Number of Shares		
Substantial Shareholders	Direct Interest	Deemed Interest	% <sup>(1)</sup>	Direct Interest	Deemed Interest	% <sup>(2)</sup>
Pek Ah Tuan <sup>(3)</sup>	7,209,840	64,523,040	7.8	7,209,840	64,523,040	8.7
Lee It Hoe <sup>(4)</sup>	-	572,550,660	62.3	-	572,550,660	69.2
Tiong Seng Shareholdings	542,395,920	-	59.0	542,395,920	-	65.6
PTC <sup>(5)</sup>	64,523,040	542,395,920	66.0	64,523,040	542,395,920	73.4

#### Notes:

- (1) The percentage shareholding is based on the total issued share capital of the Company of 919,247,700 Shares as at the Latest Practicable Date.
- (2) The percentage shareholding is based on the total issued share capital of the Company of 827,322,930 Shares after purchase by the Company (other than from the Substantial Shareholders) of the maximum of ten per cent. (10%) of the issued share capital of the Company pursuant to the Share Buy-back Mandate.
- (3) Pek Ah Tuan, together with his associates, collectively hold approximately 33.6% of the shares in PTC and is therefore deemed interested in the Shares held by PTC pursuant to Section 7 of the Companies Act and Section 4 of the SFA.
- (4) Lee It Hoe is deemed interested in the Shares held by his associate, namely, his brother, Lee Yew Sim (1,525,260 Shares). Lee It Hoe is also deemed interested in the Shares held by him on trust for the estate of his mother, Lim Kim Eng (3,164,700 Shares), and the 25,464,780 Shares held by Wan Seng Enterprises (Private) Limited ("**Wan Seng**") as Wan Seng's shareholders are accustomed or under an obligation whether formal or informal to act in accordance with his directions, instructions and wishes in relation to their Shares in Wan Seng. In addition, Lee It Hoe is deemed interested in the Shares held by Tiong Seng Shareholdings Pte Ltd ("**TSS**") as his associates are collectively entitled to exercise control of approximately 22.7% of the Shares in TSS.
- (5) Peck Tiong Choon (Private) Limited ("**PTC**") holds approximately 47.8% of the shares in TSS and is therefore deemed interested in the Shares held by TSS pursuant to Section 7 of the Companies Act and Section 4 of the SFA.

The 64,523,040 Shares of PTC are registered in the name of United Overseas Bank Nominees Pte Ltd.

Based on the above shareholdings of Substantial Shareholders of the Company as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, in the event the Company undertakes Share Buy-Backs of up to ten per cent. (10%) of the issued Shares of the Company as permitted under the Share Buy-Back Mandate, the shareholdings and voting rights of Pek Ah Tuan and his concert party, Pek Lian Guan, will remain below thirty per cent. (30%), while Lee It Hoe, TSS and PTC will each own more than fifty per cent. (50%) of the issued share capital of the Company. Accordingly, none of the Substantial Shareholders of the Company would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

**Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Buy-Backs pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buy-Back Mandate is in force.**

#### 2.12 Details of Share Buy-Backs pursuant to the Share Buy-Back Mandate

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

## 2.13 Reporting requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve or renew the Share Buy-Back Mandate, the Company shall lodge a copy of such resolution with ACRA. The Company shall also lodge a notice with ACRA within thirty (30) days of a Share Buy-Back. Such notification is to include details such as the date of the Share Buy-Back; the number of Shares purchased or acquired by the Company; the number of Shares cancelled; the number of Shares held as treasury shares; the Company's issued share capital before and after the Share Buy-Back; the amount of consideration paid by our Company for the Share Buy-Back, whether the Shares were purchased out of profits or the capital of the Company and such other particulars that might be prescribed.

## 2.14 Limits on shareholdings

The Company does not have any limits on the shareholdings of the Shareholders.

# 3. **THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

## 3.1 **The IPT Mandate**

The Company had, at its annual general meeting held on 28 April 2014, sought and obtained the approval of Shareholders for a general mandate to enable the Company, its subsidiaries and associated companies, or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the specified classes of persons who are considered to be interested persons for the purposes of Chapter 9 of the Listing Manual (the "**IPT Mandate**"). The IPT Mandate is subject to annual renewal.

Accordingly, it is proposed that the IPT Mandate be tabled to Shareholders for approval at the 2015 AGM for the renewal of the IPT Mandate.

## 3.2 **Requirements of Chapter 9 of the Listing Manual**

Under Chapter 9 of the Listing Manual, where an entity at risk proposes to enter into a transaction with interested persons of the issuer, Shareholders' approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds.

Pursuant to Rule 906 of the Listing Manual, Shareholders' approval (in addition to an immediate announcement) is required where:

- (a) the value of such transaction is equal to or exceeds 5% of the Group's latest audited NTA; or
- (b) the value of such transaction with interested persons when aggregated with the values of other transactions previously entered into with the same interested person in the same financial year, equals to or exceeds 5% of the Group's latest audited NTA, such aggregation need not include any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

Interested person transactions below \$100,000 each are to be excluded.

Pursuant to Rule 909 of the Listing Manual, the value of a transaction is the amount at risk to the issuer. This is illustrated by the following examples:

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

Rule 920 of the Listing Manual allows a listed company to seek a general mandate from its shareholders for recurrent transactions with “interested persons” where such transactions are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.

### 3.3 Existing IPT Mandate

Pursuant to the IPT Mandate, the Group was approved to enter into interested person transactions (“**IPTs**”) with Peck Tiong Choon (Private) Limited (“**PTC**”) and its subsidiaries (the “**PTC Group**”) (together, the “**Interested Persons**”) that relate to the lease of transportation vehicles (including, but not limited to: low bed trailers, flat bed trailers, lorry cranes, lorries, hydraulic truck cranes, heavy duty hydraulic truck cranes and excavators) and crantage services provided by the PTC Group to the Group. The renewed IPT Mandate will continue to apply to the above.

### 3.4 Rationale and benefit to Shareholders

3.4.1 It is envisaged that the Group, in the ordinary course of business, will continue to have transactions with the PTC Group from time to time. Such transactions would include, but are not limited to, the leasing of transportation services and crantage services.

3.4.2 The rationale and benefit to the Group for transacting with the PTC Group is that transactions with the PTC Group provide the Group with priority for services and an assurance of a higher quality of such services, including, but not limited to the following:

- (a) the PTC Group is willing to continue providing transportation services even after the agreed cut-off time or time limit has passed;
- (b) the PTC Group gives the Group the priority to choose the operators which the Group prefers; and
- (c) where demand is greater than supply, the PTC Group will give priority to the Group’s needs and outsource or turn down similar offers from other potential customers in favour of transacting with the Group.

3.4.3 In view of the time-sensitive and recurrent nature of commercial transactions, the renewal of the IPT Mandate will enable:

- (a) the Company;
- (b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Company, or the Company and its interested persons (s), has or have control,

or any of them, in the ordinary course of their businesses, to enter into the categories of transactions set out in section 3.3 of this Appendix, with the specified classes of the Company’s interested persons as set out in section 3.3 of this Appendix, without being separately subject to Rule 905 and Rule 906 of the Listing Manual, provided such IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

3.4.4 The Proposed Renewal of the IPT Mandate will enhance the ability of the Group to pursue business opportunities which are time-sensitive in nature by eliminating the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek Shareholders’ prior approval for entry by the relevant company in the Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining corporate objectives.

### 3.5 Review procedures under the IPT Mandate

3.5.1 The Group has in place review procedures to ensure that all IPTs under the IPT Mandate are conducted on an arm's length basis and on normal commercial terms. Such review procedures are further described in this section.

#### *Comparison with third party quotations*

3.5.2 The financial department of the Group, responsible for the financial oversight of the Group, and which for the purposes of the IPT Mandate, shall refer to parties who are independent of the Interested Persons (the "**Group Finance Team**"), will review quotations of the unit rates from the Interested Persons for the services offered by the Interested Persons, and at least two other comparative offers from third parties, contemporaneous in time. If it is not practical to obtain comparative offers from third parties, the Group Finance Team will review at least two comparative offers made by the Interested Persons to third parties. These quotations will be updated on a half-yearly basis, or whenever unit rates are revised, and approved by the chief financial officer of the Company (the "**Chief Financial Officer**"). In deciding to enter into transactions with the Interested Persons based on these quotations, the guidelines described below in sections 3.5.3 to 3.5.6 will be adhered to.

3.5.3 A project director independent of the Interested Persons assigned to a particular construction project of the Group (the "**Project Director**") is responsible for entering into transactions with the Interested Persons in relation to a particular project. As the Project Director is responsible for the profits and costs of the respective project, the Project Director shall have no interest in entering into transactions with the Interested Persons that are less favourable than the terms offered by third parties.

3.5.4 When purchasing from or procuring services from the Interested Persons, the Project Director will take into account the prices and terms of comparative offers that are reviewed in accordance with section 3.5.2 of this Appendix. The purchase price or procurement price, as the case may be, shall not be higher than the most competitive price of the comparative offers.

3.5.5 In determining the most competitive purchase price or procurement price, as the case may be, the Project Director will take into consideration the nature of the project, the cost and the experience and expertise of the supplier. This will allow for variation from prices and terms of the comparative offers so long as the volume of trade, differences in service, reliability or other relevant factors justify the variation and so long as the contemporaneous comparative offer incorporates modifications that account for volatility of the market for the goods and services in question.

3.5.6 In the event that it is not possible to obtain comparative offers in the manner described in section 3.5.2 of this Appendix, prior approval for the transaction shall be obtained from the Chief Financial Officer. The Chief Financial Officer will consider whether the price to be paid is fair and reasonable, and consistent with the Group's usual business practice, taking into consideration, *inter alia* the following factors: the nature of the project, quality of service and equipment; experience and expertise of the supplier; availability of the transportation services required by the Group; minimum hire duration; transportation services duration; and, operator selection for the transport services.

#### *Approval by Directors and the Audit Committee*

3.5.7 All IPTs above S\$100,000 are to be approved by a Director who shall not be an interested person in respect of the particular transaction. Any contracts to be made with the Interested Person shall not be approved unless the pricing is determined in accordance with the Group's usual business practices and policies, consistent with the usual margin given or price received by the Group for the same or substantially similar type of transactions between the Group and unrelated parties and the terms are no more favourable to the Interested Person than those extended to or received from unrelated parties.

3.5.8 In addition, approval of the Audit Committee must be obtained prior to entry of any IPT under the IPT Mandate where the aggregate value of IPTs entered into between the Group and the Interested Persons under the IPT Mandate will exceed or has exceeded 3% of the latest audited consolidated Group NTA.

3.5.9 For the purposes of sections 3.5.7 and 3.5.8 of this Appendix, approval will generally only be given if the terms of the transaction are no less favourable to the Group than the terms offered by unrelated third parties or in accordance with the usual business practices and pricing policies or industry norms (as the case may be). All relevant non-quantitative factors including, but not limited to the nature of the project; quality of service and equipment; experience and expertise of the supplier; availability of the transportation services required by the Group; minimum hire duration; transportation services duration; and, operator selection for the transportation services, will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Director or the Audit Committee. The Company will prepare the relevant information to assist the Director or the Audit Committee in its review. The Director or the Audit Committee shall, when it deems fit, have the right to require the appointment of independent advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review.

#### *Periodic Review Procedures*

3.5.10 The Group Finance Team will maintain a register of transactions carried out with the Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into) (the “**IPT Register**”). For the avoidance of doubt, the IPT Register referred to in this Appendix will not record any other IPTs not within the scope of the IPT Mandate, however, the Company will continue to keep separate records of such IPTs as it had been doing prior to seeking the IPT Mandate. Any discrepancies or significant variances (as determined by the Audit Committee), from the Group’s usual business practices and pricing policies will be highlighted to the Audit Committee.

3.5.11 The Group Finance Team shall periodically review the IPT Register. In addition, the Audit Committee shall, at least on a quarterly basis, periodically review the IPT Register to ensure that the transactions are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the IPT Mandate.

3.5.12 The Company’s annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for monitoring of such IPTs, entered into during the current financial year pursuant to the IPT Mandate. The Group’s internal auditor shall, on a yearly basis, subject to adjustment in frequency, and depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with the Interested Persons during the preceding period.

#### *Other review procedures*

3.5.13 The Audit Committee has the overall responsibility for determining the review procedures, with the authority to delegate to individuals within the Company as it deems appropriate. The Audit Committee will conduct periodic reviews (of not more than half-year intervals) of the review procedures for IPTs under the IPT Mandate. If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for IPTs have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new guidelines and review procedures so that IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.5.14 The Group Finance Team of the Company will maintain a list of the Interested Persons and their Associates (which is to be updated immediately if there are any changes) to enable identification of the Interested Persons. The list of Interested Persons which is maintained shall be reviewed by the Chief Financial Officer of the Company at least half-yearly and subject to such verifications or declarations as required by the Audit Committee from time to time or for such period as determined by them. This list of the Interested Persons shall be disseminated to all Project Directors and any staff of the Group that the Group Finance Team considers relevant for the purpose of entering into transactions that fall under the IPT Mandate.

3.5.15 For the purposes of the above review procedures, any Director who is not considered independent for the purposes of the IPT Mandate and/or any IPTs will abstain from and will undertake to ensure that his Associates will abstain from voting in relation to any respective resolutions, and/or abstain from participating in the Audit Committee's decision during its review of the established review procedures for the IPTs or during the Audit Committee's review of any IPT.

### 3.6 Validity Period of the IPT Mandate

If the renewal of the IPT Mandate is approved at the 2015 AGM, the IPT Mandate will take effect from the date of the passing of the resolution to be proposed at the 2015 AGM and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the subsequent annual general meeting. The renewal of the IPT Mandate has to be made in accordance with, and in the manner prescribed by the Listing Manual, and such other laws and regulations as may for the time being be applicable. It shall also be subject to satisfactory review by the Audit Committee and the continued requirements of the IPT Mandate and the procedures for the transactions.

### 3.7 Details of Directors (if any) to be appointed in connection with the IPT Mandate

No person is proposed to be appointed as a Director to the Company in connection with the IPT Mandate.

### 3.8 Disclosure to Shareholders

3.8.1 In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will:

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

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

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under the IPT Mandate)	Aggregate value of all IPTs conducted under the IPT Mandate
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### 3.9 Audit Committee's Statement

The Audit Committee has reviewed the terms of the Proposed Renewal of the IPT Mandate and is satisfied and of the view that:

- (i) the review procedures under the IPT Mandate have not changed since the last approval granted by Shareholders on 28 April 2014;
- (ii) the review procedures under the IPT Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders.

However, in the event the Audit Committee is subsequently no longer of this view, the Company shall approach Shareholders for a fresh mandate for the Interested Person Transactions concerning the PTC Group based on new guidelines and/or review procedures.

### 3.10 Abstention from voting

3.10.1 In accordance with Rule 920(1)(b)(viii) of the Listing Manual, the Interested Persons, namely, Peck Tiong Choon (Private) Limited and its subsidiaries, will abstain and have undertaken to ensure that their Associates will abstain from voting on the resolution approving the Proposed Renewal of the IPT Mandate.

3.10.2 Further, the Interested Persons undertake to decline, and shall ensure that their Associates decline to accept appointment as proxy(ies) to vote at the forthcoming 2015 AGM in respect of the Ordinary Resolution approving the Proposed Renewal of the IPT Mandate for other Shareholders unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast at the 2015 AGM.

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

	Number of Shares		Number of Shares	
	Direct Interest	Deemed Interest	Total Interest	% <sup>(1)</sup>
<b>Directors</b>				
Pek Ah Tuan <sup>(2)</sup>	7,209,840	64,523,040	71,732,880	7.8
Pek Lian Guan	-	2,400,000	2,400,000	0.3
Pay Sim Tee	-	-	-	-
Lee It Hoe <sup>(3)</sup>	-	572,550,660	572,550,660	62.3
Ong Lay Khiam	636,000	-	636,000	0.1
Ang Peng Koon, Patrick	530,000	-	530,000	0.1
<b>Substantial Shareholders</b>				
Tiong Seng Shareholdings	542,395,920	-	542,395,920	59.0
PTC <sup>(4)</sup>	64,523,040	542,395,920	606,918,960	66.0

#### Notes:

- (1) The percentage shareholding is based on the total issued share capital of the Company of 919,247,700 Shares as at the Latest Practicable Date.
- (2) Pek Ah Tuan, together with his associates, collectively hold approximately 33.6% of the shares in PTC and is therefore deemed interested in the Shares held by PTC pursuant to Section 7 of the Companies Act and Section 4 of the SFA.
- (3) Lee It Hoe is deemed interested in the Shares held by his associate, namely, his brother, Lee Yew Sim (1,525,260 Shares). Lee It Hoe is also deemed interested in the Shares held by him on trust for the estate of his mother, Lim Kim Eng (3,164,700 Shares), and the 25,464,780 Shares held by Wan Seng as Wan Seng's shareholders are accustomed or under an obligation whether formal or informal to act in accordance with his directions, instructions and wishes in relation to their Shares in Wan Seng. In addition, Lee It Hoe is deemed interested in the Shares held by TSS as his associates are collectively entitled to exercise control of approximately 22.7% of the Shares in TSS.
- (4) PTC holds approximately 47.8% of the shares in TSS and is therefore deemed interested in the Shares held by TSS pursuant to Section 7 of the Companies Act and Section 4 of the SFA.

The 64,523,040 Shares of PTC are registered in the name of United Overseas Bank Nominees Pte Ltd.

## **5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors and Controlling Shareholders has any interest, direct or indirect, in the Share Buy-Back Mandate, other than through their respective shareholdings in the Company.

## **6. ANNUAL GENERAL MEETING**

The 2015 AGM, notice of which has been announced on 9 April 2015, will be held on 24 April 2015 at 9.30 a.m. at Orchid Country Club, Emerald Suite, 1 Orchid Club Road, Singapore 769162 for the purpose of considering and, if thought fit, passing, with or without modification, the Ordinary Resolutions relating to the Proposed Renewal of the Share Buy-Back Mandate and the Proposed Renewal of the IPT Mandate.

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

Shareholders who are unable to attend the 2015 AGM and wish to appoint a proxy to attend and vote at the 2015 AGM on their behalf will find attached to the notice of AGM a proxy form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 510, Thomson Road, #08-00, SLF Building, Singapore 298135, not later than 48 hours before the time fixed for holding the 2015 AGM.

The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2015 AGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the 2015 AGM and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the 2015 AGM.

## **8. DIRECTORS' RECOMMENDATIONS**

8.1 The Directors, having carefully considered the terms and rationale of the Proposed Renewal of the Share Buy-Back Mandate, are of the view that the Proposed Renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly, recommend that Shareholders vote in favor of the ordinary resolution in relation to the Proposed Renewal of the Share Buy-Back Mandate to be proposed at the 2015 AGM.

8.2 Having considered the rationale for the Proposed Renewal of the IPT Mandate, the Directors who are deemed to be independent for the purposes of making a recommendation to Shareholders in respect of the Proposed Renewal of the IPT Mandate, being Mr. Lee It Hoe, Mr. Ong Lay Khiam and Mr. Ang Peng Koon, Patrick (the "**Non-Interested Directors**") are of the opinion that the Proposed Renewal of the IPT Mandate is in the best interests of the Company. Accordingly, the Non-Interested Directors recommend that the Shareholders vote in favour of the ordinary resolution in relation to the Proposed Renewal of the IPT Mandate.

## **9. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of the Share Buy-Back Mandate, the Proposed Renewal of the IPT Mandate, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 510, Thomson Road, #08-00, SLF Building, Singapore 298135, during normal business hours from the date of this Appendix up to and including the date of the 2015 AGM:

- (i) the Memorandum and the Articles of Association of the Company; and
- (ii) the annual report of the Company for FY2014.

Yours faithfully

For and on behalf of the Board of Directors of  
**TIONG SENG HOLDINGS LIMITED.**

Pek Lian Guan  
Executive Director and CEO