

## APPENDIX DATED 11 APRIL 2016

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 circulated to Shareholders of Gallant Venture Ltd. (the “**Company**”) together with the Company’s Annual Report. The purpose of this Appendix is to explain to Shareholders the rationale for and provide information to the Shareholders relating to the proposed renewal of the IPT Mandate and the Share Purchase Mandate (each term as defined herein) to be tabled at the Annual General Meeting of the Company to be held on 26 April 2016 at 10.00 a.m at Holiday Inn Orchard City Centre, Crystal Suite, Level 2, 11 Cavenagh Road Singapore 229616.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

If you have sold all your shares in the Company, you should immediately forward this Appendix, the Annual Report and Proxy Form to the purchaser or transferee or to the bank, stockbroker or 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.



## **GALLANT VENTURE LTD.**

(Incorporated in the Republic of Singapore on 7 April 2003)  
(Company Registration No. 200303179Z)

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### APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

#### IN RELATION TO

- (1) **THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE; AND**
  - (2) **THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.**
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Registered Office: 991A Alexandra Road, #02-06/07, Singapore 119969

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## DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:

“2013 AGM”	:	AGM of the Company which was held on 30 April 2013
“2015 AGM”	:	AGM of the Company which was held on 28 April 2015
“2016 AGM”	:	AGM of the Company to be held on 26 April 2016
“AGM”	:	Annual General Meeting of the Company
“Appendix”	:	This Appendix to the Notice of AGM dated 11 April 2016 convening the 2016 AGM
“associate”	:	(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 (that is, the person’s spouse, child, adopted-child, step-child, sibling and parent);</li><li>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and</li></ul> (b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Audit Committee”	:	The audit committee of the Company for the time being
“Board”	:	The board of directors of the Company for the time being
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company”	:	Gallant Venture Ltd.

“Controlling Shareholder”	:	<p>A person who:</p> <p>(a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or</p> <p>(b) in fact exercises control over a company</p>
“Directors”	:	The directors of the Company for the time being
“EAR Group”	:	The Company, its subsidiaries and its associated companies which are considered to be entities at risk
“entity at risk”	:	<p>(a) The listed company;</p> <p>(b) A subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or</p> <p>(c) An associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company</p>
“EPS”	:	Earnings per Share
“financial year”	:	The period of 12 months commencing on the 1st of January each year and ending on the 31st of December the same year
“FY2015”	:	Financial year ended 31 December 2015
“Group”	:	The Company and its subsidiaries
“IMAS Group”	:	PT Indomobil Sukses Internasional Tbk and its subsidiaries
“interested person”	:	A director, chief executive officer or Controlling Shareholder of the listed company or an associate of any such director, chief executive officer or Controlling Shareholder
“IPT” or “Interested Person Transactions”	:	Transactions between an entity at risk and an interested person within the meaning of Chapter 9 of the Listing Manual
“IPT Mandate” or “Interested Person Transactions Mandate”	:	The general mandate pursuant to Chapter 9 of the Listing Manual permitting the Company, its subsidiaries and its associated companies to enter into certain categories of transactions with specified classes of the Group’s Interested Persons
“Latest Practicable Date”	:	4 April 2016, being the latest practicable date prior to the printing of this Appendix

“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NAV”	:	Net asset value
“NTA”	:	Net tangible asset
“Professional, Administrative and Support Services”	:	The services referred to in Section 2.4(xv) of this Appendix
“Review Procedures”	:	The guidelines and review procedures as described in Section 2.6 of this Appendix
“Salim Group”	:	Mr Anthoni Salim and the group of companies controlled by him or, if the context requires, Mr Anthoni Salim
“SCI”	:	Sembcorp Industries Ltd
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase Mandate”	:	The mandate to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of such mandate
“Shareholders”	:	Persons who are registered as holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons named as Depositors in the Depository Register and whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholder”	:	A person who has an interest in one or more voting shares in a company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares in the company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Temasek Group”	:	Temasek Holdings (Private) Limited and its subsidiaries

“S\$” or “\$” and “cents” : Singapore dollars and cents, respectively

“%” or “per cent.” : Percentage or per centum

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

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

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, the Take-over Code or any modification thereof and used in this Appendix shall have the meaning assigned to it under the Companies Act, the Listing Manual, the Take-over Code or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Appendix is a reference to Singapore time and date, respectively, unless otherwise stated. Any reference to currency set out in this Appendix is a reference to S\$ unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts shown 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 that precede them.

## **GALLANT VENTURE LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200303179Z)

### **Board of Directors**

Lim Hock San (*Non-Executive Chairman and Independent Director*)  
Eugene Cho Park (*Executive Director and Chief Executive Officer*)  
Gianto Gunara (*Executive Director*)  
Jusak Kertowidjojo (*Executive Director*)  
Choo Kok Kiong (*Executive Director*)  
Tan Chin Nam (*Non-Executive Director*)  
Axton Salim (*Non-Executive Director*)  
Foo Ko Hing (*Independent Director*)  
Rivaie Rachman (*Independent Director*)

### **Registered Office**

991A Alexandra Road  
#02-06/07  
Singapore 119969

11 April 2016

To: The Shareholders of **Gallant Venture Ltd.**

Dear Shareholders

#### **1. INTRODUCTION**

We refer to Ordinary Resolutions 9 and 10 set out in the Notice convening the 2016 AGM to be held on 26 April 2016 relating to the proposed renewal of the IPT Mandate and the Share Purchase Mandate, respectively.

The purpose of this Appendix is to provide Shareholders with information relating to the above-mentioned proposals to be tabled at the 2016 AGM.

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

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

#### **2. THE PROPOSED RENEWAL OF THE IPT MANDATE**

##### **2.1 Background**

The existing IPT Mandate was approved by Shareholders at the 2013 AGM held on 30 April 2013, to authorise the Company, its subsidiaries and its associated companies which are considered to be “entities at risk” within the meaning of Rule 904(2) of the Listing Manual to enter into certain categories of transactions with specified classes of the Company’s interested persons, provided that such transactions are entered into on an arm’s length basis and on normal commercial terms. Particulars of the existing IPT Mandate were set out in the appendix to the Notice of the 2013 AGM and Ordinary Resolution 8 set out in the Notice of the 2013 AGM. The existing IPT was renewed by Shareholders at the 2015 AGM held on 28 April 2015.

The renewed IPT Mandate was expressed to take effect until the date of the forthcoming AGM of the Company being the 2016 AGM which is scheduled to be held on 26 April 2016. Accordingly, Shareholders' approval is being sought for the renewal of the IPT Mandate at the 2016 AGM.

## **2.2 Chapter 9 of the Listing Manual ("Chapter 9")**

Chapter 9 governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be entities at risk, with the listed company's interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

Under Chapter 9, where a listed company or any of its subsidiaries or any of its associated companies which are controlled by the listed group and its interested person(s) (other than a subsidiary or associated company that is listed on the SGX-ST or an approved stock exchange) proposes to enter into transactions with the listed company's interested persons, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval if the value of the transaction is equal to or exceeds certain financial thresholds. In particular:–

- (a) where the value of such transactions is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company and its subsidiaries and is less than 5% of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement is required;
- (b) where the value of such transactions is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement and shareholders' approval is required;
- (c) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the latest audited consolidated NTA of the listed company and its subsidiaries, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year; and
- (d) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 5% or more of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement must be made and shareholders' approval must be obtained in respect of the latest and all future transactions entered into with that interested person during that financial year.

The rules as to making announcements and seeking shareholders' approval referred to above do not apply to transactions below S\$100,000.

Based on the Group's audited consolidated financial statements for FY2015, 3% and 5% of the latest audited consolidated NTA of the Group would be approximately S\$50.9 million and S\$84.9 million, respectively. This is based on the latest audited consolidated NTA of the Group of approximately S\$1.7 billion as at 31 December 2015.



Chapter 9 permits a listed company, however, to seek a general mandate from its shareholders for recurrent transactions 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) that may be carried out with the listed company's interested persons.

Under the Listing Manual:

- (i) an "entity at risk" means:
  - (1) the listed company;
  - (2) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (3) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (ii) an "interested person" means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder;
- (iii) an "associate":
  - (1) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
    - (aa) his immediate family (that is, the person's spouse, child, adopted-child, step-child, sibling and parent);
    - (bb) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (cc) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
  - (2) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (iv) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9;
- (v) an "interested person transaction" means a transaction between an entity at risk and an interested person; and
- (vi) a "transaction" includes:
  - (1) the provision or receipt of financial assistance;

- (2) the acquisition, disposal or leasing of assets;
- (3) the provision or receipt of services;
- (4) the issuance or subscription of securities;
- (5) the granting of or being granted options; and
- (6) the establishment of joint ventures or joint investments,

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

### **2.3 Rationale for the Renewal of the IPT Mandate**

The EAR Group may enter into the Interested Person Transactions set out in Section 2.4 (Categories of Interested Person Transactions) of this Appendix. Such Interested Person Transactions will occur with some degree of frequency and could arise at any time and from time to time. In view of the time-sensitive, confidential and frequent nature of such Interested Person Transactions, the Directors are seeking Shareholders' approval for the renewal of the IPT Mandate, in respect of transactions between (i) the EAR Group and (ii) the classes of interested persons set out in Section 2.5 (Classes of Interested Persons) of the Appendix, provided that such transactions are entered into at arm's length and on normal commercial terms, are not prejudicial to the interests of the Company and minority shareholders and are subject to the Review Procedures set out in Section 2.6 (Guidelines and Review Procedures) of the Appendix.

The IPT Mandate will facilitate transactions in the operations of the Group's business and allow the Group to conduct its business efficiently by eliminating the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions (as set out in Section 2.4 of this Appendix) may arise. The IPT Mandate will facilitate more efficient operation of the Group's business by reducing substantially administrative time and expenses in convening such general meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

### **2.4 Categories of Interested Person Transactions**

The types of transactions with interested persons to be covered by the IPT Mandate relate principally to the provision or the procurement or obtaining of products and services in the operations of the EAR Group's businesses, which include the transactions described below:

- (i) the rental of vehicles (which includes without limitation, passenger cars, motorcycles, commercial vehicles, trucks and heavy equipment, and other forms of transportation);
- (ii) the rental and leasing of land, warehouses, factories, offices, service centres, shop units, check-in counters and other buildings, premises and properties;
- (iii) the obtaining of insurance and insurance-related services;
- (iv) the sale and purchase of land, buildings, premises and properties which are of a revenue nature;

- (v) the sale, purchase, promotion, distribution, assembly and manufacturing of vehicles (which includes without limitation, passenger cars, motorcycles, commercial vehicles, trucks and heavy equipment, and other forms of transportation), stamping dies, vehicle spare parts and accessories, and other vehicle-related products;
- (vi) the provision of land clearing, overburden removal, hauling, mud removal, and general contracting works and other services in mines, agricultural lands, plantations and other properties;
- (vii) the provision or the procurement or obtaining of financial resources and services (which include without limitation, loans, hire-purchase services and guarantees);
- (viii) the granting or the procurement or obtaining of concession and other rights relating to the financing, design, construction, management and/or operation of a facility or facilities;
- (ix) the provision of maintenance and repair services for vehicles (which includes without limitation, passenger cars, motorcycles, commercial vehicles, trucks and heavy equipment, and other forms of transportation), vehicle spare parts and accessories, and other vehicle-related products;
- (x) the provision of transportation, logistics and related services;
- (xi) the sourcing, supply and distribution of fuel and other energy sources;
- (xii) the provision of utilities;
- (xiii) the provision of telecommunication services;
- (xiv) the provision of television broadcast services;
- (xv) the provision or the procurement or obtaining of professional, management, operational, administrative and support services including secondment arrangements and finance and treasury, business development, marketing, planning and development consultancy and technical assistance, management information systems, information technology, human resource, corporate communications (including investor relations), taxation, audit, legal, internal control, corporate secretarial services, administration of pension funds and any other professional services; and
- (xvi) the provision or the procurement or obtaining of such other products and/or services which are incidental to or in connection with the provision or the procurement or obtaining of products and/or services in sub-paragraphs (i) to (xv) above.

## **2.5 Classes of Interested Persons**

The IPT Mandate will apply to the following classes of interested persons:

- (i) the Salim Group;
- (ii) the IMAS Group; and
- (iii) directors, chief executive officer and controlling shareholders of the Company or an associate of any such director, chief executive officer and controlling shareholder.

Transactions with interested persons which do not fall within the ambit of the proposed IPT Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

## 2.6 Guidelines and Review Procedures

The parties responsible for reviewing and approving Interested Person Transactions are as follows:

- (i) All Interested Person Transactions, other than the Professional, Administrative and Support Services referred to in Section 2.4(xv) of this Appendix
  - (a) individual transactions less than S\$10,000,000<sup>1</sup> in value will be subject to review and approval by any Executive Director or Chief Executive Officer (“CEO”) of the Company or such other officer(s) designated by the CEO (who do not have any interest, whether direct or indirect, in the transaction);
  - (b) individual transactions in value equal to, or exceeding, S\$10,000,000 each will be subject to review and approval by the Audit Committee; and
  - (c) where the aggregate value of all transactions with the same interested person in the same financial year is equal to or exceeds S\$20,000,000<sup>2</sup>:
    - (1) the relevant Interested Person Transaction which will result in the aggregate value of all transactions with the same interested person in the same financial year being equal to or exceeding S\$20,000,000, will be subject to review and approval by the Audit Committee;
    - (2) thereafter, the relevant Interested Person Transaction which will result in the aggregate value of all transactions with the same interested person in the same financial year being equal to or exceeding S\$25,000,000<sup>3</sup>, will be subject to review and approval by the Audit Committee;
    - (3) thereafter, each relevant Interested Person Transaction which will result in the aggregate value of all transactions with the same interested person in the same financial year being equal to or exceeding an amount which is a multiple of S\$5,000,000 in excess of S\$25,000,000, will be subject to review and approval by the Audit Committee; and
    - (4) any other transaction(s) with the same interested person in the same financial year which does not fall within the review procedures set out in sub-paragraphs (i)(c)(aa) to (cc) above, will be subject to review and approval by any Executive Director or the CEO of the Company or such other officer(s) designated by the CEO (who do not have any interest, whether direct or indirect, in the transaction),

Provided that any transaction (1) which has been approved by the Shareholders, or (2) which is of a value below S\$100,000, need not be included in the computation of the quantum herein.

1 This is approximately 0.6% of the latest audited consolidated NTA of the Group of approximately S\$1.7 billion as at 31 December 2015.

2 This is approximately 1.2% of the latest audited consolidated NTA of the Group of approximately S\$1.7 billion as at 31 December 2015.

3 This is approximately 1.5% of the latest audited consolidated NTA of the Group of approximately S\$1.7 billion as at 31 December 2015.

(ii) Professional, Administrative and Support Services referred to in Section 2.4(xv) of this Appendix

- (a) individual transactions less than S\$1,000,000<sup>1</sup> in value will be subject to review and approval by any Executive Director or CEO of the Company or such other officer(s) designated by the CEO (who do not have any interest, whether direct or indirect, in the transaction); and
- (b) individual transactions in value equal to, or exceeding, S\$1,000,000 each will be subject to review and approval by the Audit Committee,

Provided that any transaction (1) which has been approved by the Shareholders, or (2) which is of a value below S\$100,000, need not be included in the computation of the quantum herein.

Prior to approving such transactions, the Executive Director, CEO or the Audit Committee (as the case may be) will satisfy itself that the pricing or fee structure for such service(s) is fair and reasonable and the terms are on normal commercial terms.

To ensure that the Interested Person Transactions are undertaken on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the interested person(s) than those extended to unrelated third parties, members of the EAR Group will be required to document the Interested Person Transactions and the following review procedures will be implemented by the Company:

- (a) When engaging the services of or purchasing products from an interested person (other than Professional, Administrative and Support Services), quotations from at least two (2) other unrelated third party suppliers for similar quantities and/or quality of services or products will be obtained (whenever possible or available) for comparison. The pricing or fees for services or products will not be higher than the most competitive price or fee obtained through the unrelated third party quotations to ensure that the price and terms offered by the interested person are fair and reasonable and competitive to those offered by other unrelated third parties for the same or similar type of services or products. In determining whether the price and terms offered by the interested person are fair and reasonable, all pertinent factors, including but not limited to quality, delivery time, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, may also be taken into consideration.

In the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors providing or selling a similar type of service or product), the Audit Committee will determine whether the price and terms offered by the interested person are fair and reasonable. In determining the transaction price payable to the interested person for such services or products, all pertinent factors, including but not limited to quality, delivery time, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, may also be taken into consideration.

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<sup>1</sup> This is approximately 0.06% of the latest audited consolidated NTA of the Group of approximately S\$1.7 billion as at 31 December 2015.

- (b) When supplying services or selling products to an interested person, the pricing or fees for the services or products are to be carried out at the prevailing market rates or prices of the service or product providers, on terms no more favourable to the interested person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates, process and/or discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

In the event that prevailing market rates or prices are not available (for instance due to the nature of the service to be provided or the product to be sold or if there are no other customers for similar products or services), the transaction prices will, where applicable, be in accordance with the Group's usual business practices and pricing policies, consistent with the usual margin of the Group for the same or substantially similar type(s) of transaction with unrelated third parties. In determining the transaction price payable by the interested person for such services or products, all pertinent factors, including but not limited to quantity, duration of contract, volume, strategic purposes of the transaction, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, may also be taken into consideration.

- (c) When renting properties from or to an interested person, appropriate steps will be taken to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries.
- (d) In relation to the engagement of an interested person for the provision of any Professional, Administrative and Support Services, the fees to be paid to the interested person for such service(s) will be (i) based on the actual cost incurred by the interested person in providing such service, or (ii) equal to or less than the fees charged by or paid to unrelated third parties for comparable services rendered by such unrelated third parties.
- (e) The Audit Committee will also:
- (i) carry out periodic reviews (at least twice a year) to ascertain that the established Review Procedures for transactions with interested persons have been complied with and the relevant approvals have been obtained; and
  - (ii) consider from time to time whether the established Review Procedures for transactions with interested persons have become inappropriate or are unable to ensure that the transactions will be carried out on normal commercial terms, and will not be prejudicial to the minority Shareholders.

To ensure that the transactions described in (b), (c) and (d) above will be on normal commercial terms and at a fair market price, the terms of the transactions will (where applicable) be in accordance with industry norms and the Group's usual practices and policies consistent with the Group's usual margin, and no less favourable than similar transactions on similar terms and conditions accorded by the interested person to an unrelated party and sale to interested persons shall not be more favourable than terms extended to unrelated third party by the Group or extended by the Group to unrelated third

parties, taking into account all commercial interests of the Group and commercial factors including but not limited to timing, competitiveness, expediency, pricing, quality, bulk purchases, convenience and frequency of transactions.

## **2.7 Excluded Transactions**

The IPT Mandate will not cover any transaction with an interested person that is below S\$100,000 in value, as Chapter 9 provides that any such transaction is to be disregarded.

Transactions between the EAR Group and the Company's interested persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9, or other applicable provisions of the Listing Manual, if any.

## **2.8 Validity Period of the IPT Mandate**

If approved by Shareholders at the 2016 AGM, the renewed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto at the 2016 AGM, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company.

Approval from Shareholders will be sought for the renewal of the IPT Mandate at the 2016 AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to transactions with the Company's interested persons.

## **2.9 Disclosure**

Disclosure will be made in the Company's annual report of the aggregate value of the transactions conducted with interested persons pursuant to the IPT Mandate during the relevant financial year, and in the annual reports for the subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9.

## **2.10 Directors' and Substantial Shareholders' Interests**

The interests of the Directors of the Company in the issued share capital of the Company can be found in Section 3.10.1 of this Appendix.

The interests of the Substantial Shareholders of the Company in the issued share capital of the Company can be found in Section 3.10.2 of this Appendix.

## **2.11 Statement by the Audit Committee**

The Audit Committee of the Company has reviewed the terms of the proposed IPT Mandate and has confirmed that the methods or procedures for determining the transaction prices of the Interested Person Transactions have not changed since the last shareholder approval for the IPT Mandate at the AGM held on 28 April 2015. The Audit Committee is also of the view that such methods or procedures for determining the transaction prices of the Interested Person Transactions are, if adhered to, sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. However, should the Audit Committee subsequently no longer be of this opinion, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the Company's interested persons.

### **3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

#### **3.1 Background**

The Share Purchase Mandate was approved by Shareholders on 23 January 2009 and was last renewed at the 2015 AGM, to enable the Company to purchase or otherwise acquire issued Shares. The rationale for, and the authority and limitations on, the Share Purchase Mandate were set out in the appendix to the Notice of the 2015 AGM and Ordinary Resolution 10 set out in the Notice of the 2015 AGM.

The existing Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 10 at the 2015 AGM and will expire on the date of the forthcoming AGM being the 2016 AGM which is scheduled to be held on 26 April 2016. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2016 AGM.

#### **3.2 Shares Purchased or Acquired during the Previous 12 Months**

As at the Latest Practicable Date, the Company has not made any purchase or acquisition of Shares during the 12-month period preceding the Latest Practicable Date.

#### **3.3 Rationale for the Renewal of the Share Purchase Mandate**

The proposed Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares during the period when the Share Purchase Mandate is in force, if and when circumstances permit. The purchases or acquisitions of Shares may, depending on market conditions and funding arrangements at the time, allow the Directors to better manage the Company's capital structure with a view to enhancing the earnings per share and/or net asset value per share of the Group. The purchases or acquisitions of Shares may, in appropriate circumstances, also help to mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence.

The Directors will decide whether to effect the purchases or acquisitions of the Shares after taking into account the prevailing market conditions, the financial position of the Group and other relevant factors.

#### **3.4 Terms of the Proposed Share Purchase Mandate**

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate (if renewed at the 2016 AGM), are substantially the same as those previously approved by Shareholders at the 2015 AGM and are summarised below:

##### **3.4.1 *Maximum Number of Shares***

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company shall not exceed 10% of the total number of Shares (excluding any Shares which are held as treasury shares) in issue as at the date of the 2016 AGM at which the renewal of the Share Purchase Mandate is approved.



### 3.4.2 ***Duration of Authority***

Purchases or acquisitions of Shares by the Company may be made, at any time and from time to time, on and from the date of the AGM at which the renewal of the Share Purchase Mandate is approved up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held; or
- (b) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting.

### 3.4.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares by the Company may be made by way of:

- (a) an on-market purchase transacted through the SGX-ST's trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchase**"); and/or
- (b) an off-market purchase in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchase**").

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Constitution of the Company, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (a) the offers under the scheme are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;
- (b) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (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 the offers relate to shares with different accrued dividend entitlements;
  - (ii) differences in consideration attributable to the fact that the offers 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.

Under the Listing Manual, in making an Off-Market Purchase, a listed company must issue an offer document to all shareholders containing, *inter alia*, 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 purchases;
- (d) the consequences, if any, of share purchases by the listed company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the share purchases, if made, could affect the listing of the listed company's equity securities on the SGX-ST; and
- (f) details of any share purchases made by the listed company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.

Any Share purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share shall expire on cancellation), unless such Share is held by the Company as a treasury share.

#### **3.4.4 Maximum Purchase Price**

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors, provided that such purchase price must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the purposes of this Appendix:

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five (5) Market Day period;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources; and

"**date of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

### 3.5 Status of Purchased or Acquired Shares: Held in Treasury or Cancelled

Any Shares purchased or acquired pursuant to the Share Purchase Mandate will be dealt with in such manner as may be permitted by the Companies Act.

Under the Companies Act, any Share purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share shall expire on cancellation), unless such Share is held by the Company in treasury in accordance with Sections 76H to 76K of the Companies Act.

#### 3.5.1 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Certain of the provisions on treasury shares under the Companies Act are summarised below:

- (a) Maximum Holding: The aggregate number of Shares held by the Company as treasury shares shall not at any time exceed 10% of the total number of Shares in issue at that time. In the event that the aggregate number of treasury shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess treasury shares within six (6) months from the day the aforesaid limit is first exceeded.
- (b) Voting and Other Rights: The Company cannot exercise any right in respect of the treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

- (c) Disposal or Cancellation: Where Shares are held as treasury shares, the Company may at any time:
  - (i) sell the treasury shares (or any of them) for cash;
  - (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
  - (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
  - (iv) cancel the treasury shares (or any of them); or
  - (v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as (i) the date of the sale, transfer, cancellation and/or use of such treasury shares, (ii) the purpose of such sale, transfer, cancellation and/or use of such treasury shares, (iii) the number of treasury shares which have been sold, transferred, cancelled and/or used, (iv) the number of treasury shares before and after such sale, transfer, cancellation and/or use, (v) the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and (vi) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

### **3.5.2 *Purchased or Acquired Shares Cancelled***

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled, which shall include any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of Shares.

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

### **3.6 Source of Funds**

In purchasing or acquiring its Shares, the Company may only apply funds legally available for such purchase or acquisition as provided in the Constitution of the Company and in accordance with applicable laws in Singapore.

The Companies Act permits any purchase or acquisition of shares to be made out of a company's capital or profits so long as the company is solvent. For this purpose, a company is "solvent" if at the time of the payment, the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;

- (b) if:
- (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use the Group's internal resources or external bank borrowings or a combination of both to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire Shares under the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that would materially and adversely affect the working capital requirements, the gearing levels of the Group and the financial position of the Group taken as a whole.

### **3.7 Financial Effects**

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares, whether the purchase or acquisition is made out of capital or profits of the Company and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial accounts of the Company and the Group for FY2015, are based on the assumptions set out below.

#### **3.7.1 Purchase or Acquisition of Shares made out of Capital or Profits**

Where the purchase or acquisition of Shares is made out of capital, the profits available for distribution as dividends by the Company will not be reduced. Where the purchase or acquisition of Shares is made out of profits, the purchase price paid by the Company for the Shares will correspondingly reduce the profits available for distribution as dividends by the Company.

Based on the audited accounts of the Company for FY2015, the Company had accumulated losses of approximately S\$101.8 million as at 31 December 2015. Accordingly, in respect of the Share Purchase Mandate sought at the 2016 AGM, it is expected that any purchase or acquisition of Shares will be made out of capital and not out of profits.

For the purposes of Section 3.7 of this Appendix, the purchase price paid by the Company for the Shares does not include any expenses (including brokerage or commission) incurred in such purchase or acquisition of the Shares.

### **3.7.2 Number of, and Maximum Price paid for, Shares Purchased or Acquired**

Based on 4,824,965,112 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the 2016 AGM, the purchase or acquisition by the Company of up to the maximum limit of 10% of the total number of its issued Shares will result in the purchase or acquisition by the Company of up to 482,496,511 Shares.

The financial effects of the purchase or acquisition of Shares by the Company set out in this section are on the basis of the purchase or acquisition of 482,496,000 Shares (rounded down to the nearest 1,000 Shares) made entirely out of the capital of the Company.

In the case of Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 482,496,000 Shares at the Maximum Price of S\$0.220 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares immediately preceding the Latest Practicable Date (rounded down to the nearest S\$0.005)), the maximum amount of funds required for the purchase or acquisition of 482,496,000 Shares is approximately S\$106.1 million.

In the case of Off-Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 482,496,000 Shares at the Maximum Price of S\$0.254 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 482,496,000 Shares is approximately S\$122.6 million.

### **3.7.3 Illustrative Financial Effects**

It is not possible for the Company to realistically calculate or quantify the financial effects of Share purchases or acquisitions that may be made pursuant to the Share Purchase Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Purely for illustrative purposes only, based on the audited financial statements of the Company and the Group for FY2015, the assumptions stated above and assuming the purchases or acquisitions of Shares by the Company are funded from internal resources and external bank borrowings, the effects of such purchases or acquisitions of Shares by way of Market Purchases and Off-Market Purchases on the financial positions of the Company and the Group under each of the following Scenarios A and B are as set out in the tables below:

- (a) **Scenario A:** Market Purchases or Off-Market Purchases (as the case may be) of 482,496,000 Shares made entirely out of capital and **held as treasury shares**; and
- (b) **Scenario B:** Market Purchases or Off-Market Purchases (as the case may be) of 482,496,000 Shares made entirely out of capital and **cancelled**.

**(1) Market Purchases**

As at 31 December 2015 (audited)	GROUP			COMPANY		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Scenario A	Scenario B		Scenario A	Scenario B
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Profit/(Loss) attributable to equity holders <sup>1</sup>	(107,548)	(107,548)	(107,548)	(51,988)	(55,187)	(55,187)
Share capital	1,880,154	1,880,154	1,774,005	1,880,154	1,880,154	1,774,005
Reserves <sup>1</sup>	(182,353)	(182,353)	(182,353)	(21,760)	(24,959)	(24,959)
Treasury shares	–	(106,149)	–	–	(106,149)	–
Shareholders' funds	1,697,801	1,591,652	1,591,652	1,858,394	1,749,045	1,749,045
NAV <sup>2</sup>	1,697,801	1,591,652	1,591,652	1,858,394	1,749,045	1,749,045
Current assets <sup>3</sup>	2,076,675	1,970,526	1,970,526	76,933	74,234	74,234
Current liabilities <sup>3</sup>	1,636,372	1,636,372	1,636,372	339,102	445,751	445,751
Net current assets/(liabilities) <sup>3</sup>	440,303	334,154	334,154	(262,169)	(371,518)	(371,518)
Total borrowings <sup>4</sup>	2,383,523	2,383,523	2,383,523	771,974	878,623	878,623
Cash & cash equivalents <sup>1</sup>	201,921	95,772	95,772	18,074	15,375	15,375
Number of Shares (in '000) <sup>5</sup>	4,824,965	4,342,469	4,342,469	4,824,965	4,342,469	4,342,469
Treasury shares (in '000)	–	482,496	–	–	482,496	–
<b>Financial Ratios</b>						
EPS – cents	(2.23)	(2.48)	(2.48)	(1.08)	(1.27)	(1.27)
NAV per Share – cents	35.19	36.65	36.65	38.52	40.28	40.28
Gearing ratio <sup>6</sup>	1.28	1.44	1.44	0.41	0.49	0.49
Current ratio (times) <sup>7</sup>	1.27	1.20	1.20	0.23	0.17	0.17

**Notes:**

- (1) The profit attributable to equity holders, reserves and current assets (including cash and cash equivalents) for the Company have been adjusted to take into account interest expense relating to inter-company borrowings for the purchase of Shares. The interest expense is calculated assuming that the purchase of Shares was completed on 1 January 2015.
- (2) NAV equals shareholders' funds.
- (3) Net current assets equals current assets less current liabilities. As at 31 December 2015, the Company had approximately S\$76.9 million of current assets, out of which approximately S\$18.1 million was in the form of cash and bank balances. The Company also had current liabilities of approximately S\$339.1 million as at 31 December 2015, out of which approximately S\$145.6 million were amounts due to subsidiary companies. The Group on a consolidated basis had approximately S\$201.9 million of cash and bank balances as at 31 December 2015.
- (4) Total borrowings for the Company have been adjusted to take into account additional inter-company borrowings and external bank borrowings for the purchase of Shares.
- (5) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.
- (6) Gearing ratio equals net debts (i.e. total borrowings after deducting cash and cash equivalents) divided by shareholders' funds.
- (7) Current ratio equals current assets divided by current liabilities.

As illustrated under Scenarios A and B in the table above, the Market Purchases of 482,496,000 Shares made entirely out of capital and held as treasury shares (under Scenario A) or cancelled (under Scenario B), as the case may be, will have the effect of reducing the NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2015 will increase from 35.19 cents to 36.65 cents.

Assuming that the purchase of Shares had taken place on 1 January 2015, the consolidated basic loss per Share of the Group for FY2015 would increase from 2.23 cents per Share to 2.48 cents per Share as a result of the reduction in the number of issued Shares under Scenarios A and B. No adjustment has been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

## (2) Off-Market Purchases

As at 31 December 2015 (audited)	GROUP			COMPANY		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Scenario A	Scenario B		Scenario A	Scenario B
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Profit/(Loss) attributable to equity holders <sup>1</sup>	(107,548)	(107,548)	(107,548)	(51,988)	(55,700)	(55,700)
Share capital	1,880,154	1,880,154	1,757,407	1,880,154	1,880,154	1,757,407
Reserves <sup>1</sup>	(182,353)	(182,353)	(182,353)	(21,760)	(25,472)	(25,472)
Treasury shares	–	(122,747)	–	–	(122,747)	–
Shareholders' funds	1,697,801	1,575,054	1,575,054	1,858,394	1,731,935	1,731,935
NAV <sup>2</sup>	1,697,801	1,575,054	1,575,054	1,858,394	1,731,935	1,731,935
Current assets <sup>3</sup>	2,076,675	1,953,928	1,953,928	76,933	74,221	74,221
Current liabilities <sup>3</sup>	1,636,372	1,636,372	1,636,372	339,102	462,849	462,849
Net current assets/(liabilities) <sup>3</sup>	440,303	317,556	317,556	(262,169)	(388,628)	(388,628)
Total borrowings <sup>4</sup>	2,383,523	2,383,523	2,383,523	771,974	895,721	895,721
Cash & cash equivalents <sup>1</sup>	201,921	79,174	79,174	18,074	15,362	15,362
Number of Shares (in '000) <sup>5</sup>	4,824,965	4,342,469	4,342,469	4,824,965	4,342,469	4,342,469
Treasury shares (in '000)	–	482,496	–	–	482,496	–
<b>Financial Ratios</b>						
EPS – cents	(2.23)	(2.48)	(2.48)	(1.08)	(1.28)	(1.28)
NAV per Share – cents	35.19	36.27	36.27	38.52	39.88	39.88
Gearing ratio <sup>6</sup>	1.28	1.46	1.46	0.41	0.51	0.51
Current ratio (times) <sup>7</sup>	1.27	1.19	1.19	0.23	0.16	0.16

### Notes:

- (1) The profit attributable to equity holders, reserves and current assets (including cash and cash equivalents) for the Company have been adjusted to take into account interest expense relating to inter-company borrowings for the purchase of Shares. The interest expense is calculated assuming that the purchase of Shares was completed on 1 January 2015.
- (2) NAV equals shareholders' funds.



- (3) Net current assets equals current assets less current liabilities. As at 31 December 2015, the Company had approximately S\$76.9 million of current assets, out of which approximately S\$18.1 million was in the form of cash and bank balances. The Company also had current liabilities of approximately S\$339.1 million as at 31 December 2015, out of which approximately S\$145.6 million were amounts due to subsidiary companies. The Group on a consolidated basis had approximately S\$201.9 million of cash and bank balances as at 31 December 2015.
- (4) Total borrowings for the Company have been adjusted to take into account additional inter-company borrowings and external bank borrowings for the purchase of Shares.
- (5) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.
- (6) Gearing ratio equals net debts (i.e. total borrowings after deducting cash and cash equivalents) divided by shareholders' funds.
- (7) Current ratio equals current assets divided by current liabilities.

As illustrated under Scenarios A and B in the table above, the Off-Market Purchases of 482,496,000 Shares made entirely out of capital and held as treasury shares (under Scenario A) or cancelled (under Scenario B), as the case may be, will have the effect of reducing the NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2015 will increase from 35.19 cents to 36.27 cents.

Assuming that the purchase of Shares had taken place on 1 January 2015, the consolidated basic loss per Share of the Group for FY2015 would increase from 2.23 cents per Share to 2.48 cents per Share as a result of the reduction in the number of issued Shares under Scenarios A and B. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

**Shareholders should note that the financial effects set out above, based on the respective assumptions stated above, are for illustration purposes only and are not necessarily representative of future financial performance. In addition, the actual impact will depend on, *inter alia*, the actual number and price of Shares that may be purchased or acquired by the Company and whether the Shares purchased or acquired are held in treasury or cancelled.**

Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of the total number of the Company's issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of the issued Shares as mandated. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury. The Directors would emphasise that they do not propose to exercise the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group taken as a whole, or result in the Company being delisted from the SGX-ST.

### **3.8 Tax Implications**

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the purchase or acquisition of Shares by the Company, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

## **3.9 Listing Manual**

### **3.9.1 *No Purchases during Price Sensitive Developments***

Whilst 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 proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a consideration and/or decision of the board of directors of the Company until the price sensitive information has been publicly announced.

In particular, in-line with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s annual results and during the period of two (2) weeks immediately preceding the announcement of the Company’s financial statements for each of the first three quarters of its financial year.

### **3.9.2 *Listing Status of the Shares***

Under Rule 723 of the Listing Manual, a listed company shall ensure that at least 10% of the total number of issued Shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The word “public” is defined in the Listing Manual as persons other than directors, chief executive officer, substantial shareholders, or controlling shareholders of the listed company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, there are 648,813,369 Shares, representing approximately 13.45% of the total number of issued Shares, held by the public. In the event that the Company purchases the maximum of 10% of its total number of issued Shares from public Shareholders, the percentage of the Company’s public float would be reduced to approximately 3.45% of the total number of Shares in issue. The Company will not effect an acquisition or purchase of Shares if such acquisition or purchase will result in the number of Shares remaining in public hands falling to such a level as to adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

### **3.9.3 *Reporting Requirements***

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. (i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares (excluding treasury shares) after the purchase and the number of treasury shares held after the purchase.

### **3.10 Certain Take-over Code implications arising from the Proposed Share Purchase Mandate**

Certain take-over implications arising from the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are summarised below.

If, as a result of any purchase or acquisition of Shares made by the Company under the Share Purchase Mandate, the proportionate interest of a Shareholder and persons acting in concert with him in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, 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 Take-over Code presumes *inter alia*, the following individuals and companies to be acting in concert with each other: (i) 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) and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second-mentioned company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

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 as a result of a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 is that unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of a purchase or acquisition of Shares by the Company:

- (a) the percentage of voting rights held by such Directors and their concert parties in the Company increase to 30% or more; or
- (b) if the Directors and their concert parties hold between 30% and 50% of the Company's voting rights, and their voting rights increase by more than 1% in any period of six (6) months.

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

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

### 3.10.1 Shareholding Interests of Directors

Assuming that the shareholdings of the Directors of the Company are as set out in the Register of Directors' Shareholdings as at the Latest Practicable Date, and on the basis that (i) the Company purchases or acquires the maximum of 10% of the share capital of the Company of 4,824,965,112 Shares, (ii) there is no change in the number of Shares in which the Directors have an interest as at the Latest Practicable Date, (iii) there are no further issue of Shares and (iv) no Shares are held by the Company as treasury shares on or prior to the 2016 AGM, the interests of the Directors of the Company in the Shares of the Company before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, will be as follows:

Name of Director	Number of Shares Held			% Before Share Purchase	% After Share Purchase
	Direct Interest	Deemed Interest	Total Interest		
Lim Hock San	1,714,000	–	1,714,000	0.04	0.04
Eugene Cho Park	200,000	–	200,000	n.m <sup>(1)</sup>	n.m <sup>(1)</sup>
Gianto Gunara	200,000	–	200,000	n.m <sup>(1)</sup>	n.m <sup>(1)</sup>
Jusak Kertowidjojo	–	–	–	–	–
Choo Kok Kiong	–	–	–	–	–
Tan Chin Nam	–	–	–	–	–
Axton Salim	–	–	–	–	–
Foo Ko Hing	–	–	–	–	–
Rivaie Rachman	–	–	–	–	–

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**Note:**

(1) "n.m" denotes not meaningful.

### 3.10.2 Shareholding Interests of Substantial Shareholders

Assuming that the shareholdings of the Substantial Shareholders of the Company are as set out in the Register of Substantial Shareholders as at the Latest Practicable Date, and on the basis that (i) the Company purchases or acquires the maximum of 10% of the share capital of the Company of 4,824,965,112 Shares, (ii) there is no change in the number of Shares in which the Substantial Shareholders have an interest as at the Latest Practicable Date, (iii) there are no further issue of Shares and (iv) no Shares are held by the Company as treasury shares on or prior to the 2016 AGM, the interests of the Substantial Shareholders of the Company before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, will be as follows:

Name of Substantial Shareholder	Number of Shares Held			% Before Share Purchase	% After Share Purchase
	Direct Interest	Deemed Interest	Total Interest		
Parallax Venture Partners XXX Ltd (“PVP”)	2,936,862,151	657,011,738	3,593,873,889	74.48	82.76
Salim Wanye (Shanghai) Enterprises Co., Ltd (“Salim Wanye”) <sup>(1)</sup>	–	3,593,873,889	3,593,873,889	74.48	82.76
Jaslene Limited (“Jaslene”) <sup>(1)</sup>	–	3,593,873,889	3,593,873,889	74.48	82.76
Success Medal International Limited (“Success Medal”) <sup>(1)</sup>	–	3,593,873,889	3,593,873,889	74.48	82.76
Salim & Van (Shanghai) Investment Ltd (“Salim & Van”) <sup>(1)</sup>	–	3,593,873,889	3,593,873,889	74.48	82.76
Manyip Holdings Limited (“Manyip”) <sup>(1)</sup>	–	3,593,873,889	3,593,873,889	74.48	82.76
Dornier Profits Limited (“Dornier Profits”)	189,545,100	467,466,638	657,011,738	13.62	15.13
Anthoni Salim <sup>(2)</sup>	–	3,596,980,577	3,596,980,577	74.55	82.83
Sembcorp Development Ltd. (“SDL”) <sup>(3)</sup>	577,057,166	–	577,057,166	11.96	13.29
SCI <sup>(3)</sup>	–	577,057,166	577,057,166	11.96	13.29
Temasek Holdings (Private) Limited (“Temasek”) <sup>(3)</sup>	–	577,057,166	577,057,166	11.96	13.29

#### Notes:

- (1) Salim Wanye has a controlling interest in PVP and is deemed to be interested in the Shares in which PVP has an interest. Success Medal, together with Salim & Van, has a controlling interest in Salim Wanye and is deemed to be interested in the Shares in which PVP has an interest. Each of Jaslene and Salim & Van has an interest in more than 20% of the issued share capital of Salim Wanye. Manyip, via its controlling interest in Salim & Van, has an interest in more than 20% of the issued share capital of Salim Wanye. Each of Jaslene, Salim & Van and Manyip is deemed to be interested in the Shares in which PVP has an interest.
- (2) Anthoni Salim is deemed to have an interest in the Shares owned by Dornier and PVP as well as in 3,106,688 Shares owned by PT Elitindo Citralestari.
- (3) Temasek has an interest in more than 20% of the share capital of SCI, and SCI in turn has a controlling interest in SDL. Accordingly, Temasek and SCI are deemed to be interested in the Shares in which SDL has a direct interest.

### **3.10.3 Consequences of Share Purchases or Acquisitions by the Company**

Assuming that the shareholdings of the Controlling Shareholders of the Company are as set out in the Register of Substantial Shareholders as at the Latest Practicable Date, and that the Controlling Shareholders do not acquire any Shares, as at the Latest Practicable Date, the Directors are not aware of any Controlling Shareholders who would become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code as a result of any intended purchase of Shares by the Company of the maximum of 482,496,511 Shares (being 10% of the total number of issued Shares based on the share capital of the Company as at the Latest Practicable Date) pursuant to the proposed Share Purchase Mandate.

**The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity.**

## **4. DIRECTORS' RECOMMENDATIONS**

### **4.1 The Proposed Renewal of the IPT Mandate**

The Directors of the Company as at the date of this Appendix who have no interest in the Interested Person Transactions (namely, Eugene Cho Park, Lim Hock San, Foo Ko Hing and Rivaie Rachman), having considered the rationale for the proposed IPT Mandate, are of the opinion that the proposed renewal of the IPT Mandate is in the interests of the Company and accordingly, they recommend that Shareholders **vote in favour** of Ordinary Resolution 9 in respect of the proposed renewal of the IPT Mandate at the 2016 AGM.

### **4.2 The Proposed Share Purchase Mandate**

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the interests of the Company and, accordingly, they recommend that Shareholders **vote in favour** of the Ordinary Resolution 10 in respect of the proposed renewal of the Share Purchase Mandate at the 2016 AGM.

## **5. ABSTENTION FROM VOTING**

The Salim Group, being an interested person, will abstain and shall procure its associates to abstain from voting on Ordinary Resolution 9 relating to the IPT Mandate to be tabled at the 2016 AGM. The Salim Group and its associates will also not act as proxies in relation to Ordinary Resolution 9 unless voting instructions have been given by the Shareholder.

## **6. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors 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 IPT Mandate and the proposed renewal of the Share Purchase Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this 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 this Appendix in its proper form and context.

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 991A Alexandra Road #02-06/07, Singapore 119969, during normal business hours from the date of this Appendix up to and including the date of the 2016 AGM:

- (i) the Constitution of the Company; and
- (ii) the annual report of the Company for FY2015.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**Gallant Venture Ltd.**

Eugene Cho Park  
Executive Director and Chief Executive Officer

