

**CIRCULAR DATED 7 APRIL 2014**

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

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

If you have sold or transferred all your shares in the capital of Transpac Industrial Holdings Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should at once hand this circular with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

The SGX-ST only approves the listing and quotation of the Bonus Warrants and the New Shares and the approval of the SGX-ST shall not be taken as an indication of the merits of the Bonus Warrants Issue, the Bonus Warrants, the New Shares, the Bonds Issue, the Conversion Shares, the Company and/or its subsidiaries.

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

## **TRANSPAC INDUSTRIAL HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199400941K)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO**

- (I) THE INTERNALISATION EXERCISE;**
- (II) THE DIVIDEND PACKAGE;**
- (III) THE PROPOSED ISSUE OF UP TO S\$18,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF ZERO COUPON CONVERTIBLE BONDS TO COSMIC VENTURES LIMITED;**
- (IV) THE WHITEWASH RESOLUTION; AND**
- (V) THE PROPOSED CHANGE OF THE COMPANY’S NAME TO “TIH LIMITED”**

**Independent Financial Adviser in relation to the Internalisation Exercise and the Whitewash Resolution**

**TATA CAPITAL**

**TATA CAPITAL MARKETS PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200820715M)

#### **Important Dates and Times:**

Last date and time for lodgment of Proxy Form	:	27 April 2014 at 11.00 a.m.
Date and time of Extraordinary General Meeting	:	29 April 2014 at 11.00 a.m. or immediately after the conclusion of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place (or the adjournment thereof)
Place of Extraordinary General Meeting	:	Concorde 1, 3rd Level, Concorde Hotel Singapore, 100 Orchard Road, Singapore 238840

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## TABLE OF CONTENTS

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DEFINITIONS.....	3
INDICATIVE TIMETABLE .....	10
LETTER TO SHAREHOLDERS .....	11
1. INTRODUCTION.....	11
1.1 Extraordinary General Meeting.....	11
1.2 The Resolutions .....	11
1.3 Interconditionality between the Resolutions.....	13
2. THE INTERNALISATION EXERCISE .....	13
2.1 Introduction .....	13
2.2 Key terms of the Management Agreement.....	14
2.3 The Business of the Company after the Internalisation Exercise.....	14
2.4 Rationale for and Benefits of the Internalisation Exercise .....	15
2.5 Interested Person Transaction.....	16
2.6 Information on the Manager and TIL .....	17
2.7 Principal terms of the Internalisation Exercise.....	17
2.8 Financial Effects.....	19
2.9 Audit Committee’s Statement and Recommendation of the Independent Directors .....	20
3. THE DIVIDEND PACKAGE .....	21
3.1 Introduction .....	21
3.2 Principal Terms of the Bonus Warrants.....	22
3.3 Entitlements to the Bonus Warrants.....	25
3.4 Rationale for the Bonus Warrants Issue and Use of Proceeds .....	26
3.5 Trading of Bonus Warrants.....	27
4. THE BONDS ISSUE .....	27
4.1 Introduction .....	27
4.2 Summary of the Principal terms of the Bonds.....	28
4.3 Principal terms of the Subscription Agreement .....	34
4.4 Information on the Subscriber.....	37
4.5 Share Lending Agreement.....	37
4.6 Rationale and Use of Proceeds of the Bonds Issue.....	37
5. THE WHITEWASH RESOLUTION.....	38
5.1 Mandatory Offer Requirement under the Code .....	38
5.2 Confirmation from the SIC .....	38
5.3 Whitewash Resolution.....	40
5.4 Advice of the Independent Financial Adviser .....	40

---

## TABLE OF CONTENTS

---

6.	PROPOSED CHANGE OF NAME .....	41
6.1	Rationale .....	41
6.2	Approvals .....	41
6.3	Existing Share Certificates.....	41
7.	INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND CHANGES IN SHAREHOLDING STRUCTURE.....	41
8.	FINANCIAL EFFECTS OF THE BONUS WARRANTS ISSUE AND THE BONDS ISSUE .....	43
9.	DIRECTORS' RECOMMENDATIONS .....	47
10.	EXTRAORDINARY GENERAL MEETING .....	47
11.	ACTION TO BE TAKEN BY SHAREHOLDERS .....	47
12.	CONSENT .....	48
13.	ABSTENTION FROM VOTING .....	48
14.	DIRECTORS' RESPONSIBILITY STATEMENT .....	48
15.	DOCUMENTS AVAILABLE FOR INSPECTION .....	48
	APPENDIX A – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE INTERNALISATION EXERCISE .....	49
	APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS.....	58
	APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE WHITEWASH RESOLUTION .....	80
	NOTICE OF EXTRAORDINARY GENERAL MEETING .....	N-1

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## DEFINITIONS

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The following definitions apply throughout in this Circular except where the context otherwise requires:

- “30 December 2013 Announcement”* : The announcement dated 30 December 2013 in relation to the Internalisation Exercise and the Dividend Package
- “9 January 2014 Announcement”* : The announcement dated 9 January 2014 in relation to the Bonds Issue
- “ACRA”* : The Accounting and Corporate Regulatory Authority of Singapore
- “Announcement Date”* : Has the meaning ascribed to it in Section 5.2(d)(i) of this Circular
- “Articles of Association”* : The articles of association of the Company, as amended, modified or supplemented from time to time
- “ARF”* : ASM Asia Recovery (Master Fund)
- “ASM”* : Argyle Street Management Limited
- “ASM Group”* : ASM, Argyle Street Management Holdings Limited, ASM Ventures Limited, ASM Asia Recovery Fund, ASM Asia Recovery Fund LLC, ASM Asia Recovery (Master) Fund and ASM Hudson River Fund, Orchard Partners Limited and Riverview Management Limited collectively
- “ASM Bonus Warrants”* : The Bonus Warrants to be issued to the ASM Group pursuant to the Bonus Warrants Issue
- “Associate”* : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
  - (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
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (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
- “Automatic Conversion”* : Has the meaning as ascribed to it in Section 4.2 of this Circular
- “Basic Subscription Tranche”* : The first issue tranche comprising S\$6,300,000 in principal value of the Bonds (each series equally)
- “Board”* : The board of Directors of the Company

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## DEFINITIONS

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- “Bonds”* : Up to S\$18,900,000 in principal amount of zero coupon convertible bonds issued pursuant to the Subscription Agreement, comprising Bonds Series A, Bonds Series B and Bonds Series C together, or any one of them, as applicable
- “Bonds Issue”* : The proposed issuance by the Company to the Subscriber of up to S\$18,900,000 in principal amount of Bonds comprising: (i) S\$6,300,000 in principal amount of Bonds; and (ii) at the option of the Subscriber, up to a further S\$12,600,000 in principal amount of the Bonds, in accordance with the terms and conditions of the Subscription Agreement
- “Bonds Issue Date”* : The date of issue of the Bonds
- “Bonds Series A”* : The first series of zero coupon convertible bonds with an aggregate principal value of up to S\$6,300,000, convertible into Conversion Shares at the Bonds Series A Conversion Price
- “Bonds Series A Conversion Price”* : Has the meaning as ascribed to it in Section 4.2 of this Circular
- “Bonds Series B”* : The second series of zero coupon convertible bonds with an aggregate principal value of up to S\$6,300,000, convertible into Conversion Shares at the Bonds Series B Conversion Price
- “Bonds Series B Conversion Price”* : Has the meaning as ascribed to it in Section 4.2 of this Circular
- “Bonds Series C”* : The third series of zero coupon convertible bonds with an aggregate principal value of up to S\$6,300,000, convertible into Conversion Shares at the Bonds Series C Conversion Price
- “Bonds Series C Conversion Price”* : Has the meaning as ascribed to it in Section 4.2 of this Circular
- “Bonus Warrants”* : The bonus warrants to be issued pursuant to the Bonus Warrants Issue
- “Bonus Warrants Issue”* : The renounceable bonus issue of up to 702,942,318 Bonus Warrants on the basis of three (3) Bonus Warrants for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, where each Bonus Warrant will entitle its holder to subscribe for one (1) New Share at the First Exercise Price during the First Exercise Period, or at the Second Exercise Price during the Second Exercise Period.
- “Bonus Warrants Issue Date”* : The date of issue of the Bonus Warrants
- “Books Closure Date”* : Subject to the Shareholders’ approval of the Dividend Package, the time and date, to be determined by the Directors, at and on which the Register of Members of the Company will be closed to determine the Cash Dividend and provisional allotment of Entitled Shareholders under the Bonus Warrants Issue
- “Cash Dividend”* : The interim tax-exempt one-tier ordinary dividend of S\$0.05 per Share for the financial year ended 31 December 2013, to be declared and paid to Entitled Shareholders as at a books closure date to be determined

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## DEFINITIONS

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<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Circular”</i>	:	This circular to Shareholders dated 7 April 2014
<i>“CMS Licence”</i>	:	A capital markets services licence for the regulated activity of fund management granted by the MAS
<i>“Code”</i>	:	The Singapore Code on Take-overs and Mergers
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<i>“Company”</i>	:	Transpac Industrial Holdings Limited
<i>“Completion”</i>	:	The completion of the Deed
<i>“Completion Date”</i>	:	The date of completion of the Deed
<i>“Conditions”</i>	:	The terms and conditions of the Bonds
<i>“Contingent Liabilities”</i>	:	Has the meaning ascribed to it in Section 2.7.2 of this Circular
<i>“Controlling Interest”</i>	:	The interest of the Controlling Shareholder(s)
<i>“Controlling Shareholder”</i>	:	A person who holds directly or indirectly 15% or more of the issued Shares (excluding Treasury Shares) (subject to the SGX-ST determining that such a person is not a Controlling Shareholder) or a person who in fact exercises control over the Company
<i>“Conversion Price”</i>	:	The Bonds Series A Conversion Price, the Bonds Series B Conversion Price or the Bonds Series C Conversion Price, as applicable
<i>“Conversion Shares”</i>	:	The new Shares to be allotted and issued upon conversion of the Bonds
<i>“Conversion Maximum”</i>	:	Has the meaning as ascribed to it in Section 4.2 of this Circular
<i>“Deed”</i>	:	The deed of termination dated 30 December 2013 entered into between the Company and the Manager pursuant to which the Company will terminate the appointment of the Manager as its investment manager pursuant to the Management Agreement
<i>“Deed Poll”</i>	:	The deed poll constituting the Bonus Warrants and which contains the terms and conditions governing the Bonus Warrants
<i>“Director(s)”</i>	:	The director(s) of the Company
<i>“Dividend Package”</i>	:	The dividend package to Shareholders comprising of the Cash Dividend and the Bonus Warrants Issue
<i>“EPS”</i>	:	Earnings per share
<i>“EGM”</i>	:	The extraordinary general meeting of the Company to be convened and held at 11.00 a.m. on 29 April 2014 at Concorde 1, 3rd Level, Concorde Hotel Singapore, 100 Orchard Road, Singapore 238840 or immediately after the conclusion of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place (or the adjournment thereof)

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## DEFINITIONS

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<i>“Entitled Depositors”</i>	:	Entitled Shareholders with Shares entered against their own names in the Depository Register maintained with CDP as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
<i>“Entitled Scripholders”</i>	:	Entitled Shareholders whose Shares are registered in their own names and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Company with addresses in Singapore for the service of notices and documents
<i>“Entitled Shareholders”</i>	:	Entitled Depositors and Entitled Scripholders
<i>“Existing Share Capital”</i>	:	The existing issued and paid-up share capital of the Company as at the Latest Practicable Date, comprising 234,314,106 Shares
<i>“First Exercise Period”</i>	:	The first period during which the Bonus Warrants may be exercised at the First Exercise Price, commencing on and including the Bonus Warrants Issue Date and expiring at 5.00 p.m. on the date falling six (6) months after the Bonus Warrants Issue Date
<i>“First Exercise Price”</i>	:	In respect of each Bonus Warrant, S\$1.28 for each New Share
<i>“Foreign Shareholders”</i>	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date, and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents
<i>“Fund Raising Exercises”</i>	:	The Bonus Warrants Issue and the Bonds Issue
<i>“FY”</i>	:	The financial year ended 31 December
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“Independent Directors for the Internalisation Exercise”</i>	:	Kin Chan, Li Yick Yee Angie, Vince Feng, Liong Tong Kap and Daniel Budiman, who are considered independent for the purpose of making recommendations on the Internalisation Exercise
<i>“Independent Directors for the Whitewash Resolution”</i>	:	Cheong Kok Yew (Stanley), Liong Tong Kap, Vince Feng and Daniel Budiman, who are considered independent for the purpose of making recommendations on the Whitewash Resolution
<i>“Independent Shareholders for the Internalisation Exercise”</i>	:	Shareholders who are independent of the Manager and its associates for the purposes of the Internalisation Exercise
<i>“Independent Shareholders for the Whitewash Resolution”</i>	:	Shareholders who are independent of the ASM Group and its concert parties for the purposes of the Whitewash Resolution
<i>“Internalisation”</i>	:	The continuation of the Management Business by TIH IM and transfer of the personnel engaged in the Management Business
<i>“Internalisation Exercise”</i>	:	The Termination and the Internalisation, which constitutes an interested person transaction under Chapter 9 of the Listing Manual



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## DEFINITIONS

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<i>“Internalisation Exercise IFA Letter”</i>	:	The letter from Tata Capital to the Independent Directors for the Internalisation Exercise in relation to the proposed termination of the appointment of the Manager as the Company’s investment manager pursuant to the Management Agreement and the continuation of the Management Business and takeover of personnel in connection with the Management Business
<i>“Killian Court”</i>	:	Killian Court Pte. Ltd.
<i>“Latest Practicable Date”</i>	:	The latest practicable date prior to the printing of this Circular, being 24 March 2014
<i>“Listing Manual”</i>	:	The Mainboard Rules of the SGX-ST, as amended, modified or supplemented from time to time
<i>“MAS”</i>	:	The Monetary Authority of Singapore
<i>“Manager”</i>	:	Transpac Capital Pte Ltd
<i>“Management Agreement”</i>	:	The management agreement dated 12 March 1994 entered into between the Company and the Manager (as renewed and amended from time to time)
<i>“Management Business”</i>	:	The business of investment management carried on by the Manager as the Company’s investment manager
<i>“Mandatory Offer”</i>	:	The requirement under Rule 14 of the Code for the ASM Group and parties acting in concert with it to make a mandatory general offer to acquire all the issued Shares (other than those already owned or controlled by them) arising from the Bonus Warrants Issue and the Bonds Issue
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Memorandum”</i>	:	The Memorandum of Association of the Company, as amended, modified or supplemented from time to time
<i>“NAV”</i>	:	Net asset value
<i>“New Shares”</i>	:	The new Shares to be allotted and issued upon exercise of the Bonus Warrants
<i>“Notice of EGM”</i>	:	The notice of the EGM which is set out on page N-1 of this Circular
<i>“NTA”</i>	:	Net tangible assets
<i>“Ordinary Resolutions”</i>	:	The ordinary resolutions 1 to 4 set out in this Circular and in the Notice of EGM
<i>“PCG”</i>	:	Pacific Century Group
<i>“PCRD”</i>	:	Pacific Century Regional Developments Limited
<i>“Whitewash Resolution”</i>	:	Has the meaning ascribed to it in Section 5.2(a) of this Circular
<i>“Record Date”</i>	:	The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares

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## DEFINITIONS

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<i>“Register of Members”</i>	:	The register of members of the Company
<i>“Reserve Funds”</i>	:	Has the meaning ascribed to it in Section 2.7.3 of this Circular
<i>“Resolutions”</i>	:	Means the Ordinary Resolutions and Special Resolution collectively, and each, a “Resolution”
<i>“Second Exercise Period”</i>	:	The period during which the Bonus Warrants may be exercised commencing on and including the second (2nd) anniversary of the Bonus Warrants Issue Date and expiring at 5.00 p.m. on the third (3rd) anniversary of the Bonus Warrants Issue Date
<i>“Second Exercise Price”</i>	:	In respect of each Bonus Warrant, S\$2.28 for each New Share
<i>“Securities Account”</i>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	:	Shareholders of the Company from time to time
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company
<i>“Share Lending Agreement”</i>	:	The share lending agreement dated 9 January 2014 entered into between ARF and the Subscriber, pursuant to which ARF shall lend to the Subscriber such number of Shares equal to the number of Conversion Shares into which the Bonds may be converted from time to time under the Subscription Agreement
<i>“SIC”</i>	:	Securities Industry Council
<i>“SIC Conditions”</i>	:	Has the meaning ascribed to it in Section 5.2 of this Circular
<i>“Special Resolution”</i>	:	The special resolution 5 set out in this Circular and in the Notice of EGM
<i>“Subscriber”</i>	:	Cosmic Ventures Limited
<i>“Subscriber Option”</i>	:	The option granted to the Subscriber to subscribe for between S\$2,500,000 to S\$12,600,000 in principal value of the Bonds which may be exercised at any time during the Subscriber Option Exercise Period
<i>“Subscriber Option Exercise Period”</i>	:	The period commencing from the date of the Subscription Agreement and ending five (5) business days before the date falling eleven (11) months from the date of the Subscription Agreement, or such other period as may be agreed in writing between the Company and the Subscriber
<i>“Subscription Agreement”</i>	:	The subscription agreement dated 9 January 2014 entered into between the Company and the Subscriber in relation to the issue of up to S\$18,900,000 in principal amount of Bonds

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## DEFINITIONS

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<i>“Substantial Shareholder”</i>	:	A Shareholder who has an interest in not less than 5% of the issued Shares
<i>“Tata Capital”</i>	:	Tata Capital Markets Pte. Ltd.
<i>“Termination”</i>	:	The termination of the appointment of the Manager as the Company’s investment manager pursuant to the Deed
<i>“TIH IM”</i>	:	TIH Investment Management Pte. Ltd.
<i>“TIL”</i>	:	Transpac Investments Limited
<i>“Treasury Shares”</i>	:	The shares held in treasury by the Company
<i>“Whitewash Resolution”</i>	:	Has the meaning ascribed to it in Section 5.2 of this Circular
<i>“Whitewash Waiver”</i>	:	Has the meaning ascribed to it in Section 5.2 of this Circular
<i>“Whitewash Resolution IFA Letter”</i>	:	The letter from Tata Capital to the Independent Directors for the Whitewash Resolution in relation to the Whitewash Resolution for the waiver by Independent Shareholders for the Whitewash Resolution of their rights to receive a Mandatory Offer from the ASM Group and parties acting in concert with it as a result of or in connection with the Bonus Warrants Issue and Bonds Issue
<i>“Upsize Tranche”</i>	:	The upsize tranche to be issued subject to the exercise of the Subscriber Option, comprising up to S\$12,600,000 in principal value of the Bonds (each series equally)
<i>“S\$” and “cents”</i>	:	Dollars and cents respectively of the currency of Singapore
<i>“%” or “per cent.”</i>	:	Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them, respectively, in section 130A of the Companies Act.

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

Any reference 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, the SFA or the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day shall be a reference to Singapore time unless otherwise stated.

Any discrepancy in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

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## INDICATIVE TIMETABLE

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The following indicative timetable assumes that approval for all the resolutions proposed at the EGM is obtained and Completion of the Deed takes place on 2 May 2014.

Date and time of Extraordinary General Meeting	:	29 April 2014 at 11.00 a.m.
Expected Completion of the Deed	:	2 May 2014
Expected last date for Shares to trade cum-rights to the Bonus Warrants Issue	:	5 May 2014 at 5.00 p.m.
Expected date for Shares to trade ex-rights to the Bonus Warrants Issue	:	6 May 2014 at 9.00 a.m.
Expected Books Closure Date	:	8 May 2014 at 5.00 p.m.
Expected Date for issuance of the Bonus Warrants	:	15 May 2014
Expected Date for listing and quotation of the Bonus Warrants on the SGX-ST	:	19 May 2014 at 9.00 a.m.
Expected Date for payment of the Cash Dividend	:	22 May 2014

**The Dividend Package is subject to, amongst other things, approval from Shareholders being obtained for Ordinary Resolutions 1, 3 and 4. The Company will make an announcement of the Books Closure Date after such approval has been obtained.**

Please note that the above timetable is indicative only and may be subject to change. Where any of the events cannot take place on the dates specified, an appropriate announcement stipulating an alternative date will be made by the Company prior thereto through a SGXNET announcement to be posted on the internet at the SGX-ST website, <http://www.sgx.com>.

For events listed which are described as “expected”, please refer to future announcement(s) by the Company for the exact dates of these events.

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## LETTER TO SHAREHOLDERS

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### TRANSPAC INDUSTRIAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199400941K)

#### Board of Directors:

Kin Chan (Non-Executive Chairman)  
Cheong Kok Yew (Stanley) (Non-Executive Director)  
Li Yick Yee Angie (Non-Executive Director)  
Vince Feng (Independent Non-Executive Director)  
Liong Tong Kap (Independent Non-Executive Director)  
Daniel Budiman (Independent Non-Executive Director)

#### Registered Office:

79 Robinson Road  
#11-06 CPF Building  
Singapore 068897

7 April 2014

To: The Shareholders of the Company

## 1. INTRODUCTION

### 1.1 Extraordinary General Meeting

The Board is proposing to convene an extraordinary general meeting to seek Shareholders' approval in respect of the Resolutions.

The purpose of this Circular is to provide Shareholders with information relating to, and the reasons for the Resolutions, and to seek Shareholders' approval for the same at the extraordinary general meeting to be held at 11.00 a.m. or immediately after the conclusion of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place (or the adjournment thereof) on 29 April 2014 at Concorde 1, 3rd Level, Concorde Hotel Singapore, 100 Orchard Road, Singapore 238840. The notice of the EGM is set out on page N-1 of this Circular.

### 1.2 The Resolutions

1.2.1 The Internalisation Exercise comprising (i) the Termination of the appointment of the Manager as the Company's investment manager pursuant to the Management Agreement; and (ii) the continuation of the Management Business and the takeover of personnel in connection with the Management Business

The Company is proposing to undertake a reorganisation of its operations. In this regard, the Company proposes to terminate the Management Agreement between the Company and the Manager, together with the internalisation of the investment functions of the Manager related to the investment management services it provides to the Company pursuant to the Management Agreement by taking on the employees of the Manager.

The Internalisation Exercise constitutes an interested person transaction under Chapter 9 of the Listing Manual and as such, is subject to the approval of the Independent Shareholders for the Internalisation Exercise.

Please refer to Section 2 of this Circular for further information on the Internalisation Exercise.

1.2.2 The Dividend Package comprising (i) the interim tax-exempt one-tier ordinary dividend of S\$0.05 per Share for FY2013; and (ii) a renounceable bonus issue of up to 702,942,318 Bonus Warrants on the basis of three (3) Bonus Warrants for every one (1) Existing Share held by Entitled Shareholders as at the Books Closure Date

Pursuant to the Dividend Package and subject to the terms and conditions in the Deed Poll, the Company is proposing (i) the declaration and distribution of an interim tax-exempt one-tier ordinary dividend of S\$0.05 per Share for FY2013 to Entitled Shareholders; and

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## LETTER TO SHAREHOLDERS

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(ii) a renounceable bonus issue of up to 702,942,318 Bonus Warrants on the basis of three (3) Bonus Warrants for every one (1) existing Share held by Entitled Shareholders, as at the Books Closure Date. Each Bonus Warrant will entitle its holder to subscribe for one (1) New Share at the First Exercise Price during the First Exercise Period, or at the Second Exercise Price during the Second Exercise Period. Accordingly, the Bonus Warrants Issue is subject to the specific approval of Shareholders for purposes of Rule 824 of the Listing Manual.

The First Exercise Price of S\$1.28 and Second Exercise Price of S\$2.28 is approximately at a 23.16% discount and 36.87% premium respectively to the volume weighted average price of trades done on the SGX-ST of S\$1.6658 per Share on 30 December 2013 (being the last market day on which the Shares were traded prior to the 30 December 2013 Announcement).

The Company is seeking specific approval of Shareholders for the issue and allotment of the Bonus Warrants in accordance with Rule 824 of the Listing Manual.

Please refer to Section 3 of this Circular for further information on the Dividend Package.

### 1.2.3 The proposed issue of up to S\$18,900,000 in aggregate principal amount of zero coupon convertible bonds to Cosmic Ventures Limited

Pursuant to the Subscription Agreement dated 9 January 2014 entered into between the Company and Cosmic Ventures Limited, the Company proposes to issue to Cosmic Ventures Limited (i) S\$6,300,000 in aggregate principal amount of zero coupon convertible bonds; and (ii) at the option of the Subscriber, up to a further S\$12,600,000 in principal amount of the Bonds in accordance with the terms and conditions of the Subscription Agreement. The Bonds are to be issued in three (3) series comprising Bonds Series A, Bonds Series B and Bonds Series C, with an aggregate principal value of S\$6,300,000 for each series.

For illustration, assuming the VWAP Price is S\$1.6879<sup>1</sup> and that none of the Bonus Warrants are exercised, 3,789,732 Conversion Shares representing 1.59% of the enlarged share capital of the Company shall be issued upon conversion of the Basic Subscription Tranche, and a total of 11,369,194 Conversion Shares representing 4.63% of the enlarged share capital of the Company upon conversion of all the Bonds (comprising both Basic Subscription Tranche and Upsize Tranche). The Company is seeking specific approval of Shareholders for the issue and allotment of the Bonds in accordance with Rule 824 of the Listing Manual.

Please refer to Section 4 of this Circular for further information on the Bonds Issue.

### 1.2.4 The Whitewash Resolution

As at the Latest Practicable Date, the ASM Group has an interest in approximately 55.89% of the Existing Share Capital. Following the issue of New Shares and the Conversion Shares upon the gradual exercise of the Bonus Warrants and the conversion of the Bonds, and assuming that the ASM Group does not exercise a sufficient number of ASM Bonus Warrants, the ASM Group may hold or control less than 50% of the voting rights of the Company. The ASM Group may then acquire more than 1% of the voting rights in the Company in a 6-month period in the event it exercises its Bonus Warrants and is allotted and issued New Shares. As such, the ASM Group and parties acting in concert with it (as defined in the Code) would be required to make a mandatory general offer for the remaining Shares not already owned, controlled or otherwise agreed to be acquired by it in accordance with Rule 14 of the Code, unless the relevant waivers under the Code are obtained.

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<sup>1</sup> For illustration, based on the volume weighted average price of the Shares for 30 days preceding the Latest Practicable Date.

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## LETTER TO SHAREHOLDERS

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The SIC has, on 14 March 2014, granted the Whitewash Waiver, subject to, amongst other things, a majority of the Independent Shareholders for the Whitewash Resolution present and voting at a general meeting held before the issue of the Bonus Warrants and the Bonds, approving the Whitewash Resolution, by way of a poll, to waive their rights to receive a general offer for their shares from the ASM Group.

Please refer to Section 5 of this Circular for further information on the Whitewash Resolution.

### 1.2.5 The proposed change of the Company's name to TIH Limited

Following the reorganisation of the Company's operations and the internalisation of its investments functions pursuant to the Internalisation Exercise, the Company proposes to change its name from Transpac Industrial Holdings Limited to TIH Limited.

Please refer to Section 6 of this Circular for further information on the Proposed Change of Name.

### 1.3 **Interconditionality between the Resolutions**

The resolutions for the Dividend Package, Bonds Issue and Change of Name are conditional upon the Internalisation Exercise being approved. Shareholders should note that the Dividend Package, Bonds Issue and Change of Name will not be approved unless the Internalisation Exercise is approved.

The Dividend Package and Bonds Issue are also conditional upon the Whitewash Resolution being approved. In the event that the Whitewash Resolution is not approved, the Dividend Package and Bonds Issue will not be approved.

## 2. **THE INTERNALISATION EXERCISE**

### 2.1 **Introduction**

The Company has entered into the Deed with the Manager, pursuant to which the Company will (i) terminate the appointment of the Manager as its investment manager pursuant to the Management Agreement; and (ii) continue the Management Business and take over the personnel in connection with the Management Business.

The Management Agreement may only become terminable at the option of the Company on or after 31 December 2015. The Company and the Manager have thus agreed to enter into the Deed in order to undertake the Internalisation Exercise as soon as reasonably possible.

Pursuant to the Deed, the Company and the Manager have agreed that the Management Agreement shall be terminated in its entirety, save for the obligations expressed to survive termination, with effect from the date of completion of the Deed (the "**Completion Date**"). In this regard, the Company intends to engage the employees of the Manager who are engaged in the Management Business. Data, records, documents and files relating to the Company's direct investments in the possession of the Manager which are relevant to the continuity of the Company's business and operations will also be handed over on the Completion Date.

The Company has established TIH IM, a wholly-owned subsidiary incorporated in Singapore, to manage the investment business of the Company. TIH IM will apply for the appropriate licenses in order to undertake the business of fund management and endeavour to raise other third party funds to grow its investment management business by leveraging on the expertise obtained from the Internalisation Exercise and strategic alliances. It is proposed that TIH IM will undertake and continue the Management Business following Completion.

The Company has been working with ASM jointly on procuring mandates to manage third party funds and shall make the appropriate announcements in the event such new fund management mandates are secured.



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## LETTER TO SHAREHOLDERS

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The Company has also established Killian Court Pte. Ltd. (“**Killian Court**”), a wholly-owned subsidiary incorporated in Singapore, as an alternative investment holding vehicle in the future as part of the reorganisation.

### 2.2 Key terms of the Management Agreement

#### 2.2.1 Termination

The Management Agreement may only become terminable at the option of the Company on or after 31 December 2015 by serving 12 months’ written notice of termination on the Manager. The notice of termination may not be served on the Manager prior to 31 December 2014.

#### 2.2.2 Management Fees

For the services provided by the Manager under the Management Agreement, the Manager is entitled to annual management fees (“**Management Fees**”) equal to 1.25% per annum of the NAV of the Company as at 30 June and 31 December of each calendar year. The Management Fee is payable semi-annually on 1 April and 1 October of every year covering the prior period of 1 July to 31 December and 1 January to 30 June respectively.

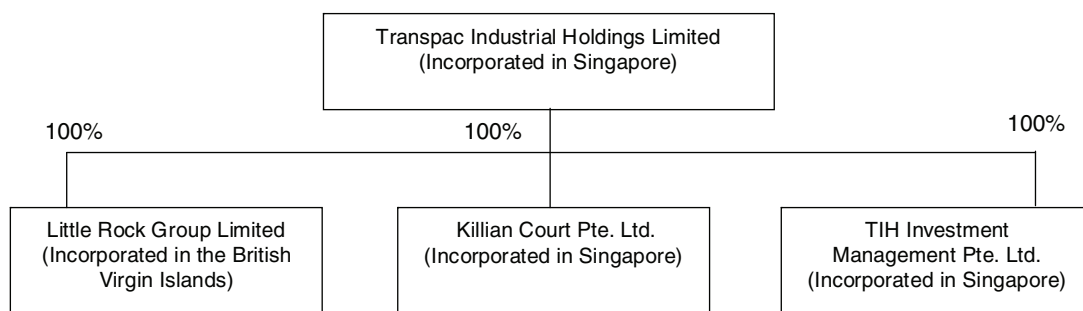
#### 2.2.3 Performance Incentive Fees

In addition to the Management Fees, the Manager is entitled to an annual performance incentive fees (“**Performance Incentive Fees**”) equal to 20% of the amount by which the audited NAV exceeds the prior high audited NAV (beginning with the audited NAV as at 31 December 2005). If the NAV at the end of a financial year is higher than the prior high audited NAV, the Performance Incentive Fees so calculated at the end of the financial year shall be payable, subject to certain adjustments as follows:

- (a) any discount between the NAV and the acquisition cost of investments/interests in trusts managed by the Manager and acquired by the Company shall be added;
- (b) any distributions made, or capital returned, to shareholders shall be deducted; and
- (c) any increase in capital subscriptions shall be added.

### 2.3 The business of the Company after the Internalisation Exercise

Following the completion of the Internalisation Exercise, the Company’s corporate structure will be as follows:



TIH IM, a wholly-owned subsidiary incorporated in Singapore, is intended to manage the investment business of the Company following the completion of the Internalisation Exercise. TIH IM will apply for the appropriate licenses in order to undertake the business of fund management and endeavour to raise other third party funds to grow its investment management business by leveraging on the expertise obtained from the Internalisation Exercise and strategic alliances.



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## LETTER TO SHAREHOLDERS

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In the event that TIH IM fails to obtain the requisite licence to undertake the business of fund management for any reason, the Company presently intends for TIH IM to manage the Company's funds on a proprietary basis. The Company will be an investment company whose principal business is undertaking investments.

Under the financial sector incentive ("FSI") scheme and Section 13X of the Income Tax Act, the Company is granted tax exemption for the life of the Company on specific income derived from any designated investment, subject to compliance with stipulated conditions which includes, among others, that the Company must be managed by a fund management company based in Singapore with a CMS Licence. The Company is in the process of applying the CMS Licence for TIH IM. In the event TIH IM is unable to obtain a CMS Licence, the Company may cease to meet the conditions of the FSI scheme and hence, may be taxed on the specific income derived from its investments at the prevailing corporate tax rate as an investment company.

Killian Court has been set up to provide flexibility for the Company's investment holding structure for tax considerations. For example, where an investment is located in a jurisdiction with a favourable double taxation treaty with Singapore, the Company may consider using Killian Court as an investment holding vehicle to manage its tax exposure.

### **2.4 Rationale for and Benefits of the Internalisation Exercise**

The Company believes that the reorganisation pursuant to the Internalisation Exercise will give it greater scope to control its strategic direction and investment policies. The Internalisation Exercise involves the termination of the Management Agreement and the Internalisation of the investment function of the Company, which is currently provided by the Manager on an external advisory basis. Furthermore, the Company is of the opinion that the Internalisation Exercise is beneficial to the Company as following completion, the Company's operations will be streamlined and it will be equipped with the in-house infrastructure and capability to manage its investments.

From FY2006 to FY2012, approximately S\$23.58 million and S\$74.49 million in Management Fees and Performance Incentive Fees were paid to the Investment Manager, representing average Management Fees and Performance Incentive Fees of approximately S\$3.37 million and S\$10.64 million per annum respectively, based on the average NAV of the Company over the same period of approximately S\$244.68 million, or about 1.38% and 4.35% of the average NAV. The Company is also proposing to undertake the Bonus Warrants Issue, that could potentially raise more than S\$1.00 billion, if fully subscribed. As such, assuming that the Company continues to perform in the same manner, the capital influx from the Bonus Warrants Issue would increase NAV and hence the Management Fees and Performance Incentive Fees would potentially increase several fold. In such circumstances, the Internalisation Exercise should therefore lead to substantial savings, as the cost of maintaining the professional management team in-house should be substantially lower than the management fees and performance bonuses payable to a third party external investment manager based on NAV.

The Company has established TIH IM, a wholly-owned subsidiary incorporated in Singapore, to manage the investment business of the Company. TIH IM will apply for the appropriate licenses in order to undertake the business of fund management and endeavour to raise other third party funds to grow its investment management business by leveraging on the expertise obtained from the Internalisation Exercise and strategic alliances. It is proposed that TIH IM will undertake and continue the Management Business following Completion, and will endeavour to procure mandates to manage third party funds in order to establish a new income stream for the benefit of the Company.

In conjunction with the Internalisation Exercise and in order to enhance the Company's ability to source investment opportunities, the Company has entered into strategic alliance arrangements with each of (i) ASM, an experienced Hong Kong-based fund manager and Controlling Shareholder of the Company; and (ii) Andaman Capital Partners, an advisory firm specializing in investments in Myanmar, pursuant to which the Company will explore various options and avenues to further mutual business co-operation and commercial benefits. Any transactions undertaken with ASM will be subject to Chapter 9 of the Listing Rules.

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## LETTER TO SHAREHOLDERS

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ASM is a privately owned fund manager founded in 2002 and based in Hong Kong. The firm focuses its investments in the public equity and fixed income markets of Asia, specialising in special situation investment strategies. As at 14 January 2014, ASM has approximately US\$1.06 billion in assets under management, and is controlled by Kin Chan, V-Nee Yeh and Li Yick Yee Angie, who are also directors and/or substantial shareholders of the Company<sup>2</sup>. As at the Latest Practicable Date, ASM is interested in 130,952,982 Shares representing approximately 55.89% of the share capital of the Company. Andaman Capital Partners is a Yangon based advisory firm which provides investment advisory, market entry and transactional services to local and foreign investors in respect of investment opportunities in light of Myanmar's political and economic reforms. It has a decade of investment advisory experience in Myanmar and strong local business and government networks.

In order to ensure continuity of operations, the Company will seek to employ the employees of the Manager who are currently involved in providing the investment management services to the Company. The Company believes that undertaking the Internalisation Exercise at this juncture is in its best interests, as opposed to delaying its expansion plans until the Management Agreement expires in the end of 2015.

As the Management Fees and Performance Incentive Fees for a given year are payable based on the performance of the Manager and the Company in that year, the Company is unable to meaningfully and accurately quantify the amount of Management Fees and Performance Incentive Fees payable in respect of the remaining duration of the Management Agreement.

However, taking into account, *inter alia*, the benefits of the Internalisation Exercise to the Company, the cost savings in terms of the Management Fees and Performance Incentive Fees to be paid over the remaining duration of the Management Agreement, and in view of the amount of Management Fees and Performance Incentive Fees paid historically, the Board is of the view that undertaking the Internalisation Exercise as soon as possible is in the best interests of the Company, as opposed to delaying the Company's expansion plans for two years when the Management Agreement becomes terminable at the Company's option.

### 2.5 Interested Person Transaction

Under Chapter 9 of the Listing Manual (which governs interested person transactions), where the value of a transaction with an interested person singly or in aggregation with the values of other transactions conducted with the same interested person in the same financial year equals or exceeds 5% of the Group's latest audited NTA, that transaction shall be subject to Shareholders' approval.

By virtue of being an investment manager of the Company, the Manager is an "interested person" under Rule 904(4)(d)(ii) of the Listing Manual.

The Consideration for the Termination of approximately S\$13,750,000, being the value at risk to the Company, represents approximately 11.84% of the audited NTA of the Group of S\$116,177,000 as at 31 December 2013. Accordingly, the Internalisation Exercise is subject to the approval of Independent Shareholders for the Internalisation Exercise as the value at risk exceeds 5% of the latest audited NTA of the Group.

The current total for the financial period ended 31 December 2013 of all transactions between the Company and the Manager is S\$15,081,000. There is no other interested person transactions entered into by the Company for the financial period ended 31 December 2013.

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<sup>2</sup> Please refer to Section 7 of this Circular for further information on the interests of Kin Chan, V-Nee Yeh and Li Yick Yee Angie in the Company.

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## LETTER TO SHAREHOLDERS

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Tata Capital has been appointed as independent financial adviser to advise the Independent Directors and the Audit Committee on whether or not the financial terms of the Internalisation Exercise are on normal commercial terms and are not prejudicial to the interests of the Company and Independent Shareholders for the Internalisation Exercise. A copy of the letter from Tata Capital to the Independent Directors for the Internalisation Exercise, setting out their advice in full, is set out in Appendix A of this Circular (the “**Internalisation Exercise IFA Letter**”).

### 2.6 Information on the Manager and TIL

The Manager presently acts solely as an investment manager to the Company pursuant to the Management Agreement, in which capacity the Manager has been acting since the Company's admission to the SGX-ST in 1994.

Transpac Investments Limited (“**TIL**”), the investment vehicle of the ultimate parent of the Manager, is interested in 27,230,226 Shares representing approximately 11.62% of the issued share capital of the Company as at the Latest Practicable Date. TIL is controlled by Dr Leong Ka Cheong Christopher, the president of the Manager, through his interests in Bastion Associates Limited and Techno-Ventures Hong Kong Limited, which own 71% and 29% of the share capital of TIL respectively. The directors of TIL are Leong Ka Hi Harry and Leong Ma Li.

The Manager is related to the Company through its position as investment manager pursuant to the Management Agreement. TIL is a substantial shareholder of the Company. The Manager and TIL are not related to ASM, the controlling shareholder of the Company, save for their respective shareholdings in the Company. Please refer to Section 7 of this Circular for further information on the shareholdings of TIL and ASM in the Company.

### 2.7 Principal terms of the Internalisation Exercise

#### 2.7.1 Consideration

In consideration of the Termination of the Management Agreement, the Company has agreed to pay the Manager S\$13,750,000 in cash. The Consideration was mutually agreed by the Company and the Manager on an arm's length basis, taking into consideration the loss to the Manager due to the early termination of the Management Agreement before 31 December 2015 and the loss of its business base by agreeing to allow the Company to take over its personnel and certain assets related to the management services provided to it, including files and documents relating to the Company's investments, which constitute the main component of the Manager's business.

The Company intends to fund the Internalisation Exercise using its internal resources.

#### 2.7.2 Contingent Liabilities

The Company has identified certain potential contingent liabilities that may arise in relation to certain investments it previously made in the ordinary course of its business, with a total value of up to approximately S\$63.1 million (the “**Contingent Liabilities**”). As and when the Contingent Liabilities crystallise into actual liabilities, 80% of the Contingent Liabilities will be satisfied by the Reserve Funds (as defined below), while the remaining 20% will be covered by the TIL Bond (as defined below).

#### 2.7.3 Reserve Funds

On the Completion Date, the Manager shall transfer to the Company the amount it presently holds on trust for the Company (approximately S\$19.1 million as at the Latest Practicable Date) (the “**Trust Sum**”). The Company has agreed to earmark a total sum of S\$50,465,000 (which includes the Trust Sum), representing 80% of the total Contingent Liabilities of approximately S\$63.1 million, which shall be applied towards satisfaction of the Contingent Liabilities, should any of them become actual liabilities (the “**Reserve Funds**”). Following the return of the Trust Sum, the Manager will no longer hold any of the Company's cash resources on behalf of the Company.

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## LETTER TO SHAREHOLDERS

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The Company has also agreed with the Manager that it may incur borrowings of up to 30% of its net asset value as at the time of borrowing. In the event that the Reserve Funds are utilised for any purpose other than the satisfaction of Contingent Liabilities, the Company has agreed with the Manager that it shall ensure that it retains the capacity to replenish the Reserve Funds in order to meet any actualised Contingent Liabilities.

Should the net asset value of the Group fall below S\$100.0 million, the Company has undertaken to maintain the full amount of Reserve Funds required. The total amount required to be earmarked as the Reserve Funds shall be reduced accordingly as and when the Contingent Liabilities are deemed to be satisfied (as may be determined by the judgment in good faith of the general partner or trustee of the relevant funds). The general partners of the funds that have invested in the businesses giving rise to the Contingent Liabilities are TIL and Transpac Holding Company Limited (“**THCL**”). TIL and THCL are affiliated companies of the Manager.

### 2.7.4 The TIL Bond

TIL has undertaken to pay the Company 20% of the Contingent Liabilities in the event that any one of them crystallises and becomes an actual liability, as determined by the judgment in good faith of the general partner or trustee of the funds that have invested in the businesses giving rise to the Contingent Liabilities, subject to a limit of US\$10 million.

Shareholders should note that the Company does not believe that it is entitled to make claims against the Manager for the potential contingent liabilities under the Management Agreement, which arose in the ordinary course of business of the Company and not as a result of negligence or dereliction of duty of any nature on the part of the Manager. However, the Company negotiated the TIL Bond as a term of the Termination and Internalisation Exercise to protect its interests and those of its Shareholders.

### 2.7.5 Conditions Precedent

The Internalisation Exercise is conditional on the following conditions (amongst other things) being fulfilled or waived by the relevant party, as applicable:

- (a) Shareholders’ approval being obtained by the Company in respect of the Internalisation Exercise; and
- (b) the relevant third party consents necessary for the assignment or transfer of the Management Business and assets, as the case may be, being obtained.

### 2.7.6 Voting Undertaking

Under the Deed, the Manager shall deliver a duly executed irrevocable deed of undertaking from TIL to ASM undertaking:

- (a) to vote in favour of all the resolutions tabled at the general meeting to be held by the Company to approve the transactions contemplated under this Deed, to the extent permitted by the applicable laws and regulations (including the listing rules of the SGX-ST); and
- (b) not to vote against shareholder resolutions tabled for the approval of transactions between the Company and the ASM Group and its Associates where:
  - (i) the transaction requires the approval of the Company’s shareholders in a general meeting;
  - (ii) the transaction involves the Company’s acquisition of an asset which has been held by the ASM Group for more than one calendar year;

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## LETTER TO SHAREHOLDERS

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- (iii) the value of the transaction is below the mid-point of a valuation range determined by an Approved Valuer<sup>(1)</sup>;
- (iv) the Company is permitted under its licences, investment mandate or applicable laws to invest in the asset in question; and
- (v) the Company or its senior management has experience in the relevant type of investment.

**Note:-**

- (1) “**Approved Valuer**” means an independent internationally reputable valuer or a local valuer of repute selected by TIL from a list of five (5) qualified candidates provided by the Company.

### 2.7.7 Change of Name

The Company has agreed to change its name from Transpac Industrial Holdings Limited to “TIH Limited” within three months of the Completion Date.

## 2.8 Financial Effects

For illustrative purposes only, a summary of the proforma financial effects of the Internalisation Exercise is set out below. The proforma financial effects are prepared purely for illustration and do not reflect the actual financial situation of the Company after the completion of the Internalisation Exercise.

The proforma financial effects of the Internalisation Exercise on the consolidated earnings per share of the Company (“**EPS**”) and consolidated net tangible assets (“**NTA**”) per Share, are set out below, and have been prepared using the audited consolidated financial statements of the Company for the financial year ended 31 December 2013, and are based on the following key assumptions:

- (a) the Internalisation Exercise had been completed on 31 December 2013 (being the end of the financial year under review) for the purpose of computing the financial effects on the consolidated NTA per Share and EPS; and
- (b) the financial effects computation below have taken into account the estimated transaction costs of the Internalisation Exercise of S\$300,000.

### Effect on EPS

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	<b>FY2013 (audited)</b>	<b>After the Internalisation Exercise</b>
Consolidated Earnings of the Company <sup>(1)</sup>	S\$42.74 million	S\$42.44 million
Weighted Average No. of Shares	234.31 million	234.31 million
EPS (S\$)	S\$0.18	S\$0.18

**Note:**

- (1) Profit after taxation and minority interests

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## LETTER TO SHAREHOLDERS

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### Effect on NTA per share

	FY2013 (audited)	After the Internalisation Exercise
NTA	S\$116.18 million	S\$115.88 million
No. of issued Shares <sup>(1)</sup>	234.31 million	234.31 million
NTA per Share (S\$)	S\$0.50	S\$0.49

**Note:**

(1) Based on the number of shares in issue as at 31 December 2013

## 2.9 Audit Committee's Statement and Recommendation of the Independent Directors

### 2.9.1 Tata Capital's Advice to the Independent Directors and the Audit Committee

In accordance with Chapter 9 of the Listing Manual, Tata Capital has been appointed as independent financial adviser to the Independent Directors and the Audit Committee to advise them on the financial terms of the Internalisation Exercise and to provide an opinion on whether the financial terms of the Internalisation Exercise, including the payment of the Consideration, are on normal commercial terms and are not prejudicial to the interests of the Company and the Independent Shareholders for the Internalisation Exercise. A copy of the Internalisation Exercise IFA Letter is reproduced in Appendix A of this Circular. **Shareholders are advised to read Tata Capital's opinion letter carefully.**

Having regard to the considerations as set out in the Internalisation Exercise IFA Letter and the information available to Tata Capital as at the Latest Practicable Date, Tata Capital is of the opinion that the financial terms of the Internalisation Exercise are on normal commercial terms and are not prejudicial to the interests of the Company and Independent Shareholders for the Internalisation Exercise. Accordingly, Tata Capital has advised the Independent Directors to recommend that Independent Shareholders for the Internalisation Exercise vote in favour of the Internalisation Exercise and the arrangements contemplated therein.

### 2.9.2 Audit Committee's Statement.

The Audit Committee comprises Liong Tong Kap (Chairman), Vince Feng and Daniel Budiman, all of whom are independent non-executive directors of the Company. The expression "independent" as used in this Section 2.9.2 has the meaning assigned to it in the Code of Corporate Governance 2012.

The Audit Committee has considered the terms of the Internalisation Exercise as well as the advice of Tata Capital, and is of the view that the Internalisation Exercise is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders for the Internalisation Exercise.

### 2.9.3 Independent Directors' Recommendation.

Having taken into account the Internalisation Exercise IFA Letter of Tata Capital as set out in Appendix A, the Independent Directors for the Internalisation Exercise are unanimously of the opinion that Ordinary Resolution 1 relating to the Internalisation Exercise is in the best interests of the Company, and the Independent Directors for the Internalisation Exercise recommend that Independent Shareholders for the Internalisation Exercise vote in favour of Ordinary Resolution 1, in relation to the Internalisation Exercise.



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## LETTER TO SHAREHOLDERS

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Shareholders should read and carefully consider the statement of the Audit Committee, the recommendation of the Independent Directors for the Internalisation Exercise and the advice of Tata Capital in its entirety before giving their approval to the Internalisation Exercise. Shareholders are also urged to carefully read the rationale for the Internalisation Exercise, the principal terms and conditions of the Internalisation Exercise and the financial effects of the Internalisation Exercise as respectively set out in Sections 2.4, 2.7 and 2.8 of this Circular.

The Independent Directors further recommend that any individual Shareholder who may require specific advice to consult his stockbroker, bank manager, accountant or other professional adviser.

### 3. THE DIVIDEND PACKAGE

#### 3.1 Introduction

The Company is proposing a dividend package (the “**Dividend Package**”) to Shareholders comprising the:

- (a) **Cash Dividend:** an interim tax-exempt one-tier ordinary dividend of S\$0.05 per Share for the financial year ended 31 December 2013, to be declared and paid to; and
- (b) **Bonus Warrants Issue:** a renounceable non-underwritten bonus issue of up to 702,942,318 bonus warrants (the “**Bonus Warrants**”) on the basis of three (3) Bonus Warrants for every one (1) existing Share held by,

Entitled Shareholders as at the Books Closure Date.

Rule 824 of the Listing Manual provides that an issuer must obtain the prior approval of shareholders in a general meeting for the issue of company warrants, unless such company warrants are issued under a general mandate obtained from shareholders in general meeting. The Company will not be relying on the general mandate obtained from Shareholders at the last annual general meeting, but is seeking a separate specific approval of Shareholders for the issue and allotment of the Bonus Warrants.

As at the date hereof, the existing issued and paid-up share capital of the Company is 234,314,106 Shares (the “**Existing Issued Share Capital**”). As at the Latest Practicable Date, the Company has no Treasury Shares or any existing warrants or other convertible securities. Assuming all the Bonus Warrants are fully exercised into New Shares either at the First Exercise Price during the First Exercise Period or at the Second Exercise Price during the Second Exercise Period (as the case may be), the issued share capital of the Company would increase by 702,942,318 Shares, representing approximately 300.0% of the Existing Issued Share Capital.

Fractional entitlements to the Bonus Warrants will be disregarded in arriving at the entitlements of the Entitled Shareholders and will be disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

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## LETTER TO SHAREHOLDERS

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### 3.2 Principal Terms of the Bonus Warrants

- Number of Bonus Warrants : Up to 702,942,318 Bonus Warrants will be allotted and issued.
- Form, subscription rights, exercise price and exercise period : The Bonus Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms of the Deed Poll and conditions of the Bonus Warrants, each Bonus Warrant shall entitle the warrant holder to subscribe for one (1) New Share during two (2) distinct exercise periods:
- (a) at S\$1.28 during the six (6) month period commencing on (and including) the Bonus Warrants Issue Date; or
  - (b) at S\$2.28 during the 12 month period commencing on (and including) the second anniversary of the Bonus Warrants Issue Date up to the third anniversary of the Bonus Warrants Issue Date.
- Any Warrant remaining unexercised at the expiry of the Second Exercise Period shall lapse and cease to be valid for any purpose.
- The Company will notify the warrant holders at least one (1) month in advance before (i) the end of the First Exercise Period; (ii) the beginning of the Second Exercise Period; (iii) the end of the Second Exercise Period; and (iv) the expiry of the Bonus Warrants.
- The First Exercise Price of S\$1.28 and the Second Exercise Price of S\$2.28 for each Bonus Warrant represent a discount of approximately 23.16% and a premium of approximately 36.87% respectively to the volume weighted average price for trades done on the SGX-ST of S\$1.6658 per Share on 30 December 2013 (being the last market day on which the Shares were traded prior to the 30 December 2013 Announcement).
- Basis of allotment : Three (3) Bonus Warrants for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date.
- Issue price : The Bonus Warrants will be issued for no consideration.
- Status of New Shares : The New Shares will, upon allotment and issue, rank *pari passu* in all respect with the then existing Shares except that they will not rank for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of allotment and issue of the New Shares pursuant to the exercise of the Bonus Warrants.
- Adjustments : The First Exercise Price, the Second Exercise Price and the number of Bonus Warrants to be held by each warrant holder will be subject to adjustments under certain circumstances as follows:
- (a) any capitalisation of profits or reserves;
  - (b) any payment of capital distribution;
  - (c) any rights issues to shareholders on a *pro rata* basis;



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## LETTER TO SHAREHOLDERS

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- (d) any alteration to the number of issued Shares as a result of consolidation, subdivision or reclassification; and
- (e) any issues at less than 90% of the last dealt price of the Shares on the last market day preceding the date on which the final terms of such issue is first publicly announced.

Details of such adjustment events are set out in Appendix B to this Circular. Notwithstanding such adjustment events, neither the Cash Dividends nor the Bonds Issue will constitute an adjustment event and the First Exercise Price or the Second Exercise Price will not be subject to any adjustment upon the issue of the Bonds or the Conversion Shares.

The New Shares to be issued upon the exercise of the Bonus Warrants will rank *pari passu* in all respects with the Shares existing then, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the relevant date of exercise of the Bonus Warrants.

Modification of rights  
of warrant holders

: The Company may, without the consent of the warrant holders but in accordance with the terms of the Deed Poll and the conditions of the Bonus Warrants, effect any modification to the terms of the Bonus Warrants, the warrant agency agreement or the Deed Poll, which, in the opinion of the Company, is

- (a) not materially prejudicial to the interests of the warrant holders;
- (b) of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or to comply with the rules and regulations of the SGX-ST; and/or
- (c) to vary or replace provisions relating to the transfer or exercise of the Bonus Warrants including the issue of the New Shares arising from the exercise thereof or meetings of the warrant holders in order to facilitate trading in or the exercise of the Bonus Warrants or in connection with the implementation and operation of the book entry (scripless) settlement system in respect of trades on the SGX-ST.

Any such modification will be binding on the warrant holders and persons having an interest in the Bonus Warrants and will be notified to them in accordance with the terms of the Bonus Warrants as set out in the terms of the Deed Poll and the conditions of the Bonus Warrants, as soon as practicable thereafter.

Any material alteration to the terms and/or conditions of the Bonus Warrants after the issue thereof to the advantage of the warrant holders and prejudicial to the Shareholders must be approved by the Shareholders in general meeting and if necessary, the SGX-ST.

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## LETTER TO SHAREHOLDERS

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Except where the alterations are made pursuant to the terms of the Deed Poll and the conditions of the Bonus Warrants, the Company shall not:

- (a) extend the First Exercise Period or the Second Exercise Period;
- (b) issue new warrants to replace the Bonus Warrants;
- (c) change the First Exercise Price or Second Exercise Price; or
- (d) change the exercise ratio of the Bonus Warrants.

Winding-up : Where there is a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation), the warrant holders may elect in accordance with the terms of the Deed Poll and conditions of the Bonus Warrants, to be treated as if they had immediately prior to the commencement of such winding-up, exercised the Bonus Warrants and had on such date been the holder of the New Shares to which they would have become entitled pursuant to such exercise. Subject to the foregoing, if the Company is wound-up for any reason other than a members' voluntary winding-up, all Bonus Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Bonus Warrants shall cease to be valid for any purpose.

Further issues : Warrant holders (in their capacity as warrant holders) shall not have any participation rights in any further issues of securities by the Company unless otherwise resolved by the Company in a general meeting or in the event of a takeover offer to acquire the Shares.

Transfer and transmission : The procedure for the transfer and transmission of the Bonus Warrants is set out in Appendix B to this Circular.

Listing and trading : Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for the Bonus Warrants and the New Shares on the Official List of the SGX-ST. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Bonus Warrants Issue, the New Shares, the Company and/or its subsidiaries.

The listing of and quotation for the Bonus Warrants is subject to, *inter alia*, there being a sufficient spread of holdings for the Bonus Warrants to provide for an orderly market in the trading of the Bonus Warrants. Under Rule 826 of the Listing Manual, it is provided that as a guide, the SGX-ST expects at least 100 warrant holders for a class of company warrants. In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Bonus Warrants issued for any reason, warrant holders will not be able to trade their Bonus Warrants on the SGX-ST.

Governing Law : The laws of Singapore.

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## LETTER TO SHAREHOLDERS

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### 3.3 Entitlements to the Bonus Warrants

The Bonus Warrants Issue is proposed to be made on a renounceable basis to the Entitled Shareholders whose names appear in the Register of Members of the Company or whose names appear in the records of CDP, as the case may be, as at the Books Closure Date. Notice will be given at a later date on the Books Closure Date in order to determine the entitlements of the Entitled Shareholders, after all the necessary approvals have been obtained.

#### 3.3.1 Entitled Depositors

In the case of Entitled Depositors, warrant certificates representing the number of warrants they are entitled to on the basis of the number of Shares standing to the credit of their Securities Accounts with CDP as at the Books Closure Date, will be sent to CDP within ten (10) Market Days after the Books Closure Date and CDP will thereafter credit such number of Bonus Warrants to their relevant Securities Accounts. CDP will then send a notification letter to the relevant Entitled Depositor stating the number of Bonus Warrants credited to their Securities Accounts.

#### 3.3.2 Entitled Scripholders

In the case of Entitled Scripholders, warrant certificates representing the number of Bonus Warrants they are entitled to on the basis of the number of Shares they hold as at the Books Closure Date, will be sent by registered post, at their own risk, to their mailing addresses in Singapore as maintained with the Share Registrar within ten (10) Market Days after the Books Closure Date.

Entitled Scripholders should note that all dealings in and transactions of the Bonus Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the warrant certificates to be issued to Entitled Scripholders, will not be valid for delivery pursuant to trades done on the SGX-ST. An Entitled Scripholder who has not deposited his warrant certificate(s) with CDP but wishes to trade on the SGX-ST, must deposit his warrant certificate(s) with CDP, together with duly executed instrument(s) of transfer in favour of CDP, and have his Securities Account credited with the number of Bonus Warrants before he can effect the desired trade.

Entitled Scripholders are encouraged to open Securities Accounts, if they have not already done so and to deposit their share certificates with CDP prior to the Books Closure Date for the Bonus Warrants Issue so that their Securities Accounts may be credited by CDP with their Shares, and subsequently, the Bonus Warrants. Entitled Scripholders should note that their Securities Accounts will only be credited with the relevant Shares twelve (12) Market Days from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

#### 3.3.3 Foreign Shareholders

For practical reasons and in order to avoid any violation of securities laws applicable in countries other than Singapore, the Bonus Warrants will NOT be offered to Shareholders whose registered addresses are outside Singapore as at the Books Closure Date and who had not, within the relevant number of Market Days prior to the Books Closure Date, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”).

Bonus Warrants which would otherwise have been allotted to Foreign Shareholders will, if practicable, be sold by the Company at its sole discretion on the SGX-ST. The net proceeds from such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed among Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them at their own risk by

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## LETTER TO SHAREHOLDERS

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ordinary post, provided that where the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Where such Bonus Warrants are sold on the SGX-ST, they will be sold at such price and at such time as the Company may, in its absolute discretion, decide and deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP or the Directors or share registrar in respect of such sale.

If such Bonus Warrants cannot be or are not sold on the SGX-ST as aforesaid for any reason, the Bonus Warrants shall be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

### **3.4 Rationale for the Bonus Warrants Issue and Use of Proceeds**

#### **3.4.1 Rationale for the Bonus Warrants Issue**

The First Exercise Price of S\$1.28 and the Second Exercise Price of S\$2.28 for each Bonus Warrant represent a discount of approximately 23.16% and a premium of approximately 36.87% respectively to the volume weighted average price for trades done on the SGX-ST of S\$1.6658 per Share on 30 December 2013.

The Board is of the view that the Bonus Warrants Issue is beneficial to the Company as it will allow the Company to strengthen its cash position and enable the Company to take advantage of any investment opportunities which may arise.

Assuming that all the Bonus Warrants are subsequently converted, the estimated proceeds of the Bonus Warrants Issue will range from approximately S\$900 million (where the Bonus Warrants are fully exercised at the First Exercise Price) to S\$1.6 billion (where the Bonus Warrants are fully exercised at the Second Exercise Price).

#### **3.4.2 Use of Proceeds of the Bonus Warrants Issue**

The Company intends to undertake the Bonus Warrants Issue to strengthen its cash position and use the net proceeds for any investments if the opportunities arise and/or general corporate and working capital purposes. As an investment company, the Company is constantly seeking prospective investment opportunities. The Company believes that the proceeds from the Bonus Warrants Issue will allow the Company to seize larger and more exciting investment opportunities to maximise shareholder returns. The Company does not intend to use the proceeds from the Bonus Warrants Issue to fund the payment of the Cash Dividend.

Assuming the Bonus Warrants are fully exercised and cost and expenses incurred in relation to the Bonus Warrants Issue of approximately S\$500,000, the amount of net proceeds expected to be used for general corporate and working capital purposes is insignificant. The net proceeds from the Bonus Warrants will primarily be used for making investments.

Pending the deployment of the net proceeds from the Bonus Warrants Issue, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

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## LETTER TO SHAREHOLDERS

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The Directors are of the opinion that:

- (i) there is no minimum amount which must be raised from the Bonus Warrants Issue; and
- (ii) after taking into consideration the Company's present banking facilities, the working capital available to the Company is sufficient to meet its present requirements. Nevertheless, the Company is undertaking the Bonus Warrants Issue to strengthen its financial position.

In view of the above and the savings in cost by the Company in respect of underwriting fees, the Company has decided to proceed with the Bonus Warrants Issue on a non-underwritten basis.

The Company will make periodic announcements on the utilisation of the proceeds of the Bonus Warrants Issue, as and when the funds from the Bonus Warrants Issue are disbursed or utilised, and will also disclose any such disbursements or utilisation of the proceeds in its annual reports.

### 3.5 Trading of Bonus Warrants

Shareholders should note that most counters on SGX-ST trade in lot sizes of 1,000 shares and/or warrants. Following the Bonus Warrants Issue and/or exercise of the Bonus Warrants, Shareholders who hold odd lots of Warrants and/or Shares and who wish to trade in odd lots of Warrants and/or Shares on SGX-ST should note that they can trade on the Unit Share Market of the SGX-ST, which allows for the trading of odd lots.

## 4. THE BONDS ISSUE

### 4.1 Introduction

The Company has on 9 January 2014 entered into a subscription agreement (the "**Subscription Agreement**") with Cosmic Ventures Limited (the "**Subscriber**"), pursuant to which the Company proposes to issue to the Subscriber up to S\$18,900,000 in principal amount of zero coupon convertible bonds (the "**Bonds**") comprising (i) S\$6,300,000 in principal amount of Bonds; and (ii) at the option of the Subscriber, up to a further S\$12,600,000 in principal amount of the Bonds, in accordance with the terms and conditions of the Subscription Agreement (the "**Bonds Issue**").

Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for the Conversion Shares on the Official List of the SGX-ST. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Bonds Issue, the Conversion Shares, the Company and/or its subsidiaries. The Bonds will not be listed and quoted on the SGX-ST or any other exchange.

The Company will not be relying on the general mandate obtained from Shareholders at the last annual general meeting, but is seeking a separate specific approval of Shareholders for the issue and allotment of the Bonds in accordance with Rule 824 of the Listing Manual.

Rule 811(2)(b) of the Listing Manual provides that in an issue of convertible securities, where the conversion price is based on a formula, any discount in the price-fixing formula must not exceed 10% of the prevailing market price of the underlying shares before conversion. This restriction on the conversion price will not apply if specific shareholders' approval is obtained for the issue of convertible securities.

As the Conversion Price for the Bonds will be determined based on the VWAP Price, which will be determined over the thirty (30) day period commencing one (1) week from the date the Bonus Warrants are issued, it is not possible to determine the maximum number of Conversion Shares to be issued as at the Latest Practicable Date.

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## LETTER TO SHAREHOLDERS

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The following sets out the effects of the conversion of the Bonds in two different scenarios for illustration:

- (i) assuming the VWAP Price is S\$1.6879<sup>3</sup> and that none of the Bonus Warrants are exercised:
  - (a) the Bonds Series A Conversion Price, the Bonds Series B Conversion Price and the Bonds Series C Conversion Price will represent approximately a 16.97% discount, a 2.32% discount and a 12.33% premium respectively to the volume weighted average price of trades done on the SGX-ST of S\$1.7280 per Share on 9 January 2014 (being the last market day on which the Shares were traded prior to the date of the Subscription Agreement); and
  - (b) 3,789,732 Conversion Shares representing 1.59% of the enlarged share capital of the Company shall be issued upon conversion of the Basic Subscription Tranche, and a total of 11,369,194 Conversion Shares representing 4.63% of the enlarged share capital of the Company upon conversion of all the Bonds (comprising both Basic Subscription Tranche and Upsize Tranche).
- (ii) assuming the VWAP Price is S\$1.4195<sup>4</sup> and that none of the Bonus Warrants are exercised:
  - (a) the Bonds Series A Conversion Price, the Bonds Series B Conversion Price and the Bonds Series C Conversion Price will represent approximately a 30.17% discount, a 17.85% discount and a 5.53% discount respectively to the volume weighted average price of trades done on the SGX-ST of S\$1.7280 per Share on 9 January 2014 (being the last market day on which the Shares were traded prior to the date of the Subscription Agreement); and
  - (b) 4,506,271 Conversion Shares representing 1.89% of the enlarged share capital of the Company shall be issued upon conversion of the Basic Subscription Tranche, and a total of 13,518,813 Conversion Shares representing 5.45% of the enlarged share capital of the Company upon conversion of all the Bonds (comprising both the Basic Subscription Tranche and Upsize Tranche).

### 4.2 Summary of the Principal Terms of the Bonds

- Principal amount : Up to S\$18,900,000 in principal amount of the Bonds (including up to S\$12,600,000 in principal amount of the Bonds which are subject to the Subscriber Option), to be issued in three (3) series comprising Bonds Series A, Bonds Series B and Bonds Series C, with an aggregate principal value of up to S\$6,300,000 for each series.
- Subscriber Option : The Subscriber has been granted an option to subscribe for up to S\$12,600,000 in principal value of the Bonds (the “**Subscriber Option**”) which may be exercised at any time during the period commencing from the date of the Subscription Agreement and ending five (5) business days before the date falling eleven (11) months from the date of the Subscription Agreement (the “**Subscriber Option Exercise Period**”), or such other period as may be agreed in writing between the parties. If the Subscriber decides in its sole and absolute discretion to exercise the Subscriber Option, the Subscriber shall subscribe for at least S\$2,500,000 in principal value of the Bonds.

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<sup>3</sup> For illustration, based on the volume weighted average price of the Shares for 30 days preceding the Latest Practicable Date.

<sup>4</sup> For illustration only, based on a 15% discount to the lowest closing price of the Shares of S\$1.67 for the year to date.



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## LETTER TO SHAREHOLDERS

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- Subscription tranches : The issue of the Bonds shall take place in two tranches as follows:
- (a) S\$6,300,000 in principal value of the Bonds (comprising the Bonds Series A, Bonds Series B and Bonds Series C equally) on the First Closing Date<sup>(1)</sup> (the “**Basic Subscription Tranche**”); and
  - (b) subject to the exercise of the Subscriber’s Option, up to \$12,600,000 and no less than S\$2,500,000 in principal value of the Bonds (comprising the Bonds Series A, Bonds Series B and Bonds Series C equally) on the Second Closing Date<sup>(2)</sup> (the “**Upsize Tranche**”).
- Maturity Date : 36 months after the relevant date of issue of the Bonds (the “**Bonds Issue Date**”, and the maturity date of the Bonds, the “**Maturity Date**”).
- Issue price : 100.0% of the aggregate principal amount of the Bonds.
- Interest rate : The Bonds will not bear any interest.
- Status of Bonds : The Bonds constitute direct, general, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable laws, remain the direct and first-priority obligations of the Company ranking *pari passu* as against the assets of the Company with (i) all other Bonds (as between themselves and between each series) from time to time issued and outstanding hereunder, without any preference among themselves; and (ii) all other present and future unsecured debt (actual or contingent) of the Issuer (except to the extent otherwise required by law).
- Title and transferability : The Bonds may only be transferred to the Subscriber’s affiliates, provided such affiliate has acceded to the terms of the Share Lending Agreement. In the event of a transfer by the Bondholder to its affiliate, a Bond may be transferred by depositing the certificate issued in respect of that Bond (the “**Certificate**”), with the form of transfer on the back duly completed and signed, together with a written confirmation that the transferee is an affiliate of the Bondholder, at the designated office and any other appropriate transfer document or other documentation that may be reasonably requested by the Company.
- Upon receipt by the Company of the Certificate issued in respect of a Bond together with the documents specified above, the Company shall forthwith register the transfer of title of the Bond to the transferee specified in the form of transfer.
- Conversion Period : Subject to the terms and conditions of the Bonds (the “**Conditions**”), the outstanding principal amount of the Bonds may be converted in whole or in part at the option of the bondholder at any time on and from the VWAP Determination Date<sup>(4)</sup> or Issue Date (whichever is later) up to the close of business (Singapore time) on the day falling five (5) business days prior to the Maturity Date (the “**Conversion Period**”).

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## LETTER TO SHAREHOLDERS

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Conversion Price : The price at which each Conversion Share (the “**Conversion Price**”) will be issued upon the conversion of the Bonds will be as follows:

- (a) Bonds Series A: at a 15% discount to the VWAP Price<sup>(3)</sup> per Share ( the “**Bonds Series A Conversion Price**”);
- (b) Bonds Series B: at the VWAP Price per Share (the “**Bonds Series B Conversion Price**”); and
- (c) Bonds Series C: at a 15% premium over the VWAP Price per Share (the “**Bonds Series C Conversion Price**”).

Adjustment in the event of subsequent issues below the VWAP price : Upon (i) the issue by the Company of any Shares (other than the Conversion Shares issued on the exercise of the Bonds by the bondholder in accordance with the terms of the Subscription Agreement); (ii) the issue or grant by the Company or any of its subsidiaries of options, warrants or other rights to subscribe or purchase Shares; or (iii) the issue by the Company or any of its subsidiaries of any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company on conversion, exchange or subscription, in each case for any reason at a consideration or price per Share which is less than the VWAP Price (the “**Adjusted Price**”), the applicable Conversion Price will be adjusted as follows:

- (a) Bonds Series A Conversion Price: to 85% of the Adjusted Price for each Share;
- (b) Bonds Series B Conversion Price: to the Adjusted Price for each Share; and
- (c) Bonds Series C Conversion Price: to 115% of the Adjusted Price for each Share.

Such adjustment shall become effective on the date of issue of such securities. Following such adjustment, the “**VWAP Price**” for the purpose of subsequent adjustments under this Condition shall be construed as the last Adjusted Price applied for the previous adjustment.

To illustrate the application of this adjustment event, if:

- (a) the VWAP Price is determined to be S\$1.6879; and
- (b) the Company subsequently issues new Shares at an issue price of S\$1.50 per Share,

the Adjusted Price will be S\$1.50, whereupon the Conversion prices will be adjusted as follows:

- (i) Bonds Series A Conversion Price: to 85% of the S\$1.50 for each Share;
- (ii) Bonds Series B Conversion Price: to S\$1.50 for each Share; and



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## LETTER TO SHAREHOLDERS

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- (iii) Bonds Series C Conversion Price: to 115% of S\$1.50 for each Share.

Based on the Adjusted Price, 12,793,351 Conversion Shares will be allotted and issued upon conversion of the Bonds, as opposed to 11,369,194 Conversion Shares upon conversion of all the Bonds (comprising the Basic Subscription Tranche and the Upsize Tranche based on a VWAP Price of S\$1.6879).

Adjustment to the Conversion Price

: The Conversion Price (and where applicable, the VWAP Price) may be adjusted from time to time in the manner provided in the Conditions upon the occurrence of, amongst other things, the following events:

- (a) any alteration to the number of issued Shares as a result of consolidation, subdivision or reclassification;
- (b) any capitalisation of profits or reserves;
- (c) any payment of capital distribution or dividend;
- (d) any issues of by way of rights, or rights of warrants, options or other securities at less than 90% of the Current Market Price<sup>(5)</sup>;
- (e) any issues at less than the VWAP Price;
- (f) any issues at less than 90% of the Current Market Price<sup>(5)</sup> on the last market day preceding the date on which the final terms of such issue is first publicly announced;
- (g) any modification of rights of conversion; or
- (h) any other offers to Shareholders of the Company.

Notwithstanding the adjustment events above, neither the Cash Dividends nor the Bonus Warrants Issue will constitute an adjustment event under the terms of the Bonds, and the applicable Conversion Price will not be subject to any adjustment upon payment of the Cash Dividends or upon the issue of the Bonus Warrants or the New Shares.

Should the Company decide to implement an employee share option scheme, the issuance of employee share options under the scheme may result in an adjustment event under the terms of the Bonds, should the exercise price of such employee share options be below the VWAP Price or 90% of the Current Market Price.

Automatic Conversion

: At any time during the Conversion Period, subject to the Conversion Maximum (as defined below), all outstanding Bonds shall be subject to automatic conversion (the “**Automatic Conversion**”) upon the occurrence of the following events:

- (a) Bonds Series A shall be automatically converted at the applicable Conversion Price in the event that the average closing price of the Shares on the SGX-ST for 10 consecutive trading days exceeds the Bonds Series A Conversion Price;

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## LETTER TO SHAREHOLDERS

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- (b) Bonds Series B shall be automatically converted at the applicable Conversion Price in the event that the average closing price of the Shares on the SGX-ST for 10 consecutive trading days exceeds the Bonds Series B Conversion Price; and
- (c) Bonds Series C shall be automatically converted at the applicable Conversion Price in the event that the average closing price of the Shares on the SGX-ST for 10 consecutive trading days exceeds the Bonds Series C Conversion Price.

No more than the lower of (i) one third of the aggregate principal value of the issued Bonds; or (ii) S\$6,300,000 (the “**Conversion Maximum**”) may be automatically converted in any one calendar month. Notwithstanding the above, no Bonds shall be automatically converted to the extent that such conversion would result in the bondholder being obliged to make a general offer for the Shares pursuant to any applicable law or regulation (including but not limited to, the Code).

In the event that more than the Conversion Maximum of the Bonds becomes automatically convertible into Conversion Shares in a single calendar month, only the number of Bonds up to the Conversion Maximum shall be automatically converted in the following order:

- (i) first, Bonds Series A;
- (ii) second, Bonds Series B; and
- (iii) third, Bonds Series C,

and any Bonds in excess of the Conversion Maximum in that calendar month shall not be subject to the Automatic Conversion in that calendar month.

For the avoidance of doubt, the Automatic Conversion does not apply to any Bonds in respect of which a bondholder has submitted a duly completed notice of conversion (the “**Conversion Notice**”) in accordance with the terms and conditions of the Bonds.

- Listing status : The Bonds will not be listed and quoted on the SGX-ST.
- Redemption upon Event of Default : If any Event of Default (as defined in the Conditions) has occurred, including:
- (a) a default is made by the Company in the payment of any principal due in respect of the Bonds within five (5) business days after the same shall become due and payable in accordance with the Conditions;

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## LETTER TO SHAREHOLDERS

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- (b) (i) any present or future material indebtedness of the Company or any of its subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described); or (ii) the Company or any of its subsidiaries fails to pay when due (after the expiration of any applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised;
- (c) a resolution is passed or an order for winding up or dissolution of the Company otherwise than for the purposes of consolidation, amalgamation, merger, reconstruction or reorganization which is approved by Shareholders and the bondholders (as the case may be), and upon which the continuing corporation effectively assumes the entire obligations of the Company under the Bonds;
- (d) when it is or will be unlawful for the Company to perform or comply with its obligations under the Bonds or Subscription Agreement or any consent or approval required for such obligations to be binding and enforceable is not obtained;
- (e) (i) the Company does not perform or comply with any of its obligations under the Bonds or Subscription Agreement; or (ii) ARF (as defined herein) does not perform or comply with one or more of its obligations set out in the Share Lending Agreement (as defined herein); or (iii) any of the representations, warranties or undertakings set out in the Bonds or the Subscription Agreement (which are continuing at the relevant date) are unfulfilled, untrue or incorrect and not remedied within 14 days after written notice of such default has been given to the Company;
- (f) trading suspension of the Shares on the SGX-ST for 10 or more consecutive trading days; or
- (g) the Shares are delisted from the SGX-ST or the Company fails to maintain or procure the maintenance of the listing of all the issued and outstanding Shares (including the Conversion Shares to be issued upon conversion of the Bonds) on the SGX-ST,

the outstanding Bonds shall immediately become due and repayable at their principal amount to the bondholder(s).

- Redemption on Maturity Date : On the relevant Maturity Date, all relevant outstanding Bonds shall automatically be redeemed by the Company at their principal amount.
- Redemption on Change in Control : In the event of a Change of Control<sup>(6)</sup>, the Company has undertaken to redeem all outstanding Bonds at their principal amount.
- Governing Law : The laws of Singapore.

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## LETTER TO SHAREHOLDERS

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### Notes:-

- (1) **“First Closing Date”** means the date falling within five (5) business days after all the conditions precedent set out in Section 4.3.2 of this Circular, with the exception of the Upsize Tranche Condition Precedent, are satisfied and/or waived, or such later date as may be agreed between the parties.
- (2) **“Second Closing Date”** means the date falling within five (5) business days after all the conditions precedent set out in Paragraph 4.3.2 of this Circular are satisfied and/or waived, or such later date as may be agreed between the parties.
- (3) **“VWAP Price”** means in respect of a Share, the volume weighted average price for trades done on the SGX-ST for a period of thirty (30) days commencing one (1) week from the date of issue of the Bonus Warrants.
- (4) **“VWAP Determination Date”** means the business day falling immediately after the thirty (30) day period required for determination of the VWAP Price.
- (5) **“Current Market Price”** in respect of a Share at a particular time on a particular date, refers to the average of the closing prices quoted on the SGX-ST for one Share for the 20 consecutive market days ending on the market day immediately preceding such date.
- (6) **“Change of Control”** occurs when (a) ASM, Argyle Street Management Holdings Limited, Kin Chan and/or funds managed or advised by ASM and/or its affiliates together collectively cease to (i) hold directly or indirectly at least 20 per cent. of the voting rights of the issued share capital of the Company; or (ii) remain, whether directly or indirectly, as (collectively) the single largest shareholder of the Company; (b) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other Person<sup>5</sup>, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring control over the Company or the successor entity; or (c) one or more Persons acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Issuer.

**Pursuant to Rule 704(31) of the SGX-ST Listing Manual, the Change of Control condition makes reference to the shareholding interest of the ASM Group and accordingly, upon a Change of Control (i) the aggregate amount of Bonds that may be affected amounts to up to S\$18,900,000 (assuming the Basic Subscription Tranche and Upsize Tranche are issued in full and no Bonds are converted); and (ii) the operations of the Company may be affected as a result of the part or full redemption of the outstanding Bonds held by the Subscriber.**

In compliance with Rule 728 of the Listing Manual of the SGX-ST, the Company has procured an undertaking from ASM for it to notify the Company, as soon as it becomes aware, of any share pledging arrangements relating to the Shares held by the ASM Group and of any event which may result in a Change of Control.

### 4.3 Principal terms of the Subscription Agreement

#### 4.3.1 Consideration

The aggregate consideration payable for the subscription of the Bonds shall be up to S\$18,900,000, payable in the following manner:

- (a) in respect of the Basic Subscription Tranche, S\$6,300,000 in cash upon the issue of the Basic Subscription Tranche on the First Closing Date; and
- (b) in respect of the Upsize Tranche, such amount in cash representing the principal value of the Bonds as set out in the option notice (**“Subscriber Option Notice”**) served to the Company for the subscription of the Subscriber Option (the **“Consideration Sum”**), or alternatively and subject to the written consent of the Company (which consent may be given at the Company’s sole and absolute discretion), the Consideration Sum may be satisfied in full or in part by the transfer shares or securities specified by the Subscriber (the **“Equity Consideration Shares”**).

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<sup>5</sup> **“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

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## LETTER TO SHAREHOLDERS

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### 4.3.2 Conditions Precedent to the Subscription Agreement

The closing of the Bonds Issue (the “**Closing**”) in respect of the Subscription Agreement shall be conditional upon the following conditions precedent being satisfied on or before the date falling eleven (11) months from the date of the Subscription Agreement (the “**Long Stop Date**”):

- (a) the approval in-principle of the SGX-ST for the listing and quotation of the Conversion Shares being obtained and not having been revoked as of First Closing Date or the Second Closing Date (as the case may be);
- (b) the approval of Shareholders for the issuance of the Bonds and Conversion Shares being obtained;
- (c) (i) the approval of the Shareholders for the Cash Dividends, Internalisation Exercise and the Bonus Warrants Issue being obtained; and (ii) the issuance of the Bonus Warrants;
- (d) the warranties, representations and undertakings of the Company remaining true and correct in all respects at all times from execution of the Subscription Agreement until (and including at) the First Closing Date or the Second Closing Date (as the case may be);
- (e) the warranties, representations and undertakings of the Subscriber remaining true and correct in all respects at all times from execution of this Agreement until (and including at) the First Closing Date or the Second Closing Date (as the case may be); and
- (f) no Material Adverse Change<sup>(1)</sup> having occurred between the date of the Subscription Agreement and the First Closing Date or the Second Closing Date (as the case may be);
- (g) the issue of the Bonds on the Issue Date not being prohibited by (i) any statute, order, rule or regulation promulgated by any legislative executive or regulatory body or authority of Singapore which is applicable to the Company; or (ii) any injunction or other orders issued by any court of competent jurisdiction;
- (h) the execution of the Share Lending Agreement by, amongst other things, the Subscriber, such Share Lending Agreement to be in a form satisfactory to the Subscriber in its sole and absolute discretion; and
- (i) in respect of the Upsize Tranche subject to the Subscriber Option, the exercise of the Subscriber Option during the Subscriber Option Exercise Period (the “**Upsize Tranche Condition Precedent**”).

**Notes:-**

- (1) Material Adverse Change means any change, circumstance, development or event involving a prospective change that has or is reasonably likely to have a Material Adverse Effect<sup>(2)</sup>.
- (2) Material Adverse Effect means a material adverse effect on the assets, business, earnings, management or financial position, condition or liabilities of the Company and its subsidiaries, taken as a whole.

### 4.3.3 Undertakings

The Company undertakes to the Subscriber, amongst other things, that:

- (a) it will use the net proceeds of the Bonds for (i) future investments as and when opportunities arise; and (ii) general corporate and working capital purposes;

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## LETTER TO SHAREHOLDERS

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- (b) save as publicly disclosed as part of the Internalisation Exercise, during the period from the date of the Subscription Agreement to the First Closing Date, it will ensure that it and each of its subsidiaries will continue their respective businesses in the ordinary course and in substantially the same manner as previously conducted, and to the extent consistent therewith, use all commercially reasonable endeavours to preserve the relevant relationships with key lenders and regulators; and
- (c) save for the Dividend Package, to ensure that it and each of its subsidiaries will not alter their capital structure in any way during the period from the date of the Subscription Agreement to the First Closing Date.

The Subscriber undertakes to the Company that it shall not transfer, sell or otherwise dispose of more than 15% of the Conversion Shares it holds in any one calendar month for the three (3) year period commencing on the Issue Date. This undertaking shall not apply to the transfers of Conversion Shares to the Subscriber's affiliates (the "**Intra-Group Transfer**"). The transferee shall deliver a written undertaking to the Company (in a form satisfactory to it) in respect of the Conversion Shares held by the Subscriber and its affiliates as a condition to any Intra-Group Transfer.

#### 4.3.4 Indemnity

The Company shall indemnify the Subscriber for any losses (including, amongst other things, damages, claims or liabilities) in relation to any misrepresentations, alleged misrepresentations, breaches or alleged breaches of the representations, warranties or undertakings of or by the Company contained in the Subscription Agreement, with such indemnification capped at an amount of 150% of the aggregate consideration paid by the Subscriber for the subscription of the Bonds pursuant to the terms of the Subscription Agreement. The quantum of the limitation of liability was negotiated and agreed between the parties on an arm's length basis. The Company negotiated for a limitation of liability as opposed to agreeing to an unlimited indemnity.

#### 4.3.5 Termination of the Subscription Agreement

The Subscriber may, by written notice to the Issuer, terminate the Subscription Agreement at any time prior to the Long Stop Date, in any of the following circumstances:

- (a) if any breach of, or any event rendering untrue or incorrect any of the representations and warranties of the Company, or any failure in any respect to perform any of the Company's undertakings in the Subscription Agreement comes to the Subscriber's attention; or
- (b) if any of the conditions precedent set out in Section 4.3.2 (save for the conditions precedent set out in 4.3.2(e) and 4.3.2(i)) above is not satisfied or waived,

provided that if the above are capable of remedy or satisfaction, the Subscriber shall within the notice of termination extend the Company a 14-day grace period to remedy or satisfy them.

Upon termination, the Subscription Agreement shall have no further effect and no party shall have any claim against the other. Termination shall not affect the accrued rights and obligations of the parties at the date of termination nor the continued existence and validity of the rights and obligations of the parties under the surviving provisions as set out in the Subscription Agreement.

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## LETTER TO SHAREHOLDERS

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### 4.4 Information on the Subscriber

Cosmic Ventures Limited is an investment holding company indirectly owned by Mr. Li Tzar Kai Richard, Executive Chairman of Pacific Century Regional Developments Limited (“PCRD”). PCRD is a company listed on the SGX-ST, and has interests in telecommunications and media, financial services and property and infrastructure investment and development, in the Asia-Pacific region. The directors of Cosmic Ventures Limited are Naomi Tofukuji and Guenter Kring, and it is wholly-owned by Ace Holdings Management Limited, whose sole shareholder is Mr. Li Tzar Kai Richard.

In addition, the Bonds will not be issued to any of the persons set forth in Rule 812(1) of the SGX-ST Listing Manual.

### 4.5 Share Lending Agreement

The Company has also been informed that in connection with the Bonds Issue, the Subscriber and ASM Asia Recovery (Master Fund) (“ARF”) have on 9 January 2014 entered into a share lending agreement (the “Share Lending Agreement”), pursuant to which ARF shall lend to the Subscriber such number of Shares equal to the number of Conversion Shares into which the Bonds may be converted from time to time under the Subscription Agreement. ARF is a substantial shareholder of the Company. No fees are payable by the Company to ARF in connection with the Share Lending Agreement.

### 4.6 Rationale and Use of Proceeds of the Bonds Issue

The Board is of the view that the Bonds Issue is beneficial to the Group as it will allow the Group to strengthen its cash position and enable the Company to take advantage of any investment opportunities which may arise. In addition, the Bonds Issue also offers the Company the opportunity to welcome the Subscriber as a strategic investor, with an option to convert its investment into an equity stake in the Company. Through this Bonds Issue, the Company and the Subscriber are building on their strategic partnership to explore various options and avenues to further their business co-operation for each other’s mutual commercial benefit, including deal sourcing.

As there is no certainty that the Company will see proceeds from conversion of the Bonus Warrants in the short term, the Company intends to undertake the Bonds Issue to strengthen its cash position during this immediate period and to use the net proceeds for any investments if the opportunities arise and/or general corporate and working capital purposes. As an investment company, the Company is constantly seeking prospective investment opportunities. The Company believes that the proceeds from the Bonds Issue, in addition to the proceeds from the Bonus Warrants Issue will allow the Company to seize larger and more exciting investment opportunities to maximise shareholder returns.

Assuming the exercise of the Subscriber’s Option in full, the proceeds of the Bonds Issue will be S\$18,900,000. Assuming cost and expenses incurred in relation to the Bonds Issue of approximately S\$100,000, the net proceeds from the Bonds Issue is expected to be approximately S\$18,800,000. The net proceeds from the Bonds Issue will primarily be applied towards making investments, with no more than 10% used for general corporate and working capital purposes.

Pending the deployment of the net proceeds from the Bonds Issue, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

The Directors are of the opinion that after taking into consideration the Group’s present banking facilities, the working capital available to the Group is sufficient to meet its present requirements. Nevertheless, the Company is undertaking the Bonds Issue to strengthen its financial position.

The Company will make periodic announcements on the utilisation of the proceeds of the Bonds Issue, as and when the funds from the Bonds Issue are disbursed or utilised, and will also disclose any such disbursements or utilisation of the proceeds in its annual reports.



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## LETTER TO SHAREHOLDERS

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### 5. THE WHITEWASH RESOLUTION

#### 5.1 Mandatory Offer Requirement under the Code

Under Rule 14 of the Code, (i) any person who acquires, whether by a series of transactions over a period of time or not, shares which, taken together with shares held or acquired by persons acting in concert with him, carry 30.0% or more of the voting rights in a company; or (ii) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, is required to make a mandatory general offer, for all shares in the company concerned which he does not already own, control or has agreed to acquire.

As at the Latest Practicable Date, the Existing Share Capital consists of 234,314,106 Shares. The Company has no outstanding convertible securities. Based on the Existing Share Capital and assuming that:

- (a) all the Bonus Warrants are exercised; and
- (b) for illustrative purposes, all the Bonds are converted based on the VWAP Price of S\$1.6879 computed based on the volume weighted average price of trades done on the SGX-ST for a period of 30 days preceding the Latest Practicable Date:
  - (i) an aggregate of 702,942,318 New Shares will be issued pursuant to the Bonus Warrants Issue;
  - (ii) an aggregate of 11,369,194 Conversion Shares will be issued pursuant to the conversion of the Bonds; and
  - (iii) the Company will have an enlarged share capital comprising 948,625,618 Shares.

As at the Latest Practicable Date, the ASM Group has an interest in approximately 55.89% of the Existing Share Capital. In the event that the ASM Group does not exercise the ASM Bonus Warrants before the other Bonus Warrants are exercised and the Bonds are converted, the ASM Group's shareholdings would fall to approximately 23.56% of the total number of issued Shares. If the ASM Group then chooses to exercise the ASM Bonus Warrants, it and its concert parties may incur an obligation to make a mandatory general offer under Rule 14 of the Code for the remaining Shares not already owned, controlled, or otherwise agreed to be acquired by them, unless the relevant waivers under the Code are obtained.

Please refer to Section 7 of this Circular for details of the shareholdings of the ASM Group before and after the Bonus Warrants Issue and the Bonds Issue.

#### 5.2 Confirmation from the SIC

The SIC had on 14 March 2014, waived the requirement for the ASM Group to make a Mandatory Offer for the Company, upon the exercise of the Bonus Warrants held by it and its concert parties after the issue of the New Shares and the Conversion Shares (the "**Whitewash Waiver**"), subject to the following conditions (the "**SIC Conditions**"):

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the issue of the Bonus Warrants, approve a resolution (the "**Whitewash Resolution**") by way of poll to waive their rights to receive a general offer from the ASM Group and parties acting in concert with it;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the ASM Group, parties acting in concert with it and parties not independent of them abstain from voting on the Whitewash Resolution;



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## LETTER TO SHAREHOLDERS

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- (d) the ASM Group and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular relating to the Whitewash Resolution):
  - (i) during the period between 30 December 2013 (the “**Announcement Date**”), being the date the Bonus Warrants Issue was announced and the date shareholders’ approval is obtained for the Whitewash Resolution; and
  - (ii) in the six (6) months prior to the Announcement Date, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Bonus Warrants Issue and/or the Bonds Issue.
- (e) the Company appoints an independent financial adviser to advise the independent shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in the Circular:
  - (i) details of the Bonus Warrants Issue;
  - (ii) the possible dilution effect to existing holders of voting rights as a result of the ASM Group and its concert parties’ acquisition of New Shares upon the exercise of their Bonus Warrants;
  - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares in the Company held by the ASM Group and its concert parties as at the Latest Practicable Date;
  - (iv) the number and percentage of voting rights to be issued to the ASM Group and its concert parties as a result of the exercise of their Bonus Warrants;
  - (v) that independent Shareholders of the Company, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the ASM Group at the highest price paid by the ASM Group and its concert parties for the Shares in the six (6) months preceding the commencement of the offer;
  - (vi) that independent Shareholders of the Company, by voting for the Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Bonus Warrants;
- (g) the Circular stating that the waiver granted by Council to the ASM Group and its concert parties from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at (a) to (f) above;
- (h) the ASM Group obtaining Council’s approval in advance for those parts of the Circular that refer to the Whitewash Resolution;
- (i) to rely on the Whitewash Resolution, the acquisition by the ASM Group and its concert parties of the Bonus Warrants must be completed within three (3) months of the approval of the Whitewash Resolution, and the acquisition of the New Shares by the ASM Group and its concert parties upon the exercise of their Bonus Warrants must be completed within three (3) years of the approval of the Whitewash Resolution; and

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## LETTER TO SHAREHOLDERS

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- (j) the ASM Group and its concert parties will comply or procure the relevant person(s) to comply with the disclosure requirements set out in Note 2 on Section 2 of Appendix 1 of the Take-over Code.

As at the Latest Practicable Date, all the above conditions (save and except for conditions (a) and (i) above) have been satisfied.

### 5.3 Whitewash Resolution

The Independent Shareholders are asked to vote by way of a poll, on the Whitewash Resolution, set out as Ordinary Resolution 4, in the Notice of EGM on page N-1 of this Circular.

Shareholders should note that the Bonus Warrants Issue is conditional upon the Whitewash Resolution being approved by Independent Shareholders.

Independent Shareholders should note following the issue of New Shares and the Conversion Shares upon the gradual exercise of the Bonus Warrants and the conversion of the Bonds (but assuming that the ASM Group does not exercise any of the ASM Bonus Warrants), the ASM Group may hold or control less than 50% of the voting rights of the Company. The ASM Group may then acquire more than 1% of the voting rights in the Company in a 6-month period in the event it exercises its Bonus Warrants and is allotted and issued New Shares.

Independent Shareholders should also note that by voting for the Whitewash Resolution:

- (a) Following the issue of the New Shares and the Conversion Shares upon the exercise of the Bonus Warrants and the conversion of the Bonds (but assuming that the ASM Group does not exercise its Bonus Warrants), the ASM Group will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer;
- (b) the Independent Shareholders will be waiving their rights to a general offer from the ASM Group at the highest price paid by the ASM Group for the Company's Shares, in the past six (6) months preceding the commencement of the Bonus Warrants Issue and/or Bonds Issue (whichever is earlier); and
- (c) the Independent Shareholders may be forgoing the opportunity to receive a general offer, from another person who may be discouraged from making a general offer, in view of the potential dilutive effect of the Bonus Warrants Issue and the Bonds Issue.

Independent Shareholders should also note that the Ordinary Resolutions 2 and 3 in relation to the Bonus Warrants Issue and Bonds Issue respectively are both inter-conditional upon the approval of the Whitewash Resolution by the Independent Shareholders. If the Whitewash Resolution is not approved by the Independent Shareholders, the Bonus Warrants Issue and the Bonds Issue will NOT be completed.

### 5.4 Advice of the Independent Financial Adviser

Tata Capital has been appointed as the independent financial adviser, to advise the Independent Directors for the Whitewash Resolution who will then make a recommendation to the Independent Shareholders for the Whitewash Resolution, in respect of the Whitewash Resolution.

A copy of the letter from Tata Capital to the Independent Directors for the Whitewash Resolution, setting out their advice in full, is set out in Appendix C of this Circular (the "**Whitewash Resolution IFA Letter**").

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## LETTER TO SHAREHOLDERS

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Having regard to the considerations as set out in the Whitewash Resolution IFA Letter and the information available as at the Latest Practicable Date, Tata Capital is of the opinion that the Whitewash Resolution, when considered in the context of the Bonus Warrants Issue and the Bonds Issue, is not prejudicial to the interests of the Company and the Independent Shareholders for the Whitewash Resolution. Accordingly, Tata Capital has advised the Independent Directors for the Whitewash Resolution to recommend that Independent Shareholders for the Whitewash Resolution vote in favour of the Whitewash Resolution to be proposed at the EGM.

**Independent Shareholders for the Whitewash Resolution are advised to read the Whitewash Resolution IFA Letter as set out in Appendix C to this Circular in full and consider carefully the recommendations of the Independent Directors for the Whitewash Resolution set out in Section 9.4 of this Circular.**

### 6. PROPOSED CHANGE OF NAME

#### 6.1 Rationale

The Company has agreed to a change of name pursuant to the Deed and in light of the Internalisation Exercise. In conjunction with the Company's future plans to bring its investment management capability in-house and for TIH IM to manage the investment business of the Company, the Directors believe that the proposed change of name of the Company will align with the reorganisation of the Company's operations and better reflect its strategic direction going forward. Accordingly, the Directors recommend that the Company's name be changed to TIH Limited.

#### 6.2 Approvals

The Company has made an application to ACRA to reserve the name TIH Limited. The application has been approved on 17 March 2014 and the name has been reserved for a period of 60 days from the date of the application.

The proposed change of name of the Company is subject to the approval of Shareholders at the EGM. Upon receipt of Shareholders' approval for the proposed change of name, the Company shall adopt "TIH Limited" as its new name with effect from the registration of such name with the ACRA, and the name "TIH Limited" shall replace all references to "Transpac Industrial Holdings Limited" wherever it appears in the Company's Memorandum and Articles of Association. Apart from the substitution of the Company's name as aforesaid, there will be no other amendments made to the Company's Memorandum and Articles of Association.

#### 6.3 Existing Share Certificates

Shareholders should take note that notwithstanding the change of the Company's name, the Company will not recall any existing share certificates bearing the current name of the Company, which will continue to be prima facie evidence of legal title. No further action is required on the part of the Shareholders.

### 7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND CHANGES IN SHAREHOLDING STRUCTURE

The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date, and the effects of the Bonus Warrants Issue and the Bonds Issue on the shareholding structure of the Company, are set out below:

## LETTER TO SHAREHOLDERS

	As at the Latest Practicable Date		Immediately after exercise of the Bonus Warrants but before conversion of the Bonds		Immediately after exercise of the Bonus Warrants and the conversion of the Basic Subscription Tranche		Immediately after exercise of the Bonus Warrants and the conversion of all the Bonds (comprising the Basic Subscription Tranche and the Upsize Tranche)	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
	Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)
<b>Directors</b>								
Kin Chan <sup>(1)</sup>	-	-	130,952,982	55.89	-	-	523,811,928	55.66
Cheong Kok Yew (Stanley)	-	-	-	-	-	-	-	-
Li Yick Yee Angie <sup>(1)</sup>	-	-	130,952,982	55.89	-	-	523,811,928	55.66
Vince Feng	-	-	-	-	-	-	-	-
Liong Tong Kap	-	-	-	-	-	-	-	-
Daniel Budiman	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>								
ASM Ventures Limited <sup>(2)</sup>	-	-	48,802,048	20.83	-	-	195,208,192	20.74
ASM Asia Recovery (Master) Fund <sup>(3)</sup>	-	-	111,559,541	47.61	-	-	446,238,164	47.42
ASM Asia Recovery Fund <sup>(4)</sup>	-	-	111,559,541	47.61	-	-	446,238,164	47.42
ASM Hudson River Fund <sup>(5)</sup>	-	-	65,768,281	28.07	-	-	263,073,124	27.96
Argyle Street Management Limited <sup>(6)</sup>	-	-	130,952,982	55.89	-	-	523,811,928	55.66
Argyle Street Management Holdings Limited <sup>(6)</sup>	-	-	130,952,982	55.89	-	-	523,811,928	55.66
V-Nee Yeh <sup>(1)</sup>	-	-	130,952,982	55.89	-	-	523,811,928	55.66
Transpac Investments Limited	27,230,226	11.62	-	-	108,920,904	11.57	108,920,904	11.48
Bastion Associates Limited <sup>(7)</sup>	-	-	27,230,226	11.62	-	-	108,920,904	11.57
Techno-Ventures Hong Kong Limited <sup>(8)</sup>	-	-	27,230,226	11.62	-	-	108,920,904	11.57
Leong Ka Cheong Christopher <sup>(9)</sup>	2	N.M.*	28,212,093	12.04	8	N.M.*	112,848,372	11.99

\*N.M. – Not meaningful

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## LETTER TO SHAREHOLDERS

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### Notes:-

- (1) Messrs Kin Chan, V-Nee Yeh and Li Yick Yee Angie are deemed substantial shareholders through bodies corporate they control.
- (2) ASM Ventures Limited (“**ASMVL**”) has 51,229,256 Shares registered in the name of its nominee, HSBC (Singapore) Nominees Pte Ltd (“**HSBC**”), of which 2,427,208 Shares are held in trust for Riverview Management Limited (“**Riverview**”).
- (3) ASM Asia Recovery Fund (“**ASMARF**”) is deemed interested in the 111,559,541 Shares owned or controlled by **ASMARMF** as it is the beneficial holder of more than 50% of the issued share capital in **ASMARMF**.
- (4) ASM Asia Recovery (Master) Fund (“**ASMARMF**”) has 62,757,493 Shares registered in the name of its nominee, HSBC. **ASMARMF** is also deemed interested in the 48,802,048 Shares owned by **ASMVL** as it is the beneficial holder of more than 20% of the issued share capital in **ASMVL**.
- (5) ASM Hudson River Fund (“**ASMHRF**”) has 16,966,233 Shares registered in the name of its nominee, HSBC. **ASMHRF** is also deemed interested in the 48,802,048 Shares owned by **ASMVL** as it is the beneficial holder of more than 20% of the issued share capital in **ASMVL**.
- (6) ASM manages Riverview, **ASMARMF**, **ASMHRF** and **ASMARF** and is the beneficial holder of more than 20% of the voting shares in **ASMHRF** and **ASMARF**, hence **ASM** is deemed interested in the 130,952,982 Shares collectively owned by **ASMHRF** and **ASMARF**. Argyle Street Management Holdings Limited is deemed interested in the 130,952,982 Shares owned by **ASM** as it is the beneficial holder of more than 50% of the voting shares in **ASM**.
- (7) Bastion Associates Limited (“**Bastion**”) is deemed interested in the 27,230,226 Shares held by **TIL** as it owns 71% of **TIL**.
- (8) Techno-Ventures Hong Kong Limited (“**TVHK**”) is deemed interested in the 27,230,226 Shares held by **TIL** as it owns 29% of **TIL**.
- (9) 2 Shares are registered directly in the name of Dr Leong Ka Cheong Christopher (“**Dr Leong**”). Dr Leong also has 981,867 Shares registered in the name of his nominee namely DBS Vickers Securities (S) Pte Ltd. In addition, Dr Leong is deemed interested in the 27,230,226 Shares held by **TIL** as he owns 58.83% of Bastion and 96.92% of **TVHK**; both companies in turn own 71% and 29% of **TIL** respectively.

## 8. FINANCIAL EFFECTS OF THE BONUS WARRANTS ISSUE AND THE BONDS ISSUE

The financial effects of the Bonds Issue and the Bonus Warrants Issue (together, the “**Fund Raising Exercises**”) set out below are strictly for illustrative purposes and do not necessarily reflect the actual future financial position and results of the Company following the Fund Raising Exercises. The tables below set out the financial effects of the Fund Raising Exercises based on the following bases and assumptions:

- (i) the audited consolidated financial statements of the Group for the full year ended 31 December 2012 and 31 December 2013;
- (ii) the financial impact on the consolidated net tangible assets (“**NTA**”) per Share is computed based on the assumption that the Fund Raising Exercises were completed on 31 December 2012 and 31 December 2013 respectively;
- (iii) the financial impact on the consolidated earnings per Share (“**EPS**”) is computed based on the assumption that the Fund Raising Exercises were completed on 1 January 2012 and 1 January 2013 respectively;

## LETTER TO SHAREHOLDERS

- (iv) the conversion price of the Bonds is computed based on the volume weighted average price of trades done on the SGX-ST for a period of 30 days preceding the Latest Practicable Date;
- (v) there are no transactions costs arising from the Bonus Warrants Issue and Bonds Issue;
- (vi) total borrowings is recorded based on fair value of conversion upon the issuance of the Bonds and the accretion effect is ignored; and
- (vii) the Cash Dividend of S\$0.05 per Share for the financial year ended 31 December 2013 has been declared and paid to Entitled Shareholders.

Table 1: Assuming that (i) all Bonus Warrants are exercised at the First Exercise Price during the First Exercise Period; and (ii) the Bonds Issue refers to the issue of the Basic Subscription Tranche before the exercise of the Subscriber's Option

	Before the Bonus Warrants Issue and Bonds Issue (assuming that there is no change to the Existing Share Capital)		After the Bonus Warrants Issue but before the Bonds Issue (but before exercise of the Bonus Warrants)		After the Bonus Warrants Issue but before the Bonds Issue (assuming all Bonus Warrants are exercised at the First Exercise Price during the First Exercise Period)		After the Bonus Warrants Issue and the Bonds Issue, but before exercise of the Bonus Warrants and before conversion of the Bonds		After the Bonus Warrants Issue and the Bonds Issue (assuming all Bonus Warrants are exercised at the First Exercise Price during the First Exercise Period and after conversion of the Bonds)	
	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013
<b>Share capital</b>										
Issued and paid-up share capital (S\$'000)	47,496	47,496	47,496	47,496	947,262	947,262	47,496	47,496	953,027	953,027
Number of Shares	234,314,106	234,314,106	234,314,106	234,314,106	937,256,424	937,256,424	234,314,106	234,314,106	941,046,156	941,046,156
<b>NTA (S\$'000)</b>	91,273	116,177	79,557	104,461	1,004,227	1,004,227	80,092	104,996	985,623	1,010,527
<b>NTA per share (Singapore cents)</b>	38.95	49.58	33.95	44.58	107.15	107.15	34.18	44.81	104.74	107.38
<b>EPS (Singapore cents)</b>	2.83	18.24	2.83	18.24	4.56	4.56	2.83	18.24	0.70	4.54
<b>Gearing</b>										
Total Borrowings (S\$'000)	-	-	-	-	-	-	5,765	5,765	-	-
Shareholders' Funds (S\$'000)	91,273	116,177	79,557	104,461	1,004,227	1,004,227	80,092	104,996	985,623	1,010,527
Gearing Ratio (times)	-	-	-	-	-	-	0.07	0.05	-	-



## LETTER TO SHAREHOLDERS

Table 2: Assuming that (i) all Bonus Warrants are exercised at the First Exercise Price during the First Exercise Period; and (ii) the Bonds Issue refers to the issue of both the Basic Subscription Tranche and the Upsize Tranche after the exercise of the Subscriber's Option

	Before the Bonus Warrants Issue and Bonds Issue (assuming that there is no change to the Existing Share Capital)		After the Bonus Warrants Issue but before the Bonds Issue (but before exercise of the Bonus Warrants)		After the Bonus Warrants Issue but before the Bonds Issue (assuming all Bonus Warrants are exercised at the First Exercise Price during the First Exercise Period)		After the Bonus Warrants Issue and the Bonds Issue, but before exercise of the Bonus Warrants and before conversion of the Bonds		After the Bonus Warrants Issue and the Bonds Issue (assuming all Bonus Warrants are exercised at the First Exercise Price during the First Exercise Period and after conversion of the Bonds)	
	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013
<b>Share capital</b>										
Issued and paid-up share capital (S\$'000)	47,496	47,496	47,496	47,496	947,262	947,262	47,496	47,496	964,558	964,558
Number of Shares	234,314,106	234,314,106	234,314,106	234,314,106	937,256,424	937,256,424	234,314,106	234,314,106	948,625,618	948,625,618
<b>NTA (S\$'000)</b>	91,273	116,177	79,557	104,461	979,323	1,004,227	81,161	106,065	998,223	1,023,127
<b>NTA per share (Singapore cents)</b>	38.95	49.58	33.95	44.58	104.49	107.15	34.64	45.27	105.23	107.85
<b>EPS (Singapore cents)</b>	2.83	18.24	2.83	18.24	0.71	4.56	2.83	18.24	0.70	4.51
<b>Gearing</b>										
Total Borrowings (S\$'000)	-	-	-	-	-	-	17,296	17,296	-	-
Shareholders' Funds (S\$'000)	91,273	116,177	79,557	104,461	979,323	1,004,227	81,161	106,065	998,223	1,023,127
Gearing Ratio (times)	-	-	-	-	-	-	0.21	0.16	-	-



## LETTER TO SHAREHOLDERS

Table 3: Assuming that all Bonus Warrants are exercised at the Second Exercise Price during the Second Exercise Period

	After the Bonus Warrants Issue but before the Bonds Issue (and assuming all Bonus Warrants are exercised at the Second Exercise Price during the Second Exercise Period)		After the Bonus Warrants Issue and the Bonds Issue (assuming all Bonus Warrants are exercised at the Second Exercise Price during the Second Exercise Period and after conversion of the Basic Subscription Tranche only)		After the Bonus Warrants Issue and the Bonds Issue (assuming all Bonus Warrants are exercised at the Second Exercise Price during the Second Exercise Period and after conversion of the Basic Subscription Tranche and the Upsize Tranche)	
	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013
<b>Share capital</b>						
Issued and paid-up share capital (S\$'000)	1,650,204	1,650,204	1,655,969	1,655,969	1,667,500	1,667,500
Number of Shares	937,256,424	937,256,424	941,046,156	941,046,156	948,625,618	948,625,618
<b>NTA (S\$'000)</b>	1,682,265	1,707,169	1,688,565	1,713,469	1,701,165	1,726,069
<b>NTA per share (Singapore cents)</b>	179.49	182.15	179.43	182.08	179.33	181.95
<b>EPS (Singapore cents)</b>	0.71	4.56	0.70	4.54	0.70	4.51
<b>Gearing</b>						
Total Borrowings (S\$'000)	–	–	–	–	–	–
Shareholders' Funds (S\$'000)	1,682,265	1,707,169	1,688,565	1,713,469	1,701,165	1,726,069
Gearing Ratio (times)	–	–	–	–	–	–

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## LETTER TO SHAREHOLDERS

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### 9. DIRECTORS' RECOMMENDATIONS

#### 9.1 Internalisation Exercise

Having taken into account the terms and rationale for the Internalisation Exercise and the Internalisation Exercise IFA Letter of Tata Capital as set out in Appendix A, the Independent Directors for the Internalisation Exercise are unanimously of the opinion that the Internalisation Exercise is in the best interests of the Company. Accordingly, the Independent Directors for the Internalisation Exercise recommend that Independent Shareholders for the Internalisation Exercise vote in favour of the Internalisation Exercise.

#### 9.2 Dividend Package

After having considered, amongst other things, the terms and/or rationale of Dividend Package, including the proposed allotment and issue of the Bonus Warrants to Entitled Shareholders, the Directors are unanimously of the view that the Dividend Package is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Dividend Package.

#### 9.3 Bonds Issue

After having considered, amongst other things, the terms and/or rationale of Bonds Issue, including the proposed allotment and issue of the Bonus Warrants to Entitled Shareholders, the Directors are unanimously of the view that the Bonds Issue is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Bonds Issue.

#### 9.4 Whitewash Resolution

Having taken into account the rationale for the Bonus Warrants Issue and Bonds Issue, as well as the Whitewash Resolution IFA Letter of Tata Capital set out in Appendix C, the Independent Directors for the Whitewash Resolution are unanimously of the opinion that the Whitewash Resolution is in the best interests of the Company. Accordingly, the Independent Directors recommend that Independent Shareholders for the Whitewash Resolution vote in favour of the Whitewash Resolution.

#### 9.5 Change of Name

In view of the Deed and Internalisation Exercise, the Directors are unanimously of the view that the Change of Name is in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the special resolution in relation thereto.

### 10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, will be held at Concorde 1, 3rd Level, Concorde Hotel Singapore, 100 Orchard Road, Singapore 238840 on 29 April 2014 at 11.00 a.m. or immediately after the conclusion of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place (or the adjournment thereof) for the purpose of considering and, if thought fit, passing with or without modification the Ordinary Resolutions and Special Resolution set out in the notice of EGM.

### 11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf, should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the Company's registered office at 79 Robinson Road, #11-06 CPF Building, Singapore 068897, not less than 48 hours before the time fixed for the EGM. Appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes. A proxy need not be a Shareholder.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless Shares are entered against his name on the Depository Register at least 48 hours before the time fixed for the EGM.

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## LETTER TO SHAREHOLDERS

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### 12. CONSENT

Tata Capital, the independent financial adviser, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Internalisation Exercise IFA Letter dated 7 April 2014 as set out in Appendix A, the Whitewash Resolution IFA Letter dated 7 April 2014 as set out in Appendix C and all references thereto, in the form and context in which it appears in this Circular.

### 13. ABSTENTION FROM VOTING

Shareholders who are interested in the Ordinary Resolutions should abstain from voting on the respective Ordinary Resolution in which they are interested, and should not accept appointments as proxies to vote on such Ordinary Resolution, unless they as proxies are given specific instructions as to voting.

In particular, (i) TIL and its Associates will abstain from voting on the Internalisation Exercise and shall not accept nomination as proxies or otherwise for voting on the Internalisation Exercise; and (ii) pursuant to the SIC Conditions, the ASM Group, parties acting in concert with it and parties not independent of them will abstain from voting on the Whitewash Resolution and shall not accept nomination as proxies or otherwise for voting on the Whitewash Resolution.

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Ordinary Resolutions and Special Resolution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

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

### 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by Shareholders at the registered office of the Company at 79 Robinson Road, #11-06 CPF Building, Singapore 068897 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association;
- (b) the annual report of the Company for FY2013;
- (c) the Deed;
- (d) the Deed Poll;
- (e) the Subscription Agreement;
- (f) the Internalisation Exercise IFA Letter;
- (g) the Whitewash Resolution IFA Letter; and
- (h) the written consent of Tata Capital.

Yours faithfully  
For and on behalf of the Board of Directors  
Transpac Industrial Holdings Limited

Kin Chan  
Chairman

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**APPENDIX A – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS  
OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO  
THE INTERNALISATION EXERCISE**

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**TATA CAPITAL MARKETS PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200820715M)

8 Shenton Way  
#19-01 AXA Tower  
Singapore 068811

7 April 2014

The Audit Committee and Independent Directors for the Internalisation Exercise  
Transpac Industrial Holdings Limited  
79 Robinson Road, #11-06 CPF Building  
Singapore 068897

Dear Sirs

**THE PROPOSED TERMINATION OF THE APPOINTMENT OF THE MANAGER AS THE COMPANY'S INVESTMENT MANAGER PURSUANT TO THE MANAGEMENT AGREEMENT AND THE CONTINUATION OF THE MANAGEMENT BUSINESS AND TAKEOVER OF PERSONNEL IN CONNECTION WITH THE MANAGEMENT BUSINESS (TOGETHER, THE "INTERNALISATION EXERCISE")**

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 7 April 2014 issued by the Company to its shareholders (the "**Circular**") shall have the same meanings herein.*

**1. INTRODUCTION**

In the Company's announcement dated 30 December 2013 (the "**Announcement Date**"), the Company announced (the "**Announcement**"), *inter alia*, that it has entered into a deed of termination (the "**Deed**") with Transpac Capital Pte Ltd (the "**Manager**"), pursuant to which the Company will:

- (i) terminate (the "**Termination**") the appointment of the Manager as its investment manager pursuant to the management agreement dated 12 March 1994 entered into between the Company and the Manager (as renewed and amended from time to time) (the "**Management Agreement**"); and
- (ii) continue the business of investment management carried on by the Manager as the Company's investment manager (the "**Management Business**") and take over the personnel in connection with the Management Business (the "**Internalisation**").

In consideration of the Termination of the Management Agreement, the Company has agreed to pay the Manager **S\$13,750,000** (the "**Consideration**"), payable in cash. The Consideration for the Termination, being the value at risk to the Company, represents approximately 11.84% of the audited NTA of the Group of S\$116,177,000 as at 31 December 2013. As the Consideration exceeds 5% of the Company's latest audited net tangible assets and the Termination is a transaction with the Manager, an interested person, it will constitute an interested person transaction within the meaning of Chapter 9 of the SGX-ST Listing Manual, which is subject to the approval of Company's independent shareholders ("**Independent Shareholders**") at an extraordinary general meeting ("**EGM**") to be convened.

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## APPENDIX A – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE INTERNALISATION EXERCISE

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In compliance with the requirements of Chapter 9 of the SGX-ST Listing Manual, Tata Capital Markets Pte. Ltd. (“**TCMPL**”) has been appointed as the independent financial adviser (“**IFA**”) to advise and render an opinion on whether the financial terms of the Internalisation Exercise are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders. This letter (“**Internalisation Exercise IFA Letter**”) which is addressed to the Audit Committee and the Directors who are deemed to be independent in respect of the Internalisation Exercise (“**Independent Directors**”) sets out, *inter alia*, our evaluation and opinion on the Internalisation Exercise and forms part of the Circular which provides, *inter alia*, details of the Internalisation Exercise and the opinion of the Audit Committee and the recommendation of the Independent Directors thereon.

### 2. TERMS OF REFERENCE

TCMPL has been appointed to evaluate the financial terms of the Internalisation Exercise and to advise the Independent Directors on whether the terms of the Internalisation Exercise are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders.

Our views as set forth in this Internalisation Exercise IFA Letter are based on the prevailing market, economic, financial conditions, and our analysis of the information provided in the Circular as well as information provided to us by the Company and its representatives, as of the Latest Practicable Date. As such, we do not assume any responsibility to update or revise our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

We were neither a party to the negotiations in relation to the Internalisation Exercise, nor were we involved in the deliberations leading up to the decision by the Directors to enter into the Deed and to propose the Internalisation Exercise. We do not, by this Internalisation Exercise IFA Letter, warrant the merits of the Internalisation Exercise, other than to form an opinion as to whether the terms of the Internalisation Exercise are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders. It is not within our terms of reference to specifically evaluate or comment on the legal, commercial and financial merits and/or risks of the Internalisation Exercise. It is also not within our terms of reference to compare the relative merits of the Internalisation Exercise vis-a-vis any alternative transactions previously considered by the Company or transactions that the Company may consider in the future, and as such, we do not express an opinion thereon. Such evaluations or comments remain the sole responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Internalisation Exercise IFA Letter.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations and financial condition of the Company or the Group, or to express, and we do not express, a view on the future growth prospects, financial position and earnings potential of the Company or the Group after the completion of the Internalisation Exercise. Accordingly, we have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, real properties) of the Group and have not been furnished with, and hence have not relied on, any financial projections or forecasts in respect of the Company or the Group for the purpose of our evaluation. In addition, we are not expressing any view herein as to the prices at which the Shares may trade after the Internalisation Exercise, assuming its completion.

In the course of our evaluation, we have held discussions with the Directors and representatives of the Company. We have also examined and relied on publicly available information in respect of the Company collated by us as well as information, both written and verbal, provided to us by the Company’s representatives, including information in the Circular. We have not independently verified such information and accordingly cannot and do not warrant, and do not

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## **APPENDIX A – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE INTERNALISATION EXERCISE**

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accept any responsibility for the accuracy, completeness or adequacy of such information. We have, nevertheless, made reasonable enquiries and exercised our judgment on the reasonable use of such information, and have found no reason to doubt the reliability of the information. The Directors have confirmed to us that, to the best of their knowledge and belief, all material information relating to the Internalisation Exercise have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact the omission of which would cause any information disclosed to us to be inaccurate, incomplete or misleading in any material respect.

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

We have prepared this Internalisation Exercise IFA Letter for the use by the Audit Committee and the Independent Directors for the purpose of their consideration of the Internalisation Exercise and the arrangements contemplated therein. The recommendations made to the Independent Shareholders in relation to the Internalisation Exercise shall remain the responsibility of the Independent Directors.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Internalisation Exercise IFA Letter) and we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Internalisation Exercise IFA Letter).

**Our opinion in relation to the Internalisation Exercise and the arrangements contemplated therein should be considered in the context of the entirety of this Internalisation Exercise IFA Letter and the Circular.**

### **3. THE INTERNALISATION EXERCISE**

The Company is proposing to undertake the Termination and Internalisation as part of an exercise to reorganise its operations, by internalising its investment functions, which is currently provided by the Manager on an external advisory basis pursuant to the Management Agreement. The Management Agreement may only become terminable at the option of the Company on or after 31 December 2015. The Company and the Manager have thus agreed to enter into the Deed in order to undertake the Internalisation Exercise as soon as reasonably possible. Details of the Internalisation Exercise, including the key terms of the Internalisation Exercise and the business of the Company after the Internalisation Exercise are set out in Section 2 of the Circular. Shareholders are advised to read the information contained therein carefully.

### **4. EVALUATION OF THE INTERNALISATION EXERCISE**

In our evaluation of the financial terms of the Internalisation Exercise, we have given due consideration to the following key factors which may have a significant bearing on our assessment:-

- (i) the rationale for and benefits of the Internalisation Exercise;
- (ii) the basis for arriving at the Consideration;
- (iii) the pro forma financial effects of the Internalisation Exercise; and
- (iv) other relevant considerations.



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## APPENDIX A – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE INTERNALISATION EXERCISE

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### 4.1 Rationale for and the Benefits of the Internalisation Exercise

The rationale for and the benefits of the Internalisation Exercise are set out in Section 2.4 of the Circular and extracted in italics below for your reference:-

*“The Company believes that the reorganisation pursuant to the Internalisation Exercise will give it greater scope to control its strategic direction and investment policies. The Internalisation Exercise involves the termination of the Management Agreement and the Internalisation of the investment function of the Company, which is currently provided by the Manager on an external advisory basis. Furthermore, the Company is of the opinion that the Internalisation Exercise is beneficial to the Company as following completion, the Company’s operations will be streamlined and it will be equipped with the in-house infrastructure and capability to manage its investments.*

*From FY2006 to FY2012, approximately S\$23.58 million and S\$74.49 million in Management Fees and Performance Incentive Fees were paid to the Investment Manager, representing average Management Fees and Performance Incentive Fees of approximately S\$3.37 million and S\$10.64 million per annum respectively, based on the average NAV of the Company over the same period of approximately S\$244.68 million, or about 1.38% and 4.35% of the average NAV. The Company is also proposing to undertake the Bonus Warrants Issue, that could potentially raise more than S\$1.00 billion, if fully subscribed. As such, assuming that the Company continues to perform in the same manner, the capital influx from the Bonus Warrants Issue would increase NAV and hence the Management Fees and Performance Incentive Fees would potentially increase several fold. In such circumstances, the Internalisation Exercise should therefore lead to substantial savings, as the cost of maintaining the professional management team in-house should be substantially lower than the management fees and performance bonuses payable to a third party external investment manager based on NAV.*

*The Company has established TIH IM, a wholly-owned subsidiary incorporated in Singapore, to manage the investment business of the Company. TIH IM will apply for the appropriate licenses in order to undertake the business of fund management and endeavour to raise other third party funds to grow its investment management business by leveraging on the expertise obtained from the Internalisation Exercise and strategic alliances. It is proposed that TIH IM will undertake and continue the Management Business following Completion, and will endeavour to procure mandates to manage third party funds in order to establish a new income stream for the benefit of the Company.*

*In conjunction with the Internalisation Exercise and in order to enhance the Company’s ability to source investment opportunities, the Company has entered into strategic alliance arrangements with each of (i) ASM, an experienced Hong Kong-based fund manager and Controlling Shareholder of the Company; and (ii) Andaman Capital Partners, an advisory firm specializing in investments in Myanmar, pursuant to which the Company will explore various options and avenues to further mutual business co-operation and commercial benefits. Any transactions undertaken with ASM will be subject to Chapter 9 of the Listing Rules.*

*ASM is a privately owned fund manager founded in 2002 and based in Hong Kong. The firm focuses its investments in the public equity and fixed income markets of Asia, specialising in special situation investment strategies. As at 14 January 2014, ASM has approximately US\$1.06 billion in assets under management, and is controlled by Kin Chan, V-Nee Yeh and Li Yick Yee Angie, who are also directors and/or substantial shareholders of the Company. As at the Latest Practicable Date, ASM is interested in 130,952,982 Shares representing approximately 55.89% of the share capital of the Company. Andaman Capital Partners is a Yangon based advisory firm which provides investment advisory, market entry and transactional services to local and foreign investors in respect of investment opportunities in light of Myanmar’s political and economic reforms. It has a decade of investment advisory experience in Myanmar and strong local business and government networks.*



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## APPENDIX A – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE INTERNALISATION EXERCISE

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*In order to ensure continuity of operations, the Company will seek to employ the employees of the Manager who are currently involved in providing the investment management services to the Company. The Company believes that undertaking the Internalisation Exercise at this juncture is in its best interests, as opposed to delaying its expansion plans until the Management Agreement expires in the end of 2015.*

*As the Management Fees and Performance Incentive Fees for a given year are payable based on the performance of the Manager and the Company in that year, the Company is unable to meaningfully and accurately quantify the amount of Management Fees and Performance Incentive Fees payable in respect of the remaining duration of the Management Agreement.*

*However, taking into account, inter alia, the benefits of the Internalisation Exercise to the Company, the cost savings in terms of the Management Fees and Performance Incentive Fees to be paid over the remaining duration of the Management Agreement, and in view of the amount of Management Fees and Performance Incentive Fees paid historically, the Board is of the view that undertaking the Internalisation Exercise as soon as possible is in the best interests of the Company, as opposed to delaying the Company's expansion plans for two years when the Management Agreement becomes terminable at the Company's option."*

### 4.2 Basis for arriving at the Consideration

The basis for arriving at the Consideration of S\$13,750,000 for the Termination of the Management Agreement is set out in Section 2.7.1 of the Circular and extracted in italics below for your reference:-

*"The Consideration was mutually agreed by the Company and the Manager on an arm's length basis, taking into consideration the loss to the Manager due to the early termination of the Management Agreement before 31 December 2015 and the loss of its business base by agreeing to allow the Company to take over its personnel and certain assets related to the management services provided to it, including files and documents relating to the Company's investments, which constitute the main component of the Manager's business."*

In evaluating the reasonableness of the Consideration payable, we have considered the salient terms of the Management Agreement, particularly in respect of the fees which would otherwise be payable to the Manager pursuant to the Management Agreement, and our assessment is as set out below.

#### Salient Terms of the Management Agreement

The Management Agreement (as renewed and amended from time to time) is due to expire on 31 December 2015. Pursuant to the terms of the Management Agreement, the Company may only terminate the Management Agreement on or after 31 December 2015 by twelve months' written notice given to the Manager, such notice to be given no earlier than 31 December 2014. Neither party shall thereafter have any claim of any nature whatsoever against the other party under the Management Agreement save in respect of any rights and liabilities of the parties which have accrued prior to the termination and the settlement of the (i) Management Fee (as defined below) and (ii) Performance Incentive Fees (as defined below), pro-rated up to the date of termination of the Management Agreement.

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## APPENDIX A – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE INTERNALISATION EXERCISE

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In accordance with the Management Agreement, the remuneration payable to the Manager in respect of the investment advisory and other services provided comprise (i) the Management Fee and (ii) Performance Incentive Fees as described in further details below:-

(a) Management Fees

In consideration of the investment advisory and other services provided by the Manager under the Management Agreement, the Company shall pay a management fee (“**Management Fee**”) equal to 1.25% per annum of the net asset value (“**NAV**”) of the Company as at 30 June and 31 December of each calendar year. The Management Fee is payable semi-annually on 1 April and 1 October of every year covering the period of 1 January to 30 June and 1 July to 31 December respectively based on NAV as at the previous 31 December and 30 June respectively and the Manager will pay out of the Management Fee, *inter alia*, salaries, wages, fringe benefits, travel and entertainment expenses of the Manager’s employees, rentals and utilities payable for office space, and general administration, organisational and operational expenditure of the Manager. Management Fees for the latest financial year ended 31 December 2013 amounted to approximately S\$1.33 million.

As the Management Fees is determined as a percentage of the prevailing NAV of the Company as at 30 June and 31 December of each calendar year, it is not possible to quantify the future Management Fees which will otherwise be payable to the Manager in respect of remaining duration of the Management Agreement (i.e. up to 31 December 2015) at this juncture.

In connection with the Termination, we understand that the Management Fee in respect of the period commencing from 1 January 2014 and up to the completion date of the Termination will be computed based on the Company’s NAV as at 31 December 2013 on a pro-rata basis up to the completion date of the Termination.

(b) Performance Incentive Fees

The Manager is entitled to an annual performance incentive fees (“**Performance Incentive Fees**”) equal to 20% of the amount by which the audited NAV exceeds the prior high audited NAV (beginning with the audited NAV as at 31 December 2005). The prior high audited NAV is subject to certain adjustments as follows:

- (i) any discount between the NAV and the acquisition cost of investments/interests in trusts managed by the Manager and acquired by the Company shall be added;
- (ii) any distributions made, or capital returned, to shareholders shall be deducted; and
- (iii) any increase in capital subscriptions shall be added.

The following table sets out the amount of Performance Incentive Fees payable by the Company to the Manager in respect of each of the financial years ended 31 December (“**FY**”), from 2006 to 2012:-

S\$'000s	FY2006	FY2007	FY2008 <sup>(2)</sup>	FY2009	FY2010	FY2011	FY2012
Gross performance incentive fees	42,182	19,024	–	8,610	6,338	647	4,925
Performance incentive refunds <sup>(1)</sup>	(156)	(641)	–	(1,710)	(2,645)	(647)	(1,440)
Net performance incentive fees	42,026	18,383	–	6,900	3,693	–	3,485

Source: Company’s annual report and the Company

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## APPENDIX A – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE INTERNALISATION EXERCISE

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Notes:

- (1) Performance incentive refunds arise when the subsidiary/affiliate of the Manager receives performance incentive fees from both the trusts in which the Group holds interests and from the Company on the same assets managed. The Manager will refund the lower of the performance incentive fees received from the trusts and the Company.
- (2) For FY2008, there was no performance incentive fees payable by the Company to the Manager as there was no increase in the Company's NAV from the prior high audited NAV.

From the above table, we note that net Performance Incentive Fees was payable by the Company to the Manager in five out of the seven years between FY2006 and FY2012 and works out to an average payment of approximately S\$10.64 million per annum as net Performance Incentive Fees to the Manager over the same period.

Based on the unaudited consolidated NAV of the Group as at 30 September 2013 of approximately S\$120.8 million ("**9MFY2013 NAV**"), the net Performance Incentive Fees that has been accrued and charged to the income statement in respect of the nine months ended 30 September 2013 calculated in accordance with the terms of the Management Agreement would amount to approximately S\$12.37 million ("**Accrued 9MFY2013 Performance Incentive Fees**"). In connection with the proposed Termination and the payment of the Consideration, the Accrued 9MFY2013 Performance Incentive Fees has been reversed out from the consolidated accounts of the Group and no Performance Incentive Fees will be payable to the Manager in respect of FY2013 upon the Termination. In this respect, we also note that the consolidated NAV of the Group as at 31 December 2013 (before accounting for the Consideration for the Termination and the reversal of the Accrued 9MFY2013 Performance Incentive Fees) will not be materially different (being only 2.7% lower) from the 9MFY2013 NAV. As the Performance Incentive Fees is determined retrospectively as a percentage of the increase in the prevailing audited NAV of the Company as at 31 December of each calendar year over the prior high audited NAV, it is not possible to quantify the future Performance Incentive Fees which may otherwise be payable to the Manager in respect of remaining duration of the Management Agreement (i.e. up to 31 December 2015) at this juncture.

Taking into account the above, in particular the reversal of the net Performance Incentive Fees in respect of FY2013, the historical quantum of net Performance Incentive Fees paid to the Manager and the potential savings of Management Fees and Performance Incentive Fees which may otherwise be payable to the Manager in respect of the remaining duration of the Management Agreement, we are of the view that the payment of the Consideration for the early termination of the Management Agreement is on normal commercial terms and is not prejudicial to the interest of the Company and the Independent Shareholders.

### 4.3 Pro forma Financial Effects of the Internalisation Exercise

The pro forma financial effects of the Internalisation Exercise, assuming the Internalisation Exercise had been completed on 31 December 2013 and based on certain assumptions are set out in Section 2.8 of the Circular. It should be noted that the pro forma financial effects presented are for illustration purposes only, and do not reflect the actual financial situation of the Company after the completion of the Internalisation Exercise.

We note that the net effect of the payment of the Consideration, the reversal of the accrued performance incentive fees and the estimated transaction costs will not have a material impact on the NTA per Share and EPS of the Group for the financial year ended 31 December 2013, with a decrease of less than S\$0.01 per Share in terms of both NTA per Share and EPS.

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## APPENDIX A – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE INTERNALISATION EXERCISE

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### 4.4 Other Relevant Considerations

#### 4.4.1 Proposed Dividend Package and Bonds Issue

The Company has proposed a dividend package to Shareholders comprising a cash dividend of S\$0.05 per Share (which will amount to approximately S\$11.7 million based on the Existing Share Capital) and a renounceable non-underwritten bonus issue of up to 702,942,318 bonus warrants (the “**Bonus Warrants**”). Details of the Dividend Package are set out in Section 3 of the Circular. In addition to the Bonus Warrants Issue, the Company had on 9 January 2014 entered into a subscription agreement with Cosmic Ventures Limited (the “**Subscriber**”), pursuant to which the Company proposes to issue to the Subscriber up to S\$18,900,000 in principal amount of zero coupon convertible bonds (the “**Bonds**”) comprising: (i) S\$6,300,000 in principal amount of Bonds; and (ii) at the option of the Subscriber, up to a further S\$12,600,000 in principal amount of the Bonds, in accordance with the terms and conditions of the Subscription Agreement (the “**Bonds Issue**”).

In the event that the Dividend Package and Bonds Issue are approved by Shareholders and assuming that all the Bonus Warrants are subsequently converted, the estimated proceeds of the Bonus Warrants Issue will range from approximately S\$900 million (where the Bonus Warrants are fully exercised at the First Exercise Price) to S\$1.6 billion (where the Bonus Warrants are fully exercised at the Second Exercise Price), and the Group’s NAV will increase substantially. To put things in perspective, the Group’s latest announced NAV as at 31 December 2013 was approximately S\$116.2 million.

Accordingly, in the event that the Dividend Package and Bonds Issue are approved by Shareholders and proceeded with, we are of the view that the benefit to the Company in undertaking the Internalisation Exercise will be even greater as the potential cost savings in terms of Management Fees (computed as a percentage of the Company’s NAV) which would otherwise have been payable under the Management Agreement could be substantial, taking into account the potential substantial increase in NAV arising from the conversion of the Bonds and the proceeds from the exercise of the Bonus Warrants.

#### 4.4.2 TIL Bond

The Company has identified certain potential contingent liabilities that may arise in relation to certain investments it previously made in the ordinary course of its business, with a total value of up to approximately S\$63.1 million (the “**Contingent Liabilities**”). The Company has agreed to earmark a total sum of S\$50,465,000, representing 80% of the total Contingent Liabilities, which shall be applied towards satisfaction of the Contingent Liabilities, should any of them become actual liabilities (the “**Reserve Funds**”).

We understand that the potential Contingent Liabilities identified by the Company are in respect of potential taxes, claims and expenses which may be incurred by the Company in connection with the divestments of certain investments previously made by the Company in the ordinary course of its business. In particular, the bulk of the Contingent Liabilities (amounting to approximately S\$61.3 million) is provided for as part of its representations and warranties provided to the purchaser in connection with the divestment of the Group’s shareholdings in Foodstar Holdings Pte Ltd in FY2010.

As part of the Internalisation Exercise, we note that Transpac Investments Limited (“**TIL**”), the investment vehicle of the ultimate parent of the Manager, has undertaken to pay the Company 20% of any Contingent Liabilities that crystallises and becomes an actual liability, as determined by the judgment in good faith of the general partner or trustee of the funds that have invested in the businesses giving rise to the Contingent Liabilities, subject to a limit of US\$10 million (the “**TIL Bond**”).

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## APPENDIX A – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE INTERNALISATION EXERCISE

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### 5. OUR OPINION

In arriving at our opinion, we have deliberated on various factors which we consider to be pertinent and have a significant bearing on our assessment of the terms of the Internalisation Exercise, including, *inter alia*, the following:-

- (i) the rationale for and the benefits of the Internalisation Exercise;
- (ii) the basis for arriving at the Consideration;
- (iii) the pro forma financial effects of the Internalisation Exercise; and
- (iv) the TIL Bond provided by TIL in respect of the Contingent Liabilities as described in Section 4.4.2 of this Internalisation Exercise IFA Letter.

In particular, we note that the Company will, pursuant to the Internalisation Exercise, *inter alia*: (i) be terminating the Management Agreement prior to its expiration date of 31 December 2015; (ii) no longer be required to pay to the Manager any Management Fee or Performance Incentive Fees for the remainder duration of the Management Agreement (i.e. for the period up to 31 December 2015) upon the Termination; (iii) not be required to pay to the Manager any Performance Incentive Fee in respect of FY2013; and (iv) be taking over the business of investment management carried on by the Manager as the Company's investment manager, including its personnel and certain assets related to the management services provided by the Manager, and has the intention to grow its investment management business. In view of the aforesaid considerations, we are of the view that the Internalisation Exercise and the arrangements contemplated therein are beneficial to the Company and its Independent Shareholders, even in the event that the Dividend Package and the Bonds Issue are not proceeded with.

**Having regard to the considerations set out in this Internalisation Exercise IFA Letter and the information available to us as at the Latest Practicable Date, we are of the opinion that the financial terms of the Internalisation Exercise are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders. Accordingly, we advise the Independent Directors to recommend that Independent Shareholders vote in favour of the Internalisation Exercise and the arrangements contemplated therein.**

This Internalisation Exercise IFA Letter has been prepared for the benefit of the Independent Directors, in connection with and for the purpose of their consideration of the Internalisation Exercise. The recommendation to be made by the Independent Directors to the Independent Shareholders in relation to the Internalisation Exercise shall remain the responsibility of the Independent Directors. Whilst a copy of this letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose other than for the purpose of the EGM, at any time and in any manner without our prior written consent in each specific case.

This letter is governed by and to be construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

For and on behalf of  
**Tata Capital Markets Pte. Ltd.**

Wayne Lee Chin Ing  
CEO & Executive Director  
Head of Corporate Finance

Foo Say Nam  
Vice President  
Corporate Finance



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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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The warrants (the “**Warrants**”) to subscribe for new ordinary shares (“**Shares**”) of Transpac Industrial Holdings Limited (the “**Company**”) are issued free to shareholders of the Company in conjunction with a proposed bonus warrants issue (the “**Bonus Warrants Issue**”) of up to 702,942,318 Warrants on the basis of three (3) Warrants for every one (1) existing Share of the Company held by shareholders of the Company (the “**Shareholders**”) as at a books closure date to be determined by the Company, fractional entitlements to be disregarded. Each Warrant shall confer on the holder the right to subscribe for one (1) new Share at the applicable exercise price for each new Share.

The Warrants are subject to and have the benefit of an instrument, to be executed by the Company (the “**Instrument**”). The issue of Warrants will be authorised by resolutions of the Board of Directors of the Company and of the Shareholders. The terms and conditions of the Warrants (the “**Conditions**”) as extracted from the Instrument are set out below and should be read in conjunction with, and in the context of, the entire Instrument.

Copies of the Instrument, to be executed, are available for inspection at the registered office for the time being of the Company and the holders of the Warrants (the “**Warrantholders**”) will, subject to the approval by Shareholders of the Proposed Bonus Warrants Issue and the execution of the Instrument, be entitled to the benefit of, and be bound by, and will be deemed to have notice of, all the provisions of the Instrument.

### 1. DEFINITIONS

In the terms and conditions contained herein (except where such definition shall be inconsistent with the subject matter or context), the words and expressions set out below shall have the meanings set out against them:

“**Act**” means the Companies Act, Chapter 50 of Singapore;

“**Additional Warrants**” means such further warrants as may be required or permitted to be issued by the Company in accordance with Condition 5 (such further warrants to rank pari passu with the Original Warrants and for all purposes to form part of the same series), each such Additional Warrant entitling the holder thereof to subscribe for one (1) New Share at such price as may be determined in accordance with Condition 5, upon and subject to the Conditions;

“**Approved Bank**” means a bank or a merchant bank in Singapore selected by the Directors;

“**Auditors**” means the auditors for the time being of the Company or, in the event of their being unable or unwilling to carry out any action required of them pursuant to the Deed Poll or these Conditions, such other auditors as may be nominated by the Company;

“**CDP**” or “**Depository**” means The Central Depository (Pte) Limited and any other corporation which agrees with the Company to act as Depository in respect of the Warrants including its successors in title and, where the context requires, shall include any person specified by it, in a notice given to the Company, as its nominee;

“**Company**” means Transpac Industrial Holdings Limited;

“**Conditions**” means the terms and conditions of the Warrants as the same may from time to time be modified in accordance with the provisions set out herein and therein and “**Condition**” refers to the relative numbered paragraphs of the Conditions;

“**CPF**” means the Central Provident Fund;

“**CPF Act**” means the Central Provident Fund Act, Chapter 36 of Singapore, as the same may be modified, amended or supplemented from time to time;

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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“**CPF Approved Bank**” means any bank appointed by the CPF Board to be a bank for the purposes of the CPF Regulations;

“**CPF Board**” means the Board of the CPF established pursuant to the CPF Act;

“**CPF Investment Account**” means an account opened by a member of CPF with a CPF Approved Bank from which money may be withdrawn for, inter alia, payment of the First Exercise Price or the Second Exercise Price arising from the exercise of each Warrant;

“**CPF Regulations**” means the Central Provident Fund (Investment Schemes) Regulations as the same may be modified, amended or supplemented from time to time;

“**Depositor**” means a person being a Depository Agent or a holder of a Securities Account maintained with CDP but does not include a holder of a sub-account maintained with a Depository Agent;

“**Depository Agent**” means an entity registered with CDP for the purpose of maintaining securities sub-accounts for its own account and for the account of others;

“**Depository Register**” means the register maintained by CDP in respect of the Warrants registered in the name of CDP and held by CDP for the Depositors;

“**Directors**” means the Board of Directors including alternate directors for the time being of the Company;

“**Dollars**” and “**S\$**” mean the lawful currency of Singapore;

“**Entitled Shareholders**” means the holders of the Shares whose names appear in the Register of Members and Depositors with Shares entered against their respective names in the Depository Register in each case;

“**Exercise Date**” means in relation to the exercise of any Warrant, the Market Day (falling within the First Exercise Period or the Second Exercise Period) on which the applicable conditions described in Condition 4 are fulfilled, or, if fulfilled on different days, on which the last of such conditions is fulfilled PROVIDED ALWAYS that if any such Market Day falls on a date when the Register of Members is closed, the Exercise Date will be the following Market Day on which such register is open;

“**Exercise Notice**” means in relation to any Warrant the relevant form (for the time being current) for exercising the Warrants, copies of which may be obtained from the Company or the Warrant Agent;

“**Expiration Date**” means the last day of the Second Exercise Period, provided that if such last day falls on a day other than a Market Day, then the Market Day immediately preceding the last day shall be the “**Expiration Date**”;

“**First Exercise Period**” means the first period during which the Warrants may be exercised at the First Exercise Price, commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date falling six (6) months after the Issue Date, unless such date is a date on which the Register of Members and/or the Warrant Register is closed or is not a Market Day, in which event the exercise period shall end on the Market Day immediately preceding the closure of the Register of Members and/or the Warrant Register, or the preceding Market Day, as the case may be, but excludes any period during which the Warrant Register is closed;

“**First Exercise Price**” means, in respect of each Warrant, S\$1.28 for each New Share, subject to adjustment in accordance with Condition 5;



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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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**“Last Dealt Price”** means, in relation to a Share on a relevant Market Day, the last dealt price-per Share for one or more board lots of Shares on that Market Day on which there is trading of the Shares on SGX-ST;

**“Market Day”** means a day on which SGX-ST is open for securities trading;

**“New Shares”** means new ordinary shares in the capital of the Company to be issued upon exercise of the Warrants, credited as fully paid, including, where the context admits, such new Shares arising from the exercise of any further Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Warrants set out in the Deed Poll. Such New Shares shall rank for any dividends, rights, allocations, or other distributions, the record date for which falls on or after the relevant Exercise Date. For the purposes of this definition, **“record date”** means, in relation to any dividends, rights, allocations or other distributions, the date on which as at the close of business Shareholders must be registered in order to participate in such dividends, rights, allocations or other distributions;

**“Notice”** means a notice given or to be given in accordance with Condition 11;

**“Original Warrants”** means the Warrants in registered form to be issued pursuant to the Deed Poll by the Company, each Warrant entitling the holder thereof to subscribe for one (1) New Share at the First Exercise Price or Second Exercise Price upon and subject to the Conditions;

**“Register of Members”** means the register of members containing the names and addresses of the members of the Company kept at the registered office of the Company;

**“Registrar”** means Boardroom Corporate & Advisory Services Pte. Ltd. or such other person, firm or company as may from time to time be appointed by the Company and as for the time being maintains in Singapore the Register of Members;

**“Second Exercise Period”** means the period during which the Warrants may be exercised commencing on and including the second (2<sup>nd</sup>) anniversary of the Issue and expiring at 5.00 p.m. on the third (3<sup>rd</sup>) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or the Warrant Register is closed or is not a Market Day, in which event the exercise period shall end on the Market Day immediately preceding the closure of the Register of Members and/or the Warrant Register, or the preceding Market Day, as the case may be, but excludes any period during which the Warrant Register is closed;

**“Second Exercise Price”** means, in respect of each Warrant, S\$2.28 for each New Share, subject to adjustment in accordance with Condition 5;

**“Securities Account”** means a securities account maintained by a Depositor with CDP;

**“SGX-ST”** means Singapore Exchange Securities Trading Limited;

**“Share(s)”** means ordinary share(s) in the capital of the Company;

**“Special Account”** means the account maintained by the Company with a bank in Singapore for the purpose of crediting money, paid by exercising Warranholders in satisfaction of the First Exercise Price or Second Exercise Price in relation to the Warrants exercised by exercising Warranholders;

**“Special Resolution”** means a resolution passed at a meeting of the Warranholders duly convened and held and carried by a majority consisting of not less than three-fourths (3/4th) of the votes cast thereon;

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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**“unexercised”** means, in relation to the Warrants, all the Warrants which have been issued pursuant to the resolutions referred to in Recital (A) of the Deed Poll and also the Additional Warrants (if any), for so long as the Warrants shall not have lapsed in accordance with Conditions 3 or 6 and other than (i) those which have been exercised in accordance with their terms; (ii) those mutilated or defaced Warrants in respect of which replacement Warrants have been duly issued pursuant to Condition 9; and (iii) those for the purpose of ascertaining the number of Warrants unexercised at any time (but not for the purpose of ascertaining whether any Warrants are unexercised) those Warrants alleged to have been lost, stolen or destroyed and in respect of which replacement Warrants have been issued pursuant to Condition 9, PROVIDED ALWAYS that for the purposes of (a) the right to attend and vote at any meeting of Warrantholders and (b) the determination of how many and which Warrants for the time being remain unexercised for the purposes of Condition 8 and paragraphs 1, 3, 4 and 8 of Schedule 2 of the Deed Poll, those Warrants which have not been exercised but have been lodged for exercise (whether or not the conditions precedent to such exercise have been or will be fulfilled) shall, unless and until withdrawn from lodgement, be deemed not unexercised;

**“Warrant Agency Agreement”** means the warrant agency agreement to be executed by the Company, the Warrant Agent and Registrar, pursuant to which the Warrant Agent is appointed by the Company to act in connection with the Warrants upon the terms and conditions set out therein, and includes any other agreement (whether made pursuant to the terms of the Warrant Agency Agreement or otherwise) appointing further or other Warrant Agents or amending or modifying the terms of any such appointment;

**“Warrant Certificates”** means the certificates (in registered form) to be issued in respect of the Warrants in or substantially in the form set out in Schedule 1 of the Deed Poll as may from time to time modified in accordance with the Conditions;

**“Warrantholders”** means, in relation to any Warrant, the person or persons for the time being registered in the Warrant Register as the holder or joint holders of that Warrant, except that where the registered holder is CDP, it shall mean the persons named in the Depository Register against which such Warrants are credited;

**“Warrant Agent”** means Boardroom Corporate & Advisory Services Pte. Ltd. or such other person, firm or company as for the time being maintains in Singapore the Warrant Register and as may from time to time be appointed by the Company under the Warrant Agency Agreement;

**“Warrant Register”** means the register of Warrantholders required to be maintained pursuant to Condition 4.7; and

**“Warrants”** means the Original Warrants, the Additional Warrants (if any), and for the time being remaining unexercised or, as the context may require, a specific number thereof and includes any replacement Warrant issued pursuant to Condition 9.

## 2. FORM, TITLE AND REGISTER

2.1 The Warrants are issued in registered form. Title to the Warrants will be transferable in accordance with Condition 10. The Warrant Agent will maintain the Warrant Register on behalf of the Company and except as required by law:

- (a) the person in whose name a Warrant is registered (other than CDP); and
- (b) (where a Warrant is registered in the name of CDP) the Depositor for the time being appearing in the Depository Register maintained by CDP as having such Warrant credited to his Securities Account,

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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will be deemed to be and treated as the absolute owner of that Warrant (whether or not the Company shall be in default in respect of the Warrants or any of the covenants contained in the Deed Poll and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft or forgery of the relevant Warrant Certificate or any irregularity or error in the records of CDP or any express notice to the Company or Warrant Agent or any other related matters) for the purpose of giving effect to the exercise of the rights constituted by the Warrants and for all other purposes in connection with the Warrants.

- 2.2 If two (2) or more persons are entered in the Warrant Register or (as the case may be) the records maintained by CDP as joint holders of any Warrant, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:
- (a) the Company shall not be bound to register more than two (2) persons as the registered joint holders of any Warrant but this provision shall not apply in the case of executors or trustees of a deceased Warranholder;
  - (b) joint holders of any Warrant whose names are entered in the Warrant Register or (as the case may be) the relevant records maintained by CDP shall be treated as one Warranholder;
  - (c) the Company shall not be bound to issue more than one (1) Warrant Certificate for a Warrant registered jointly in the names of several persons and delivery of a Warrant Certificate to the joint holder whose name stands first in the Warrant Register shall be sufficient delivery to all; and
  - (d) the joint holders of any Warrant whose names are entered in the Warrant Register or (as the case may be) the relevant records maintained by CDP shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such Warrant as well as in connection with the exercise of any such Warrant.

### 3. EXERCISE RIGHTS

- 3.1 Upon and subject to these Conditions, each Warranholder shall have the right, by way of exercise of each Warrant held by the Warranholder, at any time during the First Exercise Period or Second Exercise Period, in the manner set out in Condition 4 and otherwise on the terms and subject to these Conditions, to subscribe for one (1) New Share at the First Exercise Price or Second Exercise Price (subject to adjustments in accordance with Condition 5) on the Exercise Date (as defined in Condition 4.3) applicable to such Warrant. No fraction of a Share shall be allotted.
- 3.2 At the expiry of the Second Exercise Period, any Warrants which have not been exercised in accordance with Condition 4 shall lapse and cease to be valid for any purpose.
- 3.3 Any Warrant in respect of which the Exercise Notice shall not have been duly completed and delivered in the manner set out below under Condition 4 to the Warrant Agent on or before 5.00 p.m. on the Expiration Date shall become void.
- 3.3 New Shares allotted and issued upon exercise of the Warrants shall be fully paid and shall rank for any dividends, rights, allocations or other distributions, the Record Date for which is on or after the relevant Exercise Date (subject as aforesaid), *pari passu* in all respects with the then existing Shares of the Company. For the purpose of this Condition 3.3, “**Record Date**” means, in relation to any dividends, rights, allocations or other distributions, the date at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in dividends, rights, allocations or other distributions.

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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- 3.4 The Company shall, not later than one (1) month before the expiry of the Second Exercise Period:
- (i) give notice to the Warrantheolders in accordance with Condition 11 of the expiry of the Second Exercise Period and notify the same to SGX-ST; and
  - (ii) take reasonable steps to despatch to the Warrantheolders notices in writing to their addresses recorded in the Warrant Register or the Depository Register, as the case may be, of the expiry of the Second Exercise Period.

Without prejudice to the generality of the foregoing, Warrantheolders who acquire Warrants after notice of the expiry of the Second Exercise Period has been given in accordance with the aforementioned shall be deemed to have notice of the expiry of the Second Exercise Period so long as such notice has been given in accordance with Condition 11. For the avoidance of doubt, neither the Company nor the Warrant Agent shall in any way be responsible or liable for any claims, proceedings, costs or expenses arising from the failure by the purchaser of the Warrants to be aware of or to receive such notification.

### 4. PROCEDURE FOR EXERCISE OF WARRANTS

#### 4.1 Lodgement Conditions

- 4.1.1 In order to exercise the Warrant(s), a Warrantheolder must before 3.00 p.m. on any Market Day and before 5.00 p.m. on the Expiration Date, during the First Exercise Period or Second Exercise Period:
- (a) lodge the relevant Warrant Certificate(s) registered in the name of the exercising Warrantheolder or CDP (as the case may be) for exercise at the specified office for the time being of the Warrant Agent together with the Exercise Notice (copies of which may be obtained from the Warrant Agent or the Company) in respect of the Warrants represented thereby, duly completed and signed by or on behalf of the exercising Warrantheolder and duly stamped in accordance with any law for the time being in force relating to stamp duty PROVIDED ALWAYS that the Warrant Agent may dispense with or defer the production of the relevant Warrant Certificate where such Warrant Certificate is registered in the name of CDP;
  - (b) furnish such evidence (if any) as the Warrant Agent may require to determine or verify the due execution of the Exercise Notice by or on behalf of the exercising Warrantheolder (including every joint Warrantheolder, if any) or otherwise to ensure the due exercise of the Warrants;
  - (c) pay the First Exercise Price (during the First Exercise Period) or Second Exercise Price (during the Second Exercise Period) in accordance with the provisions of Condition 4.2;
  - (d) pay any deposit or other fees or expenses for the time being chargeable by and payable to CDP (if any) and any stamp, issue, registration or other similar taxes or duties arising on the exercise of the relevant Warrant(s) as the Warrant Agent may require; and
  - (e) if applicable, pay any fees for certificates for the New Shares to be issued, submit any necessary documents required in order to effect, and pay the expenses of the registration of the New Shares in the name of the exercising Warrantheolder or CDP (as the case may be) and the delivery of certificates for the New Shares to the place specified by the exercising Warrantheolder in the Exercise Notice or to CDP (as the case may be).

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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4.1.2 Any exercise by a Warrantholder in respect of Warrants registered in the name of CDP shall be further conditional upon:

- (a) that number of Warrants so exercised being credited to the “Free Balance” of the Securities Account of the Warrantholder and remaining so credited until the relevant Exercise Date; and
- (b) the relevant Exercise Notice specifying that the New Shares to be issued on exercise of the Warrants are to be credited to the Securities Account of the exercising Warrantholder; or
- (c) in the case where funds standing to the credit of a CPF Investment Account are to be used for payment of the First Exercise Price or Second Exercise Price arising from the exercise of each Warrant, by crediting such Shares to the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice,

failing which the Exercise Notice shall be void and all rights of the exercising Warrantholder and of any other person thereunder shall cease.

An Exercise Notice which does not comply with the conditions above shall be void for all purposes. Warrantholders whose Warrants are registered in the name of CDP irrevocably authorise the Company and the Warrant Agent to obtain from CDP and to rely upon such information and documents as the Company or the Warrant Agent deems necessary to satisfy itself that all the abovementioned conditions have been fulfilled and such other information as the Company or the Warrant Agent may require in accordance with these Conditions and the Deed Poll and to take such steps as may be required by CDP (including the steps set out in CDP’s “Guidelines to the Procedures for Exercise of Warrants/TSRs (Warrants)” as amended from time to time) in connection with the operation of the Securities Account of any Warrantholder, Provided that the Company and the Warrant Agent shall not be liable in any way whatsoever for any loss or damage incurred or suffered by the Warrantholder as a result of or in connection with reliance by the Company, the Warrant Agent or any other persons upon the records of and information supplied by CDP.

4.1.3 Once all the abovementioned conditions (where applicable) have been fulfilled, the relevant Warrant Certificate(s) (if any), the Exercise Notice and any moneys tendered in connection with the exercise of the Warrant(s) in accordance with Condition 4.2 may not be withdrawn without the prior written consent of the Company.

### 4.2 Payment of Exercise Price

4.2.1 Payment of the First Exercise Price or the Second Exercise Price shall be made at the specified office for the time being of the Warrant Agent by way of remittance in Singapore currency by banker’s draft or cashier’s order drawn on a bank in Singapore and/or debiting the CPF Investment Account with the CPF Approved Bank, for the credit of the Special Account for the full amount of the moneys payable in respect of the Warrant(s) exercised under Condition 4.1.

PROVIDED ALWAYS that any such remittance shall be accompanied by the delivery to the Warrant Agent of the payment advice referred to below and shall comply with any exchange control or other statutory requirements for the time being applicable.

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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- 4.2.2 Any payment under this Condition 4.2 shall be made free of any foreign exchange commissions, remittance charges or other deductions and shall be accompanied by a payment advice containing (a) the name of the exercising Warrantholder, (b) the number of Warrants exercised and (c) if the relevant Warrant Certificate is registered in the name of a person other than CDP, the certificate number(s) of the Warrant Certificate(s) in respect of the Warrant(s) being exercised or, where the Warrant Certificates are registered in the name of CDP, the Securities Account number(s) of the exercising Warrantholder which is to be debited with the Warrants being exercised.
- 4.2.3 If the payment of the First Exercise Price or the Second Exercise Price fails to comply with the foregoing provisions, the Warrant Agent may, at its absolute discretion and without liability on behalf of itself or the Company, refuse to recognise the relevant payment as relating to the exercise of any particular Warrant, and the exercise of the relevant Warrants may be delayed accordingly or be treated as invalid and neither the Warrant Agent nor the Company shall be liable to the Warrantholder in any manner whatsoever. If the relevant payment received by the Warrant Agent in respect of an exercising Warrantholder's purported exercise of all the relevant Warrants lodged with the Warrant Agent is less than the full amount of all the moneys payable under Condition 4.1, the Warrant Agent shall not treat the relevant amount so received or any part thereof as payment of such moneys or any part thereof or forward the same to the Company, and the whole of such relevant payment shall remain in the Special Account unless and until a further payment is made in accordance with the requirements set out above in this Condition 4.2 and Condition 4.4 below in an amount sufficient to cover the deficiency. The Company shall not be held responsible for any loss arising from the retention of any such payment by the Warrant Agent.
- 4.2.4 Payment of the First Exercise Price or the Second Exercise Price received by the Warrant Agent will be delivered to the Company in accordance with the Warrant Agency Agreement in payment for the New Shares to be delivered in consequence of the exercise of such Warrants.
- 4.3 Exercise Date
- 4.3.1 The relevant Warrant shall (provided that the provisions of this Condition 4 have been satisfied) be treated as exercised on the Exercise Date relating to that Warrant.
- 4.3.2 The relevant Warrants and Warrant Certificates shall be cancelled on the Exercise Date except that, in relation to Warrant Certificates in the name of CDP, such Warrant Certificates shall be deemed to have been reduced for all purposes by the number of Warrants so exercised.
- 4.4 Non-fulfilment of Lodgment Conditions
- 4.4.1 If payment of the First Exercise Price or the Second Exercise Price is made to the Warrant Agent and such payment is not recognised by the Warrant Agent as relating to the exercise of the relevant Warrants or the relevant payment is less than the full amount payable under Condition 4.1 or the conditions set out in Condition 4.1 or Condition 4.2 have not then all been fulfilled in relation to the exercise of such Warrants, pending recognition of such payment or full payment or, as the case may be, fulfilment of the conditions set out in Conditions 4.1 and 4.2, such payment will (if the Exercise Date in respect of such Warrants had not by then occurred) be returned, without interest, to the Warrantholder on (i) the fourteenth (14th) day after receipt of such Exercise Notice by the Warrant Agent, or (ii) the expiry of the Second Exercise Period, whichever is the earlier. So long as the relevant Exercise Date has not occurred, any such payment (excluding any interest, if any, accrued thereon) will continue to belong to the Warrantholder but may only be withdrawn within the abovementioned fourteen (14) day period with the prior consent in writing of the Company.



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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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4.4.2 The Warrant Agent will, if it is possible to relate the payment so returned to any Warrant Certificates (if applicable) and the Exercise Notice previously lodged with the Warrant Agent, return such Warrant Certificates (if applicable) and the relevant Exercise Notice together with such payment to the exercising Warranholder by ordinary post at the risk and expense of such Warranholder. The Company and/or the Warrant Agent will be entitled to deduct or otherwise recover any applicable handling charges and out-of-pocket expenses from the exercising Warranholder.

### 4.5 Allotment of New Shares, Issue of Warrant Certificates and Status of New Shares

4.5.1 A Warranholder exercising Warrants which are registered in the name of CDP must have the delivery of the New Shares arising from the exercise of such Warrants effected by crediting such New Shares to the Securities Account(s) of such Warranholder or, as the case may be, the nominee company of the CPF Approved Bank as specified in the Exercise Notice. A Warranholder exercising Warrants registered in his own name may elect in the Exercise Notice to either receive physical share certificates in respect of the New Shares arising from the exercise of such Warrants or to have the delivery of such New Shares effected by crediting such New Shares to his Securities Account(s) with CDP (in which case such Warranholder shall also duly complete and deliver to the Warrant Agent such forms as may be required by CDP) or, as the case may be, the nominee company of the CPF Approved Bank as specified in the Exercise Notice, failing which such exercising Warranholder shall be deemed to have elected to receive physical share certificates in respect of such New Shares at his address specified in the Warrant Register.

4.5.2 The Company will allot and issue the New Shares arising from the exercise of the relevant Warrants by a Warranholder in accordance with the instructions of such Warranholder as set out in the Exercise Notice and:

(a) where such Warranholder has (or is deemed to have) elected in the Exercise Notice to receive physical certificates in respect of the New Shares arising from the exercise of the relevant Warrants, the Company shall despatch the physical certificates, as soon as practicable but in any event not later than seven (7) Market Days after the relevant Exercise Date, by ordinary post to the address specified in the Exercise Notice (or the Warrant Register, as the case may be) and at the risk of such Warranholder; and

(b) where the delivery of New Shares arising from the exercise of the relevant Warrants is to be effected by the crediting of the Securities Account(s) of such Warranholder as specified in the Exercise Notice or, as the case may be, the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice, the Company shall as soon as practicable but not later than five (5) Market Days after the relevant Exercise Date despatch the certificates relating to such New Shares in the name of, and to, CDP for the credit of the Securities Account(s) of such Warranholder as specified in the Exercise Notice.

4.5.3 Where a Warranholder exercises part only (but not all) of the subscription rights represented by Warrants registered in his name, the Company shall despatch a balancing Warrant Certificate in the name of the exercising Warranholder in respect of any Warrants remaining unexercised by ordinary post to the address specified in the relevant Exercise Notice (or, failing which, to his address specified in the Warrant Register) and at the risk of that Warranholder and where such Warranholder exercises part only (and not all) of his Warrants registered in the name of CDP, the number of Warrants represented by the Warrant Certificate registered in the name of CDP shall be deemed to have been reduced for all purposes by the number of Warrants so exercised.



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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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4.5.4 The New Shares will rank for any dividends, rights, allotments or other distributions, the Record Date for which shall fall on or after the relevant Exercise Date. Subject as aforesaid, the New Shares shall rank *pari passu* in all other respects with the then existing Shares. For the purpose of this Condition 4.5, “Record Date” means, in relation to any dividends, rights, allotments or other distributions, the date on which as at the close of business, Shareholders must be registered with the Company, in order to participate in such dividends, rights, allotments or other distributions.

### 4.6 Warrant Agent

4.6.1 The name of the initial Warrant Agent and its specified office is set out below and on the Warrant Certificate. The Company reserves the right at any time to vary or terminate the appointment of the Warrant Agent PROVIDED ALWAYS THAT it will at all times maintain a Warrant Agent approved in writing by CDP having a specified office in Singapore, so long as any of the Warrants are outstanding. Notice of any such termination or appointment and of any changes in the name or specified office of the Warrant Agent will be given to the Warrantheolders in accordance with Condition 11.

Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd.

Specified office : 50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

### 4.7 Register of Warrantheolders

4.7.1 The Warrant Agent will maintain a register containing particulars of the Warrantheolders (other than Warrantheolders who are Depositors) and such other information relating to the Warrants as the Company may require (the “**Warrant Register**”). The Warrant Register may be closed during such periods when the register of transfers and the Register of Members are deemed to be closed and during such periods as may be required to determine the adjustments to the First Exercise Price, Second Exercise Price and/or the number of Warrants held by any Warrantheolder or during such other periods as the Company may determine. Notice of the closure of the Warrant Register and (if applicable) the Depository Register will be given to the Warrantheolders in accordance with Condition 11.

4.7.2 Except as required by law or as ordered by a court of competent jurisdiction, the Company and the Warrant Agent shall be entitled to rely on the Warrant Register (where the registered holder of a Warrant is a person other than CDP) or the Depository Register (where CDP is the registered holder of a Warrant) or any statement or certificate issued by CDP to the Company or any Warrantheolder (as made available to the Company and/or the Warrant Agent) to ascertain the identity of the Warrantheolders, the number of Warrants to which any such Warrantheolders are entitled, to give effect to the exercise of the subscription rights constituted by the Warrants and for all other purposes in connection with the Warrants (whether or not the Company shall be in default in respect of the Warrants or any of the terms and conditions contained herein or in the Deed Poll and notwithstanding any notice of ownership or writing thereon or notice of any claim on or loss or theft or forgery of any Warrant or Warrant Certificate).

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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4.7.3 Except as required by law:

- (a) the person in whose name a Warrant is registered (other than CDP); and
- (b) (where a Warrant is registered in the name of CDP) the Depositor for the time being appearing in the Depository Register maintained by CDP as having such Warrant credited to his Securities Account;

will be deemed and treated as the absolute owner of that Warrant (whether or not the Company shall be in default in respect of the Warrants or any of the covenants contained in the Deed Poll and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft of the relevant Warrant Certificate or any express notice to the Company or Warrant Agent or any other related matter) for the purpose of giving effect to the exercise of the rights constituted by the Warrants and for all other purposes in connection with the Warrants.

### 5. ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF WARRANTS

5.1 The First Exercise Price, Second Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted by the Directors in consultation with an Approved Bank in accordance with Condition 5.2, which adjustment shall be certified by the Auditors. The First Exercise Price, Second Exercise Price and the number of Warrants held by each Warrantholder shall subject to Conditions 5.3 and 5.4 from time to time be adjusted as provided in these Conditions and the Deed Poll in all or any of the following cases:

- 5.1.1 an issue by the Company of Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature or not and including any capital redemption reserve fund) to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend);
- 5.1.2 a Capital Distribution (as defined below) made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
- 5.1.3 an offer or invitation made by the Company to its Shareholders under which they may acquire or subscribe for Shares by way of rights;
- 5.1.4 an issue (otherwise than pursuant to a rights issue available to all Shareholders, requiring an adjustment under Condition 5.1.3 above, and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares if the Total Effective Consideration (as defined below) for each Share is less than ninety per cent. (90%) of the Last Dealt Price for each Share (calculated as provided below); or
- 5.1.5 any consolidation, subdivision or conversion of Shares.

For the purposes of these Conditions, the “**Auditors**” means the auditors for the time being of the Company or, in the event of their being unable or unwilling to carry out any action required of them pursuant to the Deed Poll or these Conditions, such other auditors as may be nominated by the Company.

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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5.2 Subject to these Conditions (and in particular Condition 5.3) and the Deed Poll, the First Exercise Price, Second Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two or more of Conditions 5.1.1 to 5.1.5 or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Approved Bank shall determine):

5.2.1 If and whenever the Company shall make any issue of Shares to its Shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund, other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) the First Exercise Price, Second Exercise Price and the number of Warrants held by each Warrantholder shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{A + B} \times P$$

$$\text{Adjusted number of Warrants} = \frac{A + B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to Shareholders credited as fully paid by way of capitalisation of profits or reserves (including any capital redemption reserve fund other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend);

P = applicable Exercise Price; and

W = existing number of Warrants held.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such issue.

For the purpose of this Condition 5, “**record date**” in relation to the relevant transaction means the date as at the close of business on which Shareholders must be registered as such to participate therein.

5.2.2 If and whenever:

(a) the Company shall make a Capital Distribution (as defined below) to Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

(b) the Company shall make any offer or invitation to its Shareholders under which they may acquire or subscribe for Shares by way of rights,

then the First Exercise Price or the Second Exercise Price (as applicable) shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{C - D}{C} \times P$$

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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and in respect of each case referred to in Condition 5.2.2(b) above, the number of Warrants held by each Warrantholder shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{C}{C - D} \times W$$

where:

C = the average of the Last Dealt Prices on the five (5) Market Days immediately before the date on which the Capital Distribution (as defined below), or any offer or invitation referred to in Condition 5.2.2(b) above, as the case may be, is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution (as defined below) or, as the case may be, of the offer or invitation;

D = (i) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under Condition 5.2.2(b) above, the value of the rights attributable to one Share (as defined below); or (ii) in the case of any other transaction falling within Condition 5.2.2 above, the fair market value, as determined by an Approved Bank (with the concurrence of the Auditors), of that portion of the Capital Distribution (as defined below) or of the nil paid rights attributable to one Share;

P = as in P above; and

W = as in W above.

For the purpose of definition (i) of “D” above the “**value of the rights attributable to one Share**” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

C = as in C above;

E = the subscription price for one additional Share under the offer or invitation to acquire or subscribe for Shares by way of rights; and

F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share by way of rights.

For the purposes of Conditions 5.1.2 and 5.2.2(a) above, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under Condition 5.2.1) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (including any capital redemption reserve fund other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend).

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such issue pursuant to Condition 5.2.2.

For the purposes of this Condition 5, “**closing date**” shall mean the date by which acceptance and payment for the Shares is to be made under the terms of such offer or invitation.

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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5.2.3 If and whenever the Company makes any allotment to its Shareholders as provided in Condition 5.2.1 above and also makes any offer or invitation to its Shareholders as provided in Condition 5.2.2(b) above and the record date for the purpose of the allotment is also the record date for the purpose of the offer or invitation, the First Exercise Price, Second Exercise Price and the number of Warrants held by each Warrantholder shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{(G \times C) + (H \times E)}{(G + H + B) \times C} \times P$$

$$\text{Adjusted number of Warrants} = \frac{(G + H + B) \times C}{(G \times C) + (H \times E)} \times W$$

Where:

B = as in B above;

C = as in C above;

E = as in E above;

G = the aggregate number of issued and fully paid-up Shares on the record date;

H = the aggregate number of new Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;

P = as in P above; and

W = as in W above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the closing date for the above transactions.

5.2.4 If and whenever (otherwise than pursuant to a rights issue available to all Shareholders alike and requiring an adjustment under Conditions 5.2.2(b) or 5.2.3 other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) the Company shall issue any Shares and the Total Effective Consideration for each Share (as defined below) is less than ninety per cent. (90%) of the average Last Dealt Price on SGX-ST on the five (5) Market Days before the date on which the issue price of such Shares is determined, or, if such price is determined either before the close of business on SGX-ST for that day or on a day which is not a Market Day, on the prior Market Day, the First Exercise Price or the Second Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{M + N}{M + O} \times P$$

where:

M = the number of Shares in issue at the close of business on SGX-ST on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

N = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at such average Last Dealt Price for the five (5) Market Days immediately preceding the date on which the issue price of such Shares is determined (exclusive of expenses);

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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O = the aggregate number of Shares so issued; and

P = as in P above.

Each such adjustment will be effective (if appropriate, retroactively) from the close of business on SGX-ST on the Market Day before the date on which the issue is announced, or (failing any such announcement) before the date on which the Company determines the offering price of such Shares.

For the purpose of Conditions 5.1.4 and 5.2.4, the “**Total Effective Consideration**” shall be determined by the Directors with the concurrence of an Approved Bank and shall be the aggregate consideration receivable by the Company on payment in full for such Shares, without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**Total Effective Consideration for each Share**” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

- 5.2.5 If, and whenever, consolidation, subdivision or conversion of the shares occurs, the First Exercise Price or the Second Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{B} \times P$$

and the number of Warrants shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{B}{A} \times W$$

where:

A = as in A above;

B = as in B above;

P = as in P above; and

W = as in W above,

such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation, subdivision or conversion becomes effective.

- 5.3 Notwithstanding any of the provisions hereinbefore contained, no adjustment to the First Exercise Price, Second Exercise Price and the number of Warrants held by each Warrantholder will be required in respect of:

- 5.3.1 an issue by the Company of Shares or other securities convertible into rights to acquire or subscribe for shares to officers, including directors, or employees of the Company or any of its Subsidiaries pursuant to any purchase or option scheme approved by the Shareholders in general meeting;
- 5.3.2 an issue by the Company of Shares in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business;
- 5.3.3 any issue by the Company of Shares pursuant to the exercise of any of the Warrants and any other warrants or the conversion of any convertible securities previously issued by the Company;



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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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- 5.3.4 any issue by the Company of securities convertible into Shares or rights to acquire or subscribe for Shares and the issue of Shares arising from the conversion or exercise of such securities or rights, issued subsequent to the issue of Warrants, whether by itself or together with any other issues; or
- 5.3.5 any purchase by the Company of Shares pursuant to any share purchase scheme approved by Shareholders in general meeting subsequent to the issue of Warrants, whether such Shares purchased pursuant to any such share purchase scheme are deemed cancelled or held in treasury.
- 5.4 If any offer or invitation for Shares is made otherwise than by the Company to the Shareholders, then the Company shall so far as it is able to, procure that at the same time an offer or invitation is made to the then Warrantheolders as if their rights to subscribe for New Shares had been exercised the day immediately preceding the date on which as at the close of business Shareholders must be registered in order to participate in such offer or invitation on the basis then applicable.
- 5.5 Any adjustment to the First Exercise Price or the Second Exercise Price will be rounded upwards to the nearest one (1) cent. No adjustments to the First Exercise Price or the Second Exercise Price shall be made unless it has been certified to be in accordance with Condition 5.2 above by the Auditors. No adjustment will be made to the First Exercise Price or the Second Exercise Price in any case in which the amount by which the same would be reduced would be less than one (1) cent but any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.
- 5.6 Any adjustment to the number of Warrants held by each Warrantheolder will be rounded downwards to the nearest whole Warrant. No adjustment to the number of Warrants held by each Warrantheolder shall be made unless (a) it has been certified to be in accordance with Condition 5.2 above by the Auditors and (b) approval has been granted by SGX-ST for the listing of and quotation for such additional Warrants as may be issued as a result of such adjustment and such additional Shares as may be issued on the exercise of any of such Warrants. If for any reason an event giving rise to an adjustment (the “**First Adjustment**”) made to the First Exercise Price, Second Exercise Price or the number of Warrants held by each Warrantheolder pursuant to these Conditions is cancelled, revoked or not completed, the First Exercise Price, Second Exercise Price or the number of Warrants held by each Warrantheolder shall be readjusted to the amount prevailing immediately prior to the First Adjustment with effect from such date and in such manner as an Approved Bank may consider appropriate.
- 5.7 Notwithstanding the provisions referred to in this Condition 5, in any circumstances where the Directors consider that any adjustments to the First Exercise Price, Second Exercise Price and/or the number of Warrants held by each Warrantheolder provided under the said provisions should not be made or should be calculated on a different basis or date or should take effect on a different date or that an adjustment to the First Exercise Price, Second Exercise Price and/or the number of Warrants held by each Warrantheolder should be made notwithstanding that no such adjustment is required or contemplated under the said provisions, the Company may at its discretion appoint an Approved Bank to consider whether for any reason whatsoever the adjustment to be made (or the absence of an adjustment) or the adjustment to be made in accordance with the provisions of this Condition 5 is appropriate or inappropriate, as the case may be, and, if such Approved Bank shall consider the adjustment to be inappropriate, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner as shall be considered by such Approved Bank to be in its opinion appropriate.

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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- 5.8 Whenever there is an adjustment as herein provided, the Company shall give notice to Warrantheholders in accordance with Condition 11 that the First Exercise Price, Second Exercise Price and/or the number of Warrants held by each Warrantheholder has/have been adjusted and setting forth the event giving rise to the adjustment, the First Exercise Price, Second Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted First Exercise Price, Second Exercise Price and/or the number of Warrants and the effective date of such adjustment and shall at all times thereafter so long as any of the Warrants remains exercisable make available for inspection at the specified office for the time being of the Warrant Agent:
- 5.8.1 a signed copy of the certificate of the Auditors certifying the adjustment to the First Exercise Price, Second Exercise Price and/or the number of Warrants; and
- 5.8.2 a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the First Exercise Price, Second Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted First Exercise Price, Second Exercise Price and/or the number of Warrants and the effective date of such adjustment,
- and shall, on request and at the expense of the Warrantheholder, send a copy thereof to any Warrantheholder. Whenever there is an adjustment to the number of Warrants held by each Warrantheholder, the Company will, as soon as practicable but not later than seven (7) Market Days after the effective date of such adjustment, despatch by ordinary post Warrant Certificates for the additional number of Warrants issued to each Warrantheholder, at the risk and expense of that Warrantheholder, to his address appearing in the Warrant Register or, in respect of Warrants registered in the name of CDP, to CDP provided that if additional Warrants are issued to each Warrantheholder as a result of an adjustment which is cancelled, revoked or not completed and the number of Warrants held by each Warrantheholder is readjusted pursuant to Condition 5.5, such additional Warrants shall be deemed to be cancelled with effect from such date and in such manner as an Approved Bank may consider appropriate.
- 5.9 If the Directors, the Approved Bank and the Auditors are unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to the decision of another Approved Bank acting as expert and not as arbitrator and whose decision as to such adjustment shall be final and conclusive and no certification by the Auditors shall in such circumstances be necessary.
- 5.10 Without prejudice to the generality of Condition 5.7, if the Company shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into Shares, or attach thereto any rights to acquire or subscribe for Shares, the Company shall appoint an Approved Bank to consider whether any adjustment is appropriate and if such Approved Bank and the Directors shall determine that an adjustment is appropriate, the First Exercise Price, Second Exercise Price and/or the number of Warrants held by each Warrantheholder shall be adjusted accordingly.
- 5.11 Any new Warrants which may be issued by the Company under this Condition 5 shall be part of the series of Warrants constituted by the Deed Poll, and shall be issued, subject to and with the benefit of the Deed Poll and these Conditions, on such terms and conditions as the Directors may from time to time think fit.
- 5.12 In giving any certificate or making any adjustment hereunder, the Auditors and the Approved Bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decisions shall be conclusive and binding on the Company, the Warrantheholders and all other persons having an interest in the Warrants.

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## **APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS**

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- 5.13 Notwithstanding anything herein contained, any adjustment to the First Exercise Price, Second Exercise Price and/or the number of Warrants held by each Warrantholder other than in accordance with the provisions of this Condition 5 shall be subject to the approval of SGX-ST and agreed to by the Company, the Auditors and the Approved Bank.
- 5.14 Nothing shall prevent or restrict the buy-back of any classes of shares pursuant to applicable law and the requirements of SGX-ST. For the avoidance of doubt, no approval or consent of the Warranholders shall be required for such buyback of any classes of shares and there shall be no adjustments to the First Exercise Price, Second Exercise Price and number of Warrants by reason of such buy-back of any classes of shares.

### **6. WINDING UP OF THE COMPANY**

- 6.1 If an effective resolution is passed during the period commencing from the First Exercise Period to the end of the Second Exercise Period for a members' voluntary winding up of the Company, for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement approved by the Warranholders by way of a Special Resolution, the terms of such scheme of arrangement shall be binding on all the Warranholders and all persons having an interest in the Warrants.
- 6.2 In any other case, if notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every Warranholder shall be entitled upon and subject to the Deed Poll and the Conditions, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company, by irrevocable surrender of his Warrant Certificate(s) to the Company with the Exercise Notice(s) duly completed, together with all payments payable under Conditions 4.1 and 4.2, to elect to be treated as if he had had immediately prior to the commencement of such winding-up exercised the Warrants to the extent specified in the Exercise Notice(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warranholders in accordance with the Deed Poll and the Conditions of the passing of any such resolution within seven (7) days after the passing thereof.
- 6.3 Subject to the foregoing, if the Company is wound up for any other reasons, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

### **7. FURTHER ISSUES**

Subject to the Conditions, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warranholders shall not have any participating rights in such issue of Shares unless otherwise resolved by the Company in general meeting or in the event of a takeover offer to acquire the Shares.

### **8. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS**

- 8.1 Schedule 2 of the Deed Poll sets out the provisions for convening meetings of the Warranholders to consider any matter affecting their interests, including the sanctioning by Special Resolution of a modification of the Warrants or the Deed Poll. Such a meeting may be convened by the Company or Warranholders holding not less than twenty per cent. (20%) of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing a Special Resolution shall be two (2) or more Warranholders present in person or by proxy duly appointed by Warranholders holding or representing not less than fifty per cent. (50%) of the Warrants for the time being unexercised.

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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- 8.2 At any adjourned meeting, two (2) or more persons present being or representing Warrantheolders whatever the number of Warrants so held or represented shall form a quorum, except that at any meeting the business of which includes the modification of certain provisions of the Warrants or of the Deed Poll (including cancelling the subscription rights constituted by the Warrants or changing the exercise period) the necessary quorum for pressing a Special Resolution shall be two (2) or more persons or representing not less than seventy-five per cent. (75%) or at any adjournment of such meeting over fifty per cent. (50%) of the Warrants for the time being remaining unexercised. A Special Resolution duly passed at any meeting of Warrantheolders shall be binding on all Warrantheolders, whether or not they were present at the meeting. Warrants which have not been exercised but have been lodged for exercise shall not, unless and until they are withdrawn from lodgment, confer the right to attend or vote at, or join in convening, or be counted in the quorum for any meeting of Warrantheolders.
- 8.3 The Company may, without the consent of the Warrantheolders but in accordance with the terms of the Deed Poll, effect any modification to the Warrants, the Deed Poll or the Warrant Agency Agreement which, in the opinion of the Company:
- 8.3.1 is not materially prejudicial to the interests of the Warrantheolders;
- 8.3.2 is of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or the rules and regulations of SGX-ST; and/or
- 8.3.3 is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of new Shares arising from the exercise of the Warrants or meetings of the Warrantheolders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on SGX-ST.
- Any such modification shall be binding on the Warrantheolders and all persons having an interest in the Warrants and shall be notified to them in accordance with Condition 11 as soon as practicable thereafter.
- 8.4 Notwithstanding Condition 8.3 above, no material alteration to the terms of the Warrants after the issue thereof to the advantage of the Warrantheolders and prejudicial to Shareholders shall be made unless first approved by the Shareholders in general meeting, and, if necessary, SGX-ST.
- 8.5 Except where the alterations are made pursuant to these Conditions (including but not limited to alterations made pursuant to and in accordance with Condition 5 above or Condition 8.3 or Condition 8.4 above), the Company shall not:
- 8.5.1 extend the First Exercise Period or the Second Exercise Period;
- 8.5.2 issue new warrants to replace the Warrants;
- 8.5.3 change the First Exercise Price or Second Exercise Price; or
- 8.5.4 change the exercise ratio of the Warrants.

### 9. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant Certificate is mutilated, defaced, lost, stolen or destroyed, it may, subject to applicable law and at the discretion of the Company, be replaced upon request by the Warrantheolder at the specified office for the time being of the Warrant Agent on payment of such costs as may be incurred in connection therewith, and on such terms as to evidence, indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Warrant Certificate in respect of the Warrants is subsequently exercised, there will be paid to the Company on demand the market value of the

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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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Warrants at the time of the replacement thereof), advertisement, undertaking and otherwise as the Company and/or the Warrant Agent may require. Mutilated or defaced Warrant Certificates must be surrendered to the Warrant Agent before replacements will be issued. The replacement Warrant Certificate will be issued to the registered holder of the Warrant Certificate replaced.

### 10. TRANSFER AND TRANSMISSION OF WARRANTS

10.1 Subject to the provisions contained herein, the Warrants shall be transferable in lots entitling the Warrantheader to subscribe for whole numbers of New Shares and so that no person shall be recognised by the Company as having title to Warrants entitling the holder thereof to subscribe for a fractional part of a New Share or otherwise than as the sole or joint holder of the entirety of such New Share.

10.2 Subject to applicable law and the Conditions, a Warrant which is not registered in the name of CDP may only be transferred in accordance with the following provisions of this Condition 10.2:

10.2.1 a Warrantheader whose Warrants are registered in the name of a person other than CDP (the “**Transferor**”) shall lodge, during normal business hours on any Market Day at the specified office of the Warrant Agent, the Transferor’s Warrant Certificate(s) together with a transfer form as prescribed by the Company from time to time (the “**Transfer Form**”) duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any applicable law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll, provided that the Company and the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to CDP;

10.2.2 the Transferor shall furnish such evidence (if any) as the Warrant Agent may require to determine the due execution of the Transfer Form by or on behalf of the transferring Warrantheader;

10.2.3 the Transferor shall pay the expenses of, and submit any necessary documents required in order to effect the delivery of the new Warrant Certificate(s) to be issued in the name of the transferee;

10.2.4 the Transfer Form shall be accompanied by the registration fee (such fee being for the time being a sum of S\$2.00 (excluding any goods and services tax) for each Warrant Certificate to be transferred) which shall be payable by cash or cheque together with any stamp duty and any goods and services tax (if any) specified by the Warrant Agent to the Transferor, such evidence as the Warrant Agent may require to determine and verify the due execution of the Transfer Form and payment of the expenses of, and submit, such documents as the Warrant Agent may require to effect delivery of the new Warrant Certificate(s) to be issued in the name of the transferee;

10.2.5 if the Transfer Form has not been fully or correctly completed by the Transferor or the full amount of the fees and expenses due to the Warrant Agent have not been paid to the Warrant Agent, the Warrant Agent shall return such Transfer Form to the Transferor accompanied by written notice of the omission(s) or error(s) and requesting the Transferor to complete and/or amend the Transfer Form and/or to make the requisite payment; and

10.2.6 if the Transfer Form has been fully and correctly completed, the Warrant Agent shall as agent for and on behalf of the Company:

- (a) register the person named in the Transfer Form as transferee in the Warrant Register as registered holder of the Warrant in place of the Transferor;
- (b) cancel the Warrant Certificate(s) in the name of the Transferor; and



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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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- (c) issue new Warrant Certificate(s) in respect of the Warrants registered in the name of the transferee.
- 10.3 With respect to Warrants registered in the name of CDP, any transfer of such Warrants shall be effected subject to and in accordance with the Conditions, applicable law and the rules of CDP as amended from time to time and where the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by the CDP by way of book-entry.
- 10.4 The executors and administrators of a deceased Warrantholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders) or, if the registered holder of the Warrants is CDP, of a deceased Depositor and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders shall be the only persons recognised by the Company and the Warrant Agent as having any title to the Warrants and shall be entitled to be registered as a holder of the Warrants upon the production by such persons to the Company and the Warrant Agent of such evidence as may be reasonably required by the Company and the Warrant Agent to prove their title and on completion of a Transfer Form and the payment of such fees and expenses referred to in Conditions 10.2.3 and 10.2.4. Conditions 10.2 and 10.3 shall apply *mutatis mutandis* to any transfer of the Warrants by such persons.
- 10.5 A Transferor or Depositor, as the case may be, shall be deemed to remain a Warrantholder of the Warrant until the name of the transferee is entered in the Warrant Register by the Warrant Agent or in the Depository Register by CDP, as the case may be.
- 10.6 Where the transfer relates to part only (but not all) of the Warrants represented by a Warrant Certificate, the Company shall deliver or cause to be delivered to the Transferor at the cost of the Transferor, a Warrant Certificate in the name of the Transferor in respect of any Warrants not transferred.

### 11. NOTICES

Each Warrantholder is required to nominate an address in Singapore for service of notices and documents by giving a notice in writing to the Company and the Warrant Agent, failing which such Warrantholder shall not be entitled to receive any notices or documents. Notices to Warrantholders may be sent by ordinary post to their respective addresses so nominated (and in the case of joint holdings, to the Warrantholder whose name appears first in the Warrant Register or, where applicable, the relevant record of CDP in respect of joint holdings) or be given by advertisement in a leading daily English language newspaper in circulation in Singapore. Such notices shall be deemed to have been given in the case of posting, on the date of posting and in the case of advertisement, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made. If such advertisement is not practicable, notice can be given in such manner as the Company and the Warrant Agent may agree in writing.

All notices required to be given pursuant to these Conditions shall also be announced by the Company on SGXNET on the same day as such notice is first published in any leading English language newspaper in circulation in Singapore.

### 12. NOTICE OF EXPIRATION DATE

The Company shall, not later than one (1) month before the Expiration Date, give notice to the Warrantholders in accordance with Condition 11, of the Expiration Date. Additionally, the Company shall not later than one (1) month before the Expiration Date, take reasonable steps to notify the Warrantholders in writing of the Expiration Date and such notice shall be delivered by post to the address of the Warrantholder as recorded in the Warrant Register, or in the case of Warrant holders whose Warrants are registered in the name of CDP, their addresses as shown in the records of CDP. Proof of posting or despatch of any notice shall be deemed to be proof of receipt on the next Market Day after posting.



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## APPENDIX B – TERMS AND CONDITIONS OF THE BONUS WARRANTS

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### 13. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

The Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, as may be modified, re-enacted, amended, supplemented or reconstituted from time to time, shall not under any circumstances apply to any provision of the Deed Poll and/or any term or condition of the Warrants and any person who is not a party to the Deed Poll shall have no right whatsoever to enforce any provision of the Deed Poll and/or any term or condition of the Warrants.

### 14. GOVERNING LAW

The Warrants and these Conditions shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Company submits and each Warrantholder is deemed to irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of the Republic of Singapore for all purposes in relation to the Warrants and these Conditions but the foregoing shall not prevent or restrict any of them from enforcing any judgment obtained from a Singapore court in any other jurisdiction.

#### NOTES:

- (1) The attention of Warrantholders is drawn to Rule 14 of the Singapore Code on Take-overs and Mergers and sections 139 and 140 of the Securities and Futures Act, Chapter 289 of Singapore. In general terms, these provisions regulate the acquisition of effective control of public companies. Warrantholders should consider the implications of these provisions before they exercise their respective Warrants. (In particular, a Warrantholder should note that he may be under an obligation to extend a takeover offer for the Company if:
  - (a) he intends to acquire, by exercise of the Warrants or otherwise, whether at one time or different times, Shares which (together with Shares owned or acquired by him or persons acting in concert with him) carry thirty per cent. (30%) or more of the voting rights of the Company; or
  - (b) he, together with persons acting in concert with him, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights of the Company; and either alone or together with persons acting in concert with him, intends to acquire additional Shares by the exercise of the Warrants or otherwise in any period of six (6) months, increasing such percentage of the voting rights by more than one per cent. (1%).
- (2) The attention of the Warrantholders is drawn to Condition 3.2 of the Terms and Conditions of the Warrants relating to restrictions on the exercise of the Warrants.
- (3) A Warrantholder who, after exercise of this Warrant, has an interest in not less than five per cent. (5%) of the aggregate of the nominal amount of the issued share capital of the Company, is under an obligation to notify the Company of his interest in the manner set out in section 82 of the Act.

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**APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS  
OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO  
THE WHITEWASH RESOLUTION**

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**TATA CAPITAL MARKETS PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200820715M)

8 Shenton Way  
#19-01 AXA Tower  
Singapore 068811

7 April 2014

The Independent Directors for the Whitewash Resolution  
Transpac Industrial Holdings Limited  
79 Robinson Road, #11-06 CPF Building  
Singapore 068897

Dear Sirs

**THE WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS OF  
TRANSPAC INDUSTRIAL HOLDINGS LIMITED (“TIH” OR THE “COMPANY”) OF THEIR RIGHTS TO  
RECEIVE A MANDATORY GENERAL OFFER FROM THE ASM GROUP AND PARTIES ACTING IN  
CONCERT WITH IT AS A RESULT OF OR IN CONNECTION WITH THE BONUS WARRANTS ISSUE  
AND BONDS ISSUE**

**1. INTRODUCTION**

In the Company’s announcement dated 30 December 2013 (the “**Announcement Date**”), the Company announced (the “**Announcement**”), *inter alia*, that it is proposing a dividend package (the “**Dividend Package**”) to shareholders of the Company (“**Shareholders**”) comprising an interim cash dividend of S\$0.05 per Share for the financial year ended 31 December 2013 and the issue of up to 702,942,318 bonus warrants (the “**Bonus Warrants**”) to entitled shareholders on a pro-rata basis as at a books closure date to be determined (the “**Bonus Warrants Issue**”).

The Company will be seeking specific approval from Shareholders by way of an extraordinary general meeting (the “**EGM**”) to be convened for, *inter alia*, the Dividend Package.

As at the Latest Practicable Date, the ASM Group is interested in approximately 55.89% of the Existing Share Capital of the Company. In the event that the ASM Group does not exercise the ASM Bonus Warrants before the other Bonus Warrants are exercised and the Bonds are converted, the ASM Group’s shareholdings would fall to approximately 23.56% of the total number of issued Shares. If the ASM Group then chooses to exercise the ASM Bonus Warrants, it and its concert parties may incur an obligation to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**”) for the remaining Shares not already owned, controlled, or otherwise agreed to be acquired by them, unless the relevant waivers under the Code are obtained.

The SIC had, on 14 March 2014, waived the requirement for the ASM Group to make a Mandatory Offer for the Company, upon the exercise of the Bonus Warrants held by it and its concert parties after the issue of the New Shares and the Conversion Shares, subject to the fulfilment of certain conditions as set out in Section 5.2 of the Circular to Shareholders dated 7 April 2014 (the “**Circular**”), which include, *inter alia*, a majority of the holders of the voting rights of the Company (the “**Independent Shareholders**”) present and voting at a general meeting, held before the issue of the Bonus Warrants, approve a resolution (the “**Whitewash Resolution**”) by way of poll to waive their rights to receive a general offer from the ASM Group and parties acting in concert with it and the appointment of an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution.

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## APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE WHITEWASH RESOLUTION

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In relation to the above, Tata Capital Markets Pte. Ltd. (“**TCMPL**”) has been appointed as the independent financial adviser to the Directors of the Company who are deemed to be independent in respect of the Whitewash Resolution (“**Whitewash Independent Directors**”).

We have prepared this letter for the benefit of the Whitewash Independent Directors, in connection with and for the purpose of their consideration of the Whitewash Resolution. This letter forms part of the Circular which provides, *inter alia*, details of the Bonus Warrants Issue and Bonds Issue. Unless otherwise defined, all terms in the Circular have the same meaning in this letter.

### 2. TERMS OF REFERENCE

The objective of this letter is to form an independent opinion on whether the Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the proposed Bonus Warrants Issue and Bonds Issue.

Our opinion is based on economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

TCMPL was not involved in any aspect of the negotiations pertaining to the proposed Dividend Package, Bonds Issue and/or Bonus Warrants Issue, nor was it involved in the deliberations leading to the Company’s decision to propose the Bonds Issue and the Dividend Package (including the Bonus Warrants Issue).

It is not within our terms of reference to comment on the legal, commercial and financial merits and/or risks of the proposed Bonus Warrants Issue and Bonds Issue, and as such, we do not express an opinion thereon. It is also not within our terms of reference to address the relative merits of the proposed Bonus Warrants Issue or Bonds Issue vis-a-vis any alternative transactions previously considered by the Company or transactions that the Company may consider in the future. Such evaluations or comments are and remain the sole responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

In the course of our evaluation, we have held discussions with the Directors of the Company, and have examined publicly available information as well as information, both written and verbal, provided to us by the Directors or professional advisers of the Company. We have not independently verified such information, whether written or verbal, and accordingly, we cannot and do not warrant the accuracy or completeness of such information. We have, nevertheless, made reasonable enquiries and exercised our judgment on the reasonable use of such information, and have found no reason to doubt the reliability of the information.

The Directors have confirmed to us that, to the best of their knowledge and belief, all material information relating to the proposed Bonus Warrants Issue and Bonds Issue have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact the omission of which would make any information disclosed to us or stated in the Circular or the opinion expressed by us in this letter to be inaccurate, incomplete or misleading in any material respect.

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## APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE WHITEWASH RESOLUTION

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We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, real properties) of the Group and have not been furnished with, and hence have not relied on, any financial projections or forecasts in respect of the Company or the Group for the purpose of our evaluation. The scope of our appointment does not require us to express, and we do not express, a view on the future growth prospects, financial position and earnings potential of the Company or the Group after the proposed Bonus Warrants Issue and Bonds Issue. In addition, we are not expressing any view herein as to the prices at which the Shares may trade after the proposed Bonus Warrants Issue and Bonds Issue, assuming its completion.

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

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter) and we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this letter).

**Our opinion in relation to the Whitewash Resolution in the context of the Bonus Warrants Issue and Bonds Issue should be considered in the context of the entirety of this letter and the Circular.**

### 3. THE BONUS WARRANTS ISSUE

The Bonus Warrants Issue is proposed to be made on a renounceable non-underwritten basis to Entitled Shareholders in the form of a bonus issue, on the basis of three (3) Bonus Warrants for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

Based on the issued and paid-up share capital of the Company as at the Latest Practicable Date, up to 702,942,318 Bonus Warrants will be allotted and issued pursuant to the Bonus Warrants Issue.

The Bonus Warrants Issue is subject to, *inter alia*, the following:-

- (i) the approval-in-principle of the SGX-ST for the dealing in, listing and quotation of the Warrants and the New Shares on the Official List of the SGX-ST having been obtained; and
- (ii) the Bonus Warrants Issue having been approved by Shareholders at the EGM.

The listing and quotation of the Bonus Warrants on the Main Board of the SGX-ST is subject to, *inter alia*, there being an adequate spread of holdings for the Bonus Warrants to provide for an orderly market for the trading of the Bonus Warrants.

Full details relating to the Bonus Warrants Issue, including the principal terms of the Bonus Warrants, are set out in Section 3 and Appendix B of the Circular. Independent Shareholders are advised to read the information contained therein carefully.

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## **APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE WHITEWASH RESOLUTION**

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### **4. THE BONDS ISSUE**

The Company entered into a subscription agreement with Cosmic Ventures Limited (the “**Subscriber**”), pursuant to which the Company proposes to issue to the Subscriber up to S\$18,900,000 in principal amount of zero coupon convertible bonds (the “**Bonds**”) comprising: (i) S\$6,300,000 in principal amount of Bonds; and (ii) at the option of the Subscriber, up to a further S\$12,600,000 in principal amount of Bonds, in accordance with the terms and conditions of the Subscription Agreement. In this respect, it is noted that none of the Directors nor (as far as the Directors are aware) any Substantial Shareholder of the Company or their respective associates have any connection (including business relationship) with the Subscriber.

Full details relating to the Bonds Issue, including the principal terms of the Bonds are set out in Section 4 of the Circular. Independent Shareholders are advised to read the information contained therein carefully.

### **5. WHITEWASH RESOLUTION**

Under Rule 14 of the Code, (i) any person who acquires, whether by a series of transactions over a period of time or not, shares which, taken together with shares held or acquired by persons acting in concert with him, carry 30% or more of the voting rights in a company; or (ii) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, is required to make a mandatory general offer, for all shares in the company concerned which he does not already own, control or has agreed to acquire.

As at the Latest Practicable Date, the ASM Group has an interest in approximately 55.89% of the Existing Share Capital of the Company. In the event that the ASM Group does not exercise the ASM Bonus Warrants before the other Bonus Warrants are exercised and the Bonds are converted, the ASM Group’s shareholdings would fall to approximately 23.56% of the total number of issued Shares. If the ASM Group then chooses to exercise the ASM Bonus Warrants, it and its concert parties may incur an obligation to make a mandatory general offer under Rule 14 of the Code for the remaining Shares not already owned, controlled, or otherwise agreed to be acquired by them, unless the relevant waivers under the Code are obtained.

The SIC had, on 14 March 2014, granted the Whitewash Waiver, subject to the fulfilment of certain conditions as set out in Section 5.2 of the Circular, and these include, inter alia, a majority of the Independent Shareholders of the Company present and voting at a general meeting, held before the issue of the Bonus Warrants, approving the Whitewash Resolution by way of poll.

**Independent Shareholders should note that by voting for the Whitewash Resolution:-**

- (i) they are waiving their rights to a general offer from the ASM Group at the highest price paid by the ASM Group and its concert parties for the Shares in the six (6) months preceding the commencement of the offer; and**
- (ii) they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Bonus Warrants.**

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## APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE WHITWASH RESOLUTION

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### 6. EVALUATION OF THE WHITWASH RESOLUTION

In our evaluation and thereon recommendation of the Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:-

- (i) rationale for the Bonus Warrants Issue and use of proceeds;
- (ii) principal terms of the Bonus Warrants Issue;
- (iii) financial effects of the Bonus Warrants Issue and the Bonds Issue;
- (iv) dilution effects of the Bonus Warrants Issue and Bonds Issue; and
- (v) other relevant considerations.

#### 6.1 Rationale for the Bonus Warrants Issue and Use of Proceeds

The purpose of the Bonus Warrants Issue and the use of proceeds have been extracted from Section 3.4 of the Circular and are as set out in italics below. We recommend that Independent Shareholders read this section of the Circular carefully.

*“The First Exercise Price of S\$1.28 and the Second Exercise Price of S\$2.28 for each Bonus Warrant represent a discount of approximately 23.16% and a premium of approximately 36.87% respectively to the volume weighted average price for trades done on the SGX-ST of S\$1.6658 per Share on 30 December 2013.*

*The Board is of the view that the Bonus Warrants Issue is beneficial to the Company as it will allow the Company to strengthen its cash position and enable the Company to take advantage of any investment opportunities which may arise.*

*Assuming that all the Bonus Warrants are subsequently converted, the estimated proceeds of the Bonus Warrants Issue will range from approximately S\$900 million (where the Bonus Warrants are fully exercised at the First Exercise Price) to S\$1.6 billion (where the Bonus Warrants are fully exercised at the Second Exercise Price).*

*The Company intends to undertake the Bonus Warrants Issue to strengthen its cash position and use the net proceeds for any investments if the opportunities arise and/or general corporate and working capital purposes. As an investment company, the Company is constantly seeking prospective investment opportunities. The Company believes that the proceeds from the Bonus Warrants Issue will allow the Company to seize larger and more exciting investment opportunities to maximise shareholder returns. The Company does not intend to use the proceeds from the Bonus Warrants Issue to fund the payment of the Cash Dividend.*

*Assuming the Bonus Warrants are fully exercised and cost and expenses incurred in relation to the Bonus Warrants Issue of approximately S\$500,000, the amount of net proceeds expected to be used for general corporate and working capital purposes is insignificant. The net proceeds from the Bonus Warrants will primarily be used for making investments.*

*Pending the deployment of the net proceeds from the Bonus Warrants Issue, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.”*



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## APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE WHITWASH RESOLUTION

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### 6.2 Principal terms of the Bonus Warrants Issue

The principal terms of the Bonus Warrants are set out in Section 3.2 of the Circular and some of the salient terms are set out below. Independent Shareholders are advised to read the information contained therein carefully.

The Bonus Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms of the Deed Poll and conditions of the Bonus Warrants, each Bonus Warrant shall entitle the warrant holder to subscribe for one (1) New Share during two (2) distinct exercise periods: -

- (a) at S\$1.28 (the “**First Exercise Price**”) during the six (6) month period commencing on (and including) the date of issue of the Bonus Warrants (“**Warrants Issue Date**”) (the “**First Exercise Period**”); or
- (b) at S\$2.28 (the “**Second Exercise Price**”) during the twelve (12) month period commencing on (and including) the second anniversary of the Warrants Issue Date up to the third anniversary of the Warrants Issue Date (the “**Second Exercise Period**”).

Any Bonus Warrant remaining unexercised at the expiry of the Second Exercise Period shall lapse and cease to be valid for any purpose.

In this respect, we note the following observations:-

- (i) the Bonus Warrants Issue is structured as a renounceable bonus issue of warrants and forms part of the Dividend Package. No immediate cash outlay is required from Entitled Shareholders to take up their entitlements to the Bonus Warrants. Further, Entitled Shareholders who do not intend to exercise the Bonus Warrants may be able to sell the Bonus Warrants, upon the listing and quotation of the Bonus Warrants on the Main Board of the SGX-ST;
- (ii) the Bonus Warrants will be issued to Entitled Shareholders on a *pro-rata* basis. Accordingly, the Independent Shareholders will not be disadvantaged or prejudiced relative to the ASM Group in the allocation of their entitlements to the Bonus Warrants pursuant to the Bonus Warrants Issue. In the event that the Bonus Warrants are accepted and fully exercised by all Entitled Shareholders (and assuming the Bonds have not been converted), the current percentage shareholding structure of the Company will remain unchanged. In the case of Foreign Shareholders who are not entitled to the Bonus Warrants, it is stated in Section 3.3.3 of the Circular that the Company will at its sole discretion and if practicable, sell such Bonus Warrants on the SGX-ST and the net proceeds from such sales will be pooled and thereafter distributed among Foreign Shareholders in proportion of their respective shareholdings, or as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date, provided that the net proceeds to be distributed to any single Foreign Shareholder is at least S\$10.00;
- (iii) the First Exercise Price of S\$1.28 represents a discount of approximately 23.16% to the volume weighted average price (“**VWAP**”) for trades done on the SGX-ST on 30 December 2013 (being the last market day on which the Shares were traded prior to the Announcement) of S\$1.6658 per Share, whilst the Second Exercise Price of S\$2.28 represents a premium of approximately 36.87% to the VWAP for trades done on the SGX-ST on 30 December 2013 (being the last market day on which the Shares were traded prior to the Announcement) of S\$1.6658 per Share;

**APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS  
OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO  
THE WHITWASH RESOLUTION**

- (iv) based solely on the First Exercise Price of S\$1.28 as compared to the VWAP of S\$1.6658 prior to the Announcement and last transacted price of S\$1.675 as at the Latest Practicable Date, the Bonus Warrants would be “in-the-money” and would have an intrinsic value of S\$0.3858 and S\$0.395 respectively, thereby making it attractive for the Bonus Warrants to be immediately exercised into the New Shares by Entitled Shareholders seeking to increase their investments in the Company’s Shares. Further, it is noted that the Bonus Warrants Issue is structured to encourage early exercise of the Bonus Warrants as warrant holders who exercises the Bonus Warrants only during the Second Exercise Period will be paying a much higher exercise price of S\$2.28, which is approximately 78.1% higher than the First Exercise Price.

**6.2.1 Market Statistics of Selected Bonus Issue of Warrants**

In assessing the reasonableness of the exercise prices of the Bonus Warrants, we have extracted publicly available information issued by selected companies (“**Selected Companies**”) on bonus issue of warrants available on the SGX-ST website for the period from January 2012 to the Latest Practicable Date for comparison. For the purpose of evaluating the exercise prices of the Bonus Warrants, we have considered the overall premium/(discount) of the warrants as computed based on the exercise prices of the warrants as compared to the market share prices prior to the announcements of the Selected Companies.

The table as shown below summaries the compiled statistics of the Selected Companies:-

<b>Selected Company</b>	<b>Announcement Date</b>	<b>Basis</b>	<b>Exercise period (years)</b>	<b>Last transacted price<sup>(1)</sup> (S\$)</b>	<b>Exercise price of warrants (S\$)</b>	<b>Premium/ (discount) of exercise price to last transacted price (%)</b>
Second Chance Properties Ltd	3-Feb-2012	1-for-1	2	0.355	0.400	12.7
Asiatravel.com Holdings Ltd	17-Dec-2012	1-for-8	1 (Tranche 1)	0.280	0.245	(12.5)
		1-for-8	3 (Tranche 2)	0.280	0.273	(2.5)
Rowsley Ltd	21-Dec-2012	2-for-1	2.5	0.141	0.180	27.7
Ntegrator International Ltd	20-Mar-2013	1-for-2	3	0.091	0.020	(78.0)
ACMA Ltd	16-May-2013	1-for-3	3	0.042	0.035	(16.7)
Heeton Holdings Limited	26-Jun-2013	1-for-5	2	0.558	0.700	25.4
CCM Group Limited	6-Aug-2013	10-for-1	3	0.084	0.010	(88.1)
Centurion Corporation Limited	13-Aug-2013	1-for-10	4	0.480	0.500	4.2
Tritech Group Limited	27-Sep-2013	1-for-2	5	0.3575 <sup>(2)</sup>	0.200	(44.1)
Falcon Energy Group Limited	18-Nov-2013	1-for-10	1.5	0.410	0.430	4.9
					<b>High</b>	<b>27.7</b>
					<b>Low</b>	<b>(88.1)</b>
					<b>Average</b>	<b>(15.2)</b>
<b>TIH</b>	<b>30-Dec-2013</b>	<b>3-for-1</b>	<b>1.5</b>	<b>1.695</b>	<b>1.28 / 2.28<sup>(3)</sup></b>	<b>(24.5) / 34.5</b>

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## APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE WHITEWASH RESOLUTION

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Notes:

- (1) Last transacted share price prior to the announcement of the bonus issue of warrants.
- (2) Adjusted for the proposed 2-for-1 share split.
- (3) First Exercise Price of S\$1.28 for Bonus Warrants exercised during the First Exercise Period and Second Exercise Price of S\$2.28 for Bonus Warrants exercised during the Second Exercise Period.

We note from the above table that the premiums/(discounts) of the Selected Companies' bonus issue of warrants, based on their last transacted share price prior to their respective announcements ranged from a discount of 88.1% to a premium of 27.7%. In comparison, the discount of the First Exercise Price of 24.5% is within the range of discounts of exercise prices of the bonus issue of warrants of the Selected Companies, while the premium of the Second Exercise Price of 34.5% (which only applies if the Bonus Warrants are exercised during the Second Exercise Period) is above the upper limit of the range of premiums of exercise prices of the bonus issue of warrants of the Selected Companies. The structure of the Bonus Warrants Issue encourages early exercise of the Bonus Warrants as warrant holders who exercises the Bonus Warrants only during the Second Exercise Period will have to pay a much higher exercise price of S\$2.28.

Shareholders should note that the Selected Companies statistics may be affected by different market and economics condition. In addition, these Selected Companies are operating in different industry/business as the Company. As such, any comparison made is necessarily limited and serves only as an illustrative guide and should not be conclusively relied upon.

### 6.3 Financial Effects of the Bonus Warrants Issue and the Bonds Issue

The pro forma financial effects of the Bonus Warrants Issue and the Bonds Issue based on the audited consolidated financial statements of the Group for the full year ended 31 December 2012 and 31 December 2013 are set out in Section 8 of the Circular. It should be noted that the pro forma financial effects presented are strictly for illustration purposes only and do not necessarily reflect the actual future financial position and results of the Company following the completion of the Bonus Warrants Issue and the Bonds Issue.

During the exercise period, if any of the Bonus Warrants or the Bonds are exercised or converted (as the case maybe), the payment of the exercise price of the Bonus Warrants and the issuance of the New Shares or Conversion Shares (as the case may be) will have a financial effect on the issued share capital of the Company, NTA per Share, EPS and gearing level of the Group.

In summary, the Bonus Warrants Issue, assuming the Bonus Warrants are exercised and the New Shares issued, will:-

- (i) increase the number of issued Shares and the issued share capital of the Company by the number of Bonus Warrants exercised and by the net proceeds from the exercise of the Bonus Warrants respectively;
- (ii) increase the NTA per Share of the Group to the extent that the Bonus Warrants are exercised into New Shares, due mainly to the First Exercise Price and Second Exercise Price being at significant premiums to the NTA per Share of the Group before the Bonus Warrants Issue;
- (iii) decrease the Group's EPS due mainly to the increase in the number of issued Shares when the Bonus Warrants are exercised into New Shares; and
- (iv) not have an impact on the Group's gearing ratio as the Group was in net cash position.

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## **APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE WHITEWASH RESOLUTION**

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And the Bonds Issue, assuming the Bonds are converted and the Conversion Shares issued, will:-

- (i) increase the number of issued Shares and the issued share capital of the Company by the number of Conversion Shares issued and by the amount of Bonds converted respectively;
- (ii) may increase/decrease the NTA per Share of the Group depending on whether the Bonds are converted into Conversion Shares at a conversion price that is at a premium/discount to the NTA per Share of the Group before the conversion of the Bonds but after all Bonus Warrants are exercised;
- (iii) decrease the Group's EPS due mainly to the increase in the number of issued Shares when the Bonds are converted into Conversion Shares; and
- (iv) not have an impact on the Group's gearing ratio as the Group remains in a net cash position (assuming the Bonus Warrants are exercised). In addition, the liabilities in respect of the Bonds will be extinguished and transferred to equity upon the conversion of the Bonds into Conversion Shares.

### **6.4 Dilution Effects of the Bonus Warrants Issue and Bonds Issue**

There will be no dilution impact on the Independent Shareholders under the scenario where none of the Bonds are converted and all Shareholders take up their pro-rata entitlements under the Bonus Warrants Issue and subsequently exercise their Bonus Warrants in full.

The maximum dilution impact on the Independent Shareholders will occur under the scenario where only the ASM Bonus Warrants are exercised in full subsequently and all Bonds (comprising the Basic Subscription Tranche and the Upsize Tranche) are converted. In such a case and based on the illustrations as set out in Section 7 of the Circular, the shareholding of the ASM Group and the Subscriber after the completion of the Bonus Warrants Issue and Bonds Issue and upon the exercise of the ASM Bonus Warrants and the full conversion of the Bonds will amount to approximately 82.0% and 1.8% respectively of the enlarged issued and paid-up share capital of the Company. Accordingly, the collective shareholdings of the Independent Shareholders would be correspondingly reduced.

### **6.5 Other Relevant Considerations**

#### ***6.5.1 Inter-conditionality between the Resolutions***

Shareholders should note that the Dividend Package and Bonds Issue are conditional on the Whitewash Resolution being approved by Independent Shareholders at the EGM to be convened. If the Whitewash Resolution is not approved by the Independent Shareholders by way of a poll, the Dividend Package and Bonds Issue will not take place.

#### ***6.5.2 Implications of approval of the Whitewash Resolution***

Independent Shareholders should note that by voting in favour of the Whitewash Resolution:-

- (i) they are waiving their rights to a general offer from ASM Group at the highest price paid by the ASM Group and its concert parties for the Shares in the six (6) months preceding the offer; and
- (ii) they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Bonus Warrants.

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## APPENDIX C – LETTER FROM TATA CAPITAL TO THE INDEPENDENT DIRECTORS OF TRANSPAC INDUSTRIAL HOLDINGS LIMITED IN RELATION TO THE WHITEWASH RESOLUTION

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### 7. OUR OPINION

In arriving at our opinion in respect of the Whitewash Resolution, we have deliberated on various factors which we consider to be pertinent and have a significant bearing on our assessment of the Whitewash Resolution, including, *inter alia*, the following:-

- (i) the rationale for the Bonus Warrants Issue and use of proceeds;
- (ii) no immediate cash outlay is required from Entitled Shareholders to take up their entitlements to the Bonus Warrants and Entitled Shareholders who do not intend to exercise the Warrants may be able to sell the Warrants upon the listing and quotation of the Warrants on the Main Board of the SGX-ST;
- (iii) the Warrants will be issued to Entitled Shareholders on a *pro-rata* basis. Accordingly, the Independent Shareholders will not be disadvantaged or prejudiced relative to the ASM Group in the allocation of their entitlements to the Bonus Warrants pursuant to the Bonus Warrants Issue and there will be no dilution impact on the Independent Shareholders under the scenario where none of the Bonds are converted and all Shareholders take up their pro-rata entitlements under the Bonus Warrants Issue and subsequently exercise their Bonus Warrants in full;
- (iv) the financial effects of the Bonus Warrants Issue and the Bonds Issue; and
- (v) the Dividend Package and Bonds Issue are conditional on the Whitewash Resolution being approved by Independent Shareholders at the EGM to be convened. If the Whitewash Resolution is not approved by the Independent Shareholders by way of a poll, the Dividend Package and Bonds Issue will not take place;

**Having regard to the considerations set out in this letter and the information available to us as at the Latest Practicable Date, we are of the opinion that the Whitewash Resolution, when considered in the context of the Bonus Warrants Issue and the Bonds Issue, is not prejudicial to the interest of the Company and its Independent Shareholders. Accordingly, we advise the Whitewash Independent Directors to recommend that Independent Shareholders vote in favour of the Whitewash Resolution to be proposed at the EGM.**

This letter has been prepared for the benefit of the Whitewash Independent Directors, in connection with and for the purpose of their consideration of the Whitewash Resolution. The recommendation to be made by the Whitewash Independent Directors to the Independent Shareholders in relation to the Whitewash Resolution shall remain the responsibility of the Whitewash Independent Directors. Whilst a copy of this letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose other than for the purpose of the EGM and for the purpose of the Whitewash Resolution, at any time and in any manner without our prior written consent in each specific case.

This letter is governed by and to be construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

For and on behalf of  
**Tata Capital Markets Pte. Ltd.**

Wayne Lee Chin Ing  
CEO & Executive Director  
Head of Corporate Finance

Foo Say Nam  
Vice President  
Corporate Finance

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### TRANSPAC INDUSTRIAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199400941K)

Unless otherwise defined or the context otherwise requires, all capitalized terms herein shall bear the meanings given in the circular dated 7 April 2014 issued by the Company (the “**Circular**”)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of the shareholders (the “**Shareholders**”) of Transpac Industrial Holdings Limited (the “**Company**”) will be held on 29 April 2014 at 11.00 a.m. at Concorde 1, 3rd Level, Concorde Hotel Singapore, 100 Orchard Road, Singapore 238840 or immediately after the conclusion of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place (or the adjournment thereof) for the purposes of considering and, if thought fit, passing (with or without modifications) the following Ordinary Resolutions and Special Resolution:

#### **ORDINARY RESOLUTION 1: THE INTERNALISATION EXERCISE**

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Internalisation Exercise, including the entry into the Deed with the Manager who is an interested person (as defined in Chapter 9 of the Listing Manual) and the transactions contemplated therein; and
- (b) the Directors or any one of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the matters referred to in paragraph (a) of this resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

#### **ORDINARY RESOLUTION 2: THE DIVIDEND PACKAGE**

That conditional upon the passing of Ordinary Resolutions 1 and 4:

- (a) approval be and is hereby given for the Dividend Package, including
  - (i) the allotment and issue by the Company of up to 702,942,318 Bonus Warrants to be issued free, each Bonus Warrant entitling the holder thereof to subscribe for one (1) New Share at the First Exercise Price during the First Exercise Period or at the Second Exercise Price during the Second Exercise Period, subject to the terms and conditions of the Deed Poll to be executed by the Company on such terms and conditions as the Directors may deem appropriate;
  - (ii) such further Bonus Warrants to be allotted and issued pursuant to any adjustments made to the Bonus Warrants in accordance with the terms of the Deed Poll and the conditions of the Bonus Warrants (and any such further Bonus Warrants to rank *pari passu* with the Bonus Warrants and for all purposes to form part of the same series);
  - (iii) the allotment and issue of up to 702,942,318 New Shares upon the exercise of the Bonus Warrants in accordance with the terms of the Deed Poll and the conditions of the Bonus Warrants, whereby such New Shares shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the Record Date for which falls on or before the exercise date of the Bonus Warrants;



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (iv) the allotment and issue of such further New Shares as may be required to be allotted and issued upon the exercise of any further or additional Bonus Warrants referred to in paragraph (ii) of this resolution, whereby such further New Shares shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the Record Date for which falls on or before the exercise date of the Bonus Warrants; and
- (b) the Directors and each of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the matters referred to in the paragraph (a) of this resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

### **ORDINARY RESOLUTION 3: THE PROPOSED ISSUE OF UP TO S\$18,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF ZERO COUPON CONVERTIBLE BONDS TO COSMIC VENTURES LIMITED**

That conditional upon the passing of Ordinary Resolutions 1 and 4:

- (a) approval be and is hereby given for the Bonds Issue subject to the terms of the Subscription Agreement and on the terms and conditions of the Bonds, including
  - (i) the issue and allotment of up to S\$18,900,000 in aggregate principal value of the Bonds to the Subscriber;
  - (ii) the allotment and issue of such number of Conversion Shares as may be required to be allotted and issued upon the exercise of the Bonds, whereby such Conversion Shares shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the Record Date for which falls on or before the conversion date of the Bonds; and
  - (iii) the allotment and issue of such number of further Conversion Shares to be allotted and issued pursuant to any adjustments made to the Conversion Price of the Bonds in accordance with the terms of the Subscription Agreement and conditions of the Bonds, whereby such number of further Conversion Shares shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the Record Date for which falls on or before the conversion date of the Bonds; and
- (b) the Directors and each of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the matters referred to in paragraph (a) of this resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

### **ORDINARY RESOLUTION 4: THE WHITEWASH RESOLUTION**

That subject to the SIC Conditions in the letter from the SIC dated 14 March 2014 being fulfilled, the Independent Shareholders for the Whitewash Resolution do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a Mandatory Offer from the ASM Group and its concert parties, for all the Shares not already owned or controlled by the ASM Group and its concert parties, as a result of or in connection with the Bonus Warrants Issue (including the issue of the New Shares upon the exercise of the Bonus Warrants) and the Bonds Issue (including the Conversion Shares).

### **SPECIAL RESOLUTION 5: THE PROPOSED CHANGE OF THE COMPANY'S NAME TO "TIH LIMITED"**

That conditional upon the passing of Ordinary Resolution 1:

- (a) approval be and is hereby given to change the Company's name from "Transpac Industrial Holdings Limited" to "TIH Limited"; and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (b) the Directors and each of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the matter referred to in paragraph (a) of this resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

**THE RESOLUTIONS FOR THE DIVIDEND PACKAGE, BONDS ISSUE AND CHANGE OF NAME ARE CONDITIONAL UPON THE INTERNALISATION EXERCISE BEING APPROVED. SHAREHOLDERS SHOULD NOTE THAT THE DIVIDEND PACKAGE, BONDS ISSUE AND CHANGE OF NAME WILL NOT BE APPROVED UNLESS THE INTERNALISATION EXERCISE IS APPROVED.**

**THE DIVIDEND PACKAGE AND BONDS ISSUE ARE ALSO CONDITIONAL UPON THE WHITEWASH RESOLUTION BEING APPROVED. IN THE EVENT THAT THE WHITEWASH RESOLUTION IS NOT APPROVED, THE DIVIDEND PACKAGE AND BONDS ISSUE WILL NOT BE APPROVED.**

BY ORDER OF THE BOARD  
**Transpac Industrial Holdings Limited**

Tham Shook Han (Ms)  
Company Secretary  
7 April 2014

**Notes:**

- 1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy need not be a member of the Company.*
- 2. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
- 3. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.*
- 4. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the EGM will act as your proxy.*
- 5. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at 79 Robinson Road, #11-06 CPF Building, Singapore 068897 not less than 48 hours before the time appointed for holding the EGM and at any adjournment thereof.*
- 6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited at least 48 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.*

## PROXY FORM

### TRANSPAC INDUSTRIAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Co. Reg. No.: 199400941K)

### EXTRAORDINARY GENERAL MEETING - PROXY FORM

**IMPORTANT:**

1. For investors who have used their CPF monies to buy shares in the capital of Company, this Proxy Form is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

\*I/We, \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_

of (Address) \_\_\_\_\_

being a \*member/members of **TRANSPAC INDUSTRIAL HOLDINGS LIMITED** (the “Company”) hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

or failing which, the Chairman of the extraordinary general meeting (the “EGM”), as \*my/our proxy/proxies to vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll at the EGM to be convened on 29 April 2014 at 11.00 a.m. or immediately after the conclusion of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place (or the adjournment thereof) at Concorde 1, 3rd Level, Concorde Hotel Singapore, 100 Orchard Road, Singapore 238840 and at any adjournment thereof. \*I/ We direct \*my/our proxy/proxies to vote for or against the ordinary resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the EGM.

	To be used on a show of hands		To be used in the event of a poll	
	For <sup>(1)</sup>	Against <sup>(1)</sup>	No. of votes for <sup>(2)</sup>	No. of votes against <sup>(2)</sup>
<b>Ordinary Resolution</b>				
1. The Internalisation Exercise				
2. The Dividend Package				
3. The Bonds Issue				
4. The Whitewash Resolution				
<b>Special Resolution</b>				
5. The Change of Name				

**Notes:**

- (1) Please indicate your vote “For” or “Against” with a tick within the box provided.
- (2) If you wish to exercise all your votes “For” or “Against”, please indicate with a tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Total number of Shares held	
CDP Register	
Register of Members	

\_\_\_\_\_  
\*Signature(s) of Member(s)/Common Seal

\*Delete accordingly



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## PROXY FORM

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### **IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM**

#### **Notes:**

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one (1) or two (2) proxies to attend and vote in his stead.
2. Where a member appoints more than one (1) proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A proxy need not be a member of the Company.
4. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the register of members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the register of members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 79 Robinson Road, #11-06 CPF Building, Singapore 068897 not less than 48 hours before the time set for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder of the Company may, in accordance with section 179 of the Companies Act, Cap. 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.