

CIRCULAR DATED 10 SEPTEMBER 2014

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

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

If you have sold or transferred all your shares in the capital of Lian Beng Group Ltd (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

Investing in our Shares involves certain risks. In particular, please see “Risk Factors Relating to the Proposed Diversification” beginning on page 10 of this Circular.

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



聯明集團有限公司
LIAN BENG GROUP LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199802527Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (I) PROPOSED DIVERSIFICATION INTO THE AUTOMOTIVE BUSINESS (AS DEFINED IN THIS CIRCULAR); AND**
- (II) SPECIFIC APPROVAL FOR INVESTMENTS IN AND/OR THE CONTRACT VALUE IN RELATION TO TRANSACTIONS IN THE AUTOMOTIVE BUSINESS PURSUANT TO THE TERMS OF THE HOA (AS DEFINED IN THIS CIRCULAR) WHICH WILL CONSTITUTE A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form :	24 September 2014 at 11.00 a.m.
Date and time of Extraordinary General Meeting :	26 September 2014 at 11.00 a.m. (or at such time immediately following the annual general meeting of the Company on the same date at 10.00 a.m.)
Place of Extraordinary General Meeting :	29 Harrison Road Lian Beng Building Singapore 369648

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “Act”* : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “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 company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Automotive Business”* : Sourcing, buying, selling and leasing of all types and brands of cars, vehicles and automobiles (both new and used ones) and their spare parts and accessories, provision of vehicle service and repair work, and other ancillary or related services, such as hire-purchase, vehicle financing and motor insurance arrangements
- “Automotive Business Transactions”* : Transactions and/or investments relating to Automotive Business pursuant to the terms of the heads of agreement which will constitute a major transaction under Chapter 10 of the Listing Manual
- “Board”* : The board of directors of the Company as at the date of this Circular
- “CDP”* : The Central Depository (Pte) Limited
- “Circular”* : This circular to Shareholders dated 10 September 2014 in respect of the Proposed Diversification and Automotive Business Transactions
- “COE”* : Certificate of Entitlement, a right to vehicle ownership
- “Company”* : Lian Beng Group Ltd.
- “Control”* : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
- “Controlling Shareholder”* : A person who:
(a) holds directly or indirectly 15% or more of the issued share capital of the Company; or
(b) in fact exercises Control over the Company

DEFINITIONS

<i>"Directors"</i>	: The directors of the Company as at the date of this Circular
<i>"EGM"</i>	: The extraordinary general meeting of the Company, notice of which is given on page 20 of this Circular
<i>"FY"</i>	: Financial year of the Company ended or ending 31 May (as the case may be)
<i>"Group"</i>	: The Company and its Subsidiaries
<i>"Latest Practicable Date"</i>	: 14 August 2014, being the latest practicable date prior to the printing of this Circular
<i>"Listing Manual"</i>	: The listing manual of the SGX-ST and its relevant rules, as amended or modified from time to time
<i>"Proposed Diversification"</i>	: The diversification of the Group's business to include the business relating to the Automotive Business
<i>"Securities Account"</i>	: The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
<i>"SGX-ST"</i>	: Singapore Exchange Securities Trading Limited
<i>"Share(s)"</i>	: Ordinary share(s) in the share capital of the Company
<i>"Shareholders"</i>	: The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
<i>"Substantial Shareholders"</i>	: A person (including a corporation) who holds directly or indirectly 5% or more of the issued capital in the Company
<i>"Subsidiary"</i>	: A subsidiary of the Company within the definition of Section 5 of the Act

Currencies, Units and Others

<i>"S\$"</i>	: Singapore dollar
<i>"%" or "per cent"</i>	: Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the same meanings ascribed to them, respectively, in Section 130A of the Act. The term "Subsidiary" shall have the same meaning ascribed to it in Section 5 of the Act. The term "Direct Account Holder" shall have the same meaning ascribed to the term "account holder" in Section 130A of the Act.

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

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

DEFINITIONS

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

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

LETTER TO SHAREHOLDERS

LIAN BENG GROUP LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199802527Z)

Directors

Ong Pang Aik (*Executive Chairman and Managing Director*)
Ong Lay Huan (*Executive Director*)
Ong Lay Koon (*Executive Director*)
Dr Wan Soon Bee (*Independent Director*)
Sitoh Yih Pin (*Independent Director*)

Registered Office

29 Harrison Road
Lian Beng Building
Singapore 369648

10 September 2014

To: The Shareholders of Lian Beng Group Ltd

Dear Sir/Madam

- (I) PROPOSED DIVERSIFICATION INTO THE AUTOMOTIVE BUSINESS; AND**
- (II) SPECIFIC APPROVAL FOR INVESTMENTS IN AND/OR THE CONTRACT VALUE IN RELATION TO TRANSACTIONS IN THE AUTOMOTIVE BUSINESS PURSUANT TO THE TERMS OF HOA WHICH WILL CONSTITUTE A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL**

1. INTRODUCTION

On 19 March 2014, the Company announced that the Company, VT Development Pte Ltd ("**VTD**") and Vincar Leasing Pte. Ltd ("**VinCar**") have jointly incorporated a joint-venture company in Singapore, named Wealth Assets Pte. Ltd. ("**Wealth Assets**"). The Company, VTD and VinCar each hold in the proportion of 80:10:10 respectively, equity interest in the share capital of Wealth Assets. The beneficiary owner of VTD and VinCar is Mr Tan Swee Poh Vincent ("**Mr Vincent Tan**"), who is not related to any Directors or Substantial Shareholders of the Company. VTD had subsequently transferred its entire shares in Wealth Assets to VinCar. As at the Latest Practicable Date, Wealth Assets has an issued and paid up capital of S\$100 divided into 100 ordinary shares and is 80% and 20% held by the Company and VinCar, respectively. Both VTD and VinCar are part of the VinCar and its related companies ("**VinCar Group**"). Please refer to Section 3.3 of the Circular for more information on VinCar Group.

On 11 April 2014, the Company announced that Wealth Assets had been awarded the tender for the purchase of the property along Leng Kee Road and Alexandra Road, Singapore ("**Leng Kee Property**") at a purchase price of S\$46.2 million subject to Housing Development Board's approval (the "**Acquisition**"). Wealth Assets had received the Housing Development Board's approval for the transfer of lease of the Leng Kee Property in June 2014.

On 28 April 2014, the Company further announced that the current plans of the Group are to leverage on the business experience and expertise of its joint-venture partner, VinCar who is familiar with the automotive business, in planning for the usage of the Leng Kee Property as the vicinity of Leng Keng Road is an automotive belt with an abundance of car-related business. As indicated, Wealth Assets has contemplated to engage in the provision of car maintenance

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and general services as the Group has a fleet of cars, commercial vehicles and mixer trucks with an aggregate carrying cost value of S\$22.3 million as at 31 May 2014, which are used in connection with its building construction, civil engineering business, property development, ready-mixed concrete, engineering and leasing businesses, which will become a ready pool of users for services relating to maintenance, servicing and repair of the Group's fleet of vehicles.

On 24 June 2014, the Company announced that the Acquisition has completed.

Following a review of the opportunities arising from the Leng Kee Property and sourcing, buying, selling and leasing of all types and brands of cars, vehicles and automobiles (both new and used ones) and their spare parts and accessories, provision of vehicle service and repair work, and other ancillary or related services, such as hire-purchase, vehicle financing and motor insurance arrangements (the "**Automotive Business**"), the Company has decided to obtain approval from its Shareholders to diversify into the Automotive Business. Accordingly, the Company entered into a legally binding heads of agreement ("**HOA**") with VinCar to develop the Automotive Business, which was announced on 11 August 2014.

The Directors are convening the EGM to be held on 26 September 2014 to seek the approval of the Shareholders for the diversification of the Group's business to include the business relating to the Automotive Business (the "**Proposed Diversification**") and transactions and/or investments relating to Automotive Business pursuant to the terms of the HOA which will constitute a major transaction under Chapter 10 of the Listing Manual (the "**Automotive Business Transactions**"). The Notice of the EGM is set out in page 20 of this Circular.

The purpose of this Circular is to provide Shareholders with information relating to, and explain the rationale for, and to seek the Shareholders' approval for:

- (a) the Proposed Diversification; and
- (b) the Automotive Business Transactions ,

at the forthcoming EGM.

2. PROPOSED DIVERSIFICATION OF BUSINESS

2.1 Existing business of the Group

The Group is principally involved in the construction of residential, industrial and commercial projects, and civil engineering projects as a main contractor.

As a Building and Construction Authority (BCA) Grade A1 contractor in General Building, the Group can tender for public sector building projects of unlimited contract value, while its A2 grade in Civil Engineering allows it to tender for engineering projects of up to S\$85 million in contract value. Based on years of experience and impeccable track record, the Group has established a reputation in managing large-scale and complex construction projects.

The Group also engages in other construction related activities such as the provision of scaffolding and engineering services, supply of ready-mix concrete, leasing of equipment and machinery, reinforcement bar fabrication, sourcing and management of construction materials and training of foreign construction labour.

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Apart from construction, the Group also engages in property development, mostly through joint ventures. Some of its property development and investment projects include OLA Residences, Kovan Residences, 111 Emerald Hill, Lincoln Suites, M-Space, Spottiswoode Suites and The Midtown & Midtown Residences. The Group has also developed and presently operates a workers' dormitory, through a joint venture, at Mandai Estate. Over the years, the real estate portfolio of the Group has grown from residential cum commercial to high end residential, commercial, retail, industrial and office developments in Singapore. Some of these properties were wholly owned and others were partly owned through a consortium, of which some were managed by the Group.

2.2 Information regarding the Automotive Business

The Automotive Business involves sourcing, buying, selling and leasing of all types and brands of cars, vehicles and automobiles (both new and used ones) and their spare parts and accessories, provision of vehicle service and repair work, and other ancillary or related services, such as making referral to banks, finance companies and/or insurance agents for hire purchase, vehicle financing and motor insurance arrangements. The source of vehicles for the Automotive Business can be through parallel imports or through securing direct representation or distribution rights from principals or manufacturers of certain brands of cars, including luxury cars. The Group does not intend to secure any representation or distribution rights from principals or car manufacturers presently. As a start, the Group will operate the Automotive Business in joint venture with VinCar and will engage in and focus on business of parallel import of vehicles from overseas suppliers in respect of the trading aspect of the Automotive Business at the Leng Kee Property.

In addition, the sale and renting of cars, vehicles and automobiles to customers are generally accompanied by contract of maintenance and/or warranties and other ancillary works. This involves storage of vehicles, pre-sales checks, testing and grooming of the vehicles as well as after-sale services, which includes maintenance, servicing and repair. To this end, the Leng Kee Property will also house the vehicle repairing and servicing activities contemplated under Automotive Business.

Currently, the Group intends to carry on and operate the Automotive Business in Singapore. The Group will also source its supplies (i.e. cars, commercial vehicles and mixer trucks) from a new entity to be set up by Wealth Assets to operate the Automotive Business in joint venture with VinCar ("**New JVC**") at competitive prices when there is a need to replace its current fleet of cars, commercial vehicles and mixer trucks.

The Company also proposes, as part of the Automotive Business, to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares or interests in any entity that is in the Automotive Business. Any business activities as set out in Section 2.2 of this Circular shall upon approval of the Proposed Diversification by the Shareholders at the EGM, constitute part of the ordinary course of business of the Group.

2.3 Funding for the Proposed Diversification

It is anticipated that the Automotive Business may require substantial capital investments or cash outlay. The Company intends to fund the Automotive Business through a combination of internal sources of funds, borrowings from financial institutions. As and when necessary and deemed appropriate, the Group may explore secondary fund raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

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2.4 Business Strategies and Future Plans

Industry Overview for the Automotive Business

Singapore's automobile market began consolidating since 2008, due to the successive contraction of the COE quotas. Conditions in the market continued to be lacklustre, with parallel import sales contracting from 1,928 units in 2011 to 1,172 units in 2013. The overall growth of motor vehicle population in Singapore has also fallen to around 0.4% in 2013, lower than the annual average growth of 3% to 5% over the past decade. The lacklustre conditions in 2013 were mainly a result of the government implementing a tiered Additional Registration Fee (ARF) structure and the Monetary Authority of Singapore tightening vehicle financing rules.

Generally, the Land Transport Authority ("**LTA**") determines the vehicle quota after taking into account, *inter alia*, number of de-registered vehicles and allowable growth in vehicle population. The number of de-registered vehicles and vehicle population¹ in the past five years are set out below:-

Year	Number of de-registered vehicles	Vehicle population
2009	58,102	925,518
2010	40,707	945,829
2011	36,980	956,704
2012	34,349	969,910
2013	41,501	974,170

As the population in Singapore and its economy continue to grow, more people and goods will need to be transported. The capacity of transport system needs to grow correspondingly. At the same time, LTA continues to build up and improve the land transport system. Since 2008, LTA has expanded the road network by constructing the Kallang-Paya Lebar Expressway (KPE) (2008), widening the Central Expressway (CTE) from Yio Chu Kang Road to Bukit Timah Road (2011), upgrading the Woodsville Interchange (2012) and constructing the Marina Coastal Expressway (MCE) in 2013. In addition, the Sentosa Gateway Tunnel is to be completed in 2015 and the North-South Expressway is also in the pipeline².

Having regard to the above, the Board is of the view that LTA is expected to increase the COE allocation in the future and hence, overall sales in the automobile are expected to improve.

With the acquisition of the Leng Kee Property by Wealth Assets (in which the Group holds 80% of its share capital), the Group is poised to leverage on the potential of the automotive industry as it owns a prime real estate in Leng Kee area, which is an established premier automotive belt with easy accessibility from the ports of Singapore.

Subject to the regulatory approvals, the Group plan to redevelop the Leng Kee Property for use as car showrooms, warehousing and storage facility, motor workshop to provide vehicle repair and servicing activities, and other ancillary functions. Upon completion of the redevelopment of Leng Kee Property, it will serve as a one-stop showroom, service and spare parts centre and delivery hub for customers. Other than deriving passive rental income from rental of certain parts of the Leng Kee Property to third parties, the Group plans to generate revenue from the Automotive Business.

¹ Annual Vehicle Statistics 2013, Land Transport Authority

² Land Transport Master Plan 2013

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Moving forward, additional steps will be carried by the Group to integrate the risk assessment results of the Automobile Business to the existing internal controls and checking mechanism which include commissioning an independent audit on internal controls for its assurance and to address any financial and operational risks.

2.5 Rationale for the Proposed Diversification

The Proposed Diversification is a corporate strategy of the Group to provide Shareholders with diversified returns and long-term growth, by adding to the Group new revenue and earnings stream, which can at the same time leverage on the other core businesses of the Group, such as building construction, property investment, development and management.

The rationale of the Group for the Proposed Diversification is mainly as follows:-

- (a) The acquisition of Leng Kee Property has placed the Group in a competitive edge to embark onto the Automotive Business as a natural fit since the Leng Kee Property is located in an established premier automotive belt.
- (b) The Company considers the Automotive Business to have the potential to add value to the business of the Group. Presently, the Group incurs regular maintenance costs by engaging external third parties to provide repair and maintenance services for its fleet of cars, commercial vehicles and mixer trucks. Going forward, the Group will be channelling its requirements for maintenance, servicing and repair of its fleet of vehicles to the New JVC. In addition, the Group is able to generate revenue by trading, repair and maintenance of automobile provided to external customers.

Having regard to the above, the Board is of the view that the undertaking of the Automotive Business is in the best interest of the Company.

2.6 Risk Factors Relating to the Proposed Diversification

The risks set out below are the material risks which the Group faces following the Proposed Diversification. If any of the following considerations, risks or uncertainties develops into actual events, the business, financial condition, results of operations, cash flow and prospects of the Group may be affected.

The Group has no prior track record and operating history in the Automotive Business

As the Group does not have a proven track record in carrying out the Automotive Business, there is no assurance that the Automotive Business will be commercially successful and may suffer losses if the Group is not able to derive sufficient revenue to offset the capital and start-up costs as well as operating costs arising from the Automotive Business.

The Automotive Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Automotive Business effectively, the overall financial position and profitability of the Group may be affected.

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The Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the Automotive Business may involve acquisitions, joint ventures and/or strategic alliances with third parties in Singapore. Participation in joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisitions or opportunities. Furthermore, the Group is expected to rely on its joint venture partners at the initial stage of its foray into the Automotive Business and there is a risk that if any of its joint venture partners is unable to deliver its obligations or commitments under the joint venture (such as failure to perform according to the expertise expected of the joint venture partner or meet the financial obligations), it may cause delay in the completion of the Group's development projects and/or resulting in additional costs to the Group. In such events, the Group's financial performance may be affected.

The Group may face intense competition from existing competitors and new market entrants in the Automotive Business

The Automotive Business is highly competitive, with strong competition from established industry participants who may have larger financial resources or stronger track records. The Group may not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors who may have larger financial resources and stronger track records. In the event that the Group is unable to be competitive, the Group's financial position and performance will be affected.

The Automotive Business is subject to measures taken by the Singapore government in relation to automobile ownerships

Due to limited geographic land area and high population density in Singapore, the Singapore government may take measures to limit automobile ownerships in Singapore from time to time. Any measures taken by the Singapore government to limit automobile ownerships, especially those measures which are likely to lead to an increase in the costs of owning and maintaining an automobile, are likely to lead to less demand for automobiles. For instance, under the tightened automobile loan rules, purchasers are required to place higher down payments for their automobiles and to settle the automobile loan within five (5) years. In the event that purchasers are unable to obtain financing to fund their purchases of automobiles as a result of the tightened automobile loan rules, sales of automobiles will be affected.

The Automotive Business is dependent on the market demand for automobiles

The Automotive Business is dependent on the overall market demand for automobiles, which may be affected by a variety of factors, such as economic conditions, personal disposable income and measures taken by the government. Uncertainties regarding future economic prospects could also affect consumer spending habits. Accordingly, market demand for automobiles tend to decline during periods of recession in general economy.

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The Group is dependent on VinCar and its key management personnel in operating the Automotive Business

The success and growth of the Automotive Business by the Group depends significantly on the expertise and experience of its joint venture partner, VinCar Group and its key management personnel. Notwithstanding that the Group will enter into a management service agreement to engage VinCar Group as the operator and managing agent of the Automotive Business at the Leng Kee Property, the loss of service of Mr Vincent Tan without any suitable replacement will affect the operations in Automotive Business.

The performance of the Automotive Business may be affected by inventory holding costs

The inventory of Automotive Business comprises new automobiles, pre-owned automobiles, automobile parts and accessories. The Group has in place a strategy to keep a reasonable level of inventory of these products to meet the market demand from time to time. As a result of holding and managing the inventory, the Group may incur holding costs such as financing costs, warehousing and logistic costs and insurance costs. A significant increase in these costs may have an impact on the overall financial position and profitability of the Group.

Additional expenses and resources may be incurred in the event of product liability claims or claims for defects or delays in delivery

Any defects in automobiles products, or failure to satisfy the requirements of its customers could lead to claims made against the Group. These claims may include payment for the recall of a product, or to indemnify its customers for the costs of any such claims or recalls which they face as a result of purchasing automobiles or receiving repair and maintenance services automobiles from the Group. In addition, customers may claim against the Group for delayed delivery which may have arisen from the late delivery by any of the suppliers from whom the Group procures its products. In the event that the Group is involved in any legal dispute or court proceedings relating to its products or services, the Group may incur a significant amount of expenses and resources on such proceedings which will affect its financial position and performance.

The Group is exposed to risks associated to deposit payments made to automobile manufacturers

From time to time, the Group is required by automobile manufacturers to make deposit payments upon placement of orders for their new automobiles. In the event that such automobile manufacturers are unable to deliver the orders and deposit payments made by the Group are not refunded, fully or partially on a timely manner, the business, financial position and results of operations may be affected.

2.7 Chapter 10 of the Listing Manual

As the Automotive Business will involve a new business area which is substantially different from the Group's existing core business as described in section 2.1 above, it is envisaged that the Automotive Business will change the existing risk profile of the Group. Accordingly, an EGM will be convened by the Company to seek the Shareholders' approval to approve the Proposed Diversification.

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Upon the approval by Shareholders of the Proposed Diversification, any acquisition which is in, or in connection with, the Automotive Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Listing Manual. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Automotive Business which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek for Shareholders' approval as and when potential transactions relating to the Automotive Business arise, even where they crossed the thresholds of a "major transaction". This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

Pursuant to Rule 1014 of the Listing Manual, a major transaction is a transaction (as defined in Rule 1002(1) of the Listing Manual) where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and must be made conditional upon approval by shareholders in a general meeting.

For the avoidance of doubt, notwithstanding the Proposed Diversification:-

- (i) where the Group enters into the first major transaction (the "**First Major Transaction**") involving the Automotive Business, or where the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual in respect of several transactions aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 20%, such First Major Transaction or (as the case may be) the last of the Aggregated Transactions will be made conditional upon approval by Shareholders at a general meeting;
- (ii) where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 100% or results in a change in control of the issuer, Rule 1015 of the Listing Manual will still apply to such transactions and such transactions must be, among others, made conditional upon approval by shareholders in general meeting; and
- (iii) which constitute an "interested person transaction" as defined under the Listing Manual, Chapter 9 of the Listing Manual will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Listing Manual.

The Company does not expect to enter into any interested person transaction arising from the Proposed Diversification.

3. SPECIFIC APPROVAL FOR INVESTMENTS IN AND/OR THE CONTRACT VALUE IN RELATION TO TRANSACTIONS IN THE AUTOMOTIVE BUSINESS PURSUANT TO THE TERMS OF THE HOA WHICH WILL CONSTITUTE A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

3.1 Organisation of the Automotive Business at the Leng Kee Property

Pursuant to the HOA, the Group shall carry on the Automotive Business in a joint venture with VinCar. Under the terms of the HOA, the parties will:

- (i) Set up the New JVC either wholly or partly owned by Wealth Assets to operate the Automotive Business in joint venture with VinCar on such terms and conditions to be mutually agreed between the parties; and

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- (ii) Mr Vincent Tan will be the managing director of such new entity, who will enter into a service agreement with such new entity on terms to be mutually agreed by the parties.

To mitigate any potential conflict of interest which may arise, VinCar and the New JVC will streamline their businesses such that VinCar will undertake to engage in the trading of passenger car business only and the New JVC will undertake to engage in trading of commercial vehicles and mixer trucks as well as repair and maintenance of automobiles.

Other than the joint venture with VinCar, the Group may also carry on the Automotive Business independently or in joint venture or collaboration with any other third parties who have the relevant expertise and resources in the future. The decision on whether a project should be carried on by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, market conditions, taking into account the opportunities available and the period of time and resources that is required to operate and manage the Automotive Business. Some of these considerations include (i) whether the proposed new joint venture project concerns the same type of business activities which the New JVC would have experience in by that time; (ii) the amount of funding required and expected time to recover its cost of investment and returns of its investment; and (iii) the potential risks which may lead to the proposed joint venture not being implemented according to its desired objective or timeframe.

It is envisaged that the Group will start the new business on a small scale basis, and will grow and expand the Automotive Business depending on the revenue actually generated, contracts and opportunities available. Other than the joint venture with VinCar, the Group has not identified any other projects as at the Latest Practicable Date.

Before undertaking any major project in the Automotive Business, and where relevant, the management of the Company will prepare a feasibility study containing financial forecasts, risk analysis, market study, funding needs, growth potential and projected returns of the project concerned to decide on the nature and extent of the Group's investment in such project.

At the initial stage, the Group intends to embark on the Automotive Business with VinCar. The Group may also explore joint venture and/or strategic alliances to carry out the Automotive Business as and when the opportunity arises.

3.2 Management and Manpower required for the Automotive Business

Although the Automotive Business is different from the Group's existing business, the Board is of the view that the relevant experience and expertise required can be acquired and developed by the Group over time as it progresses in these industries. As a start, the Group will be leveraging on the experience of its joint venture partner, VinCar, and its managing director and sole shareholder, Mr Vincent Tan. The Group will enter into a management service agreement to engage VinCar Group as the operator and managing agent of the Automotive Business to be carried out and operated by the New JVC at the Leng Kee Property. Mr Vincent Tan will be carrying out his duties and responsibilities for the New JVC through his role as managing director of VinCar pursuant to the aforesaid management service agreement. The New JVC will also enter into a service agreement with Mr Vincent Tan which will peg his remuneration based on the performance and revenue to be generated by the New JVC. It is envisaged that Mr Vincent Tan will spend at least 50% (or more as the Automotive Business expands in the future) of his time in the Automotive Business to be carried by the New JVC to ensure adequacy of oversight of his area

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of responsibility as the proposed managing director of the New JVC. As at the Latest Practicable Date, the terms of the management service agreement and service agreement to be entered between the parties have not been finalised.

Other key personnel who are lined up to handle the management of the Automotive Business at the Leng Kee Property are set out below:-

Name	Area of responsibilities	Background and experience
Khung Poh Sun	Sales and operations	Currently a Director, Operations & Logistics of VinCar, who has 20 years of relevant experience
Ng Hui Bin	Administration	Currently a Senior Manager, Admin & Operations of VinCar, who has 15 years of relevant experience
Kelvin Lim	Servicing and maintenance	Currently a Director of MBM Wheel Power Pte Ltd., an outsourcing partner of VinCar which provides automobile servicing and repair for more than 10 years

Other than Mr Vincent Tan who is currently a director of Wealth Assets, the Company has two representations, namely Mr Ong Pang Hoo (Project Director of the Group) and Mr Ong Eng Keong (Director of Lian Beng Realty Pte Ltd, a wholly-owned subsidiary of the Company) on the board of Wealth Assets who will also be responsible for overseeing the Automotive Business at the Leng Kee Property.

In addition, the Group will, as and when necessary, evaluate the manpower and expertise necessary for the Automotive Business and will as and when required hire suitably qualified personnel, external consultants and professionals for the Automotive Business.

Should the Shareholders approve the Proposed Diversification, the Company will leverage on the VinCar's existing resources and teams with the relevant skills and capabilities to commence the Automotive Business.

If necessary, the Group may also foster partnerships with various other third parties to assist it in undertaking the Automotive Business more effectively and efficiently. Such partnerships may be on a case-by-case basis or on a term basis. Where necessary, work may be outsourced to third parties who have expertise in the relevant area(s) in relation to the projects concerned. In selecting its partners, the Group will take into account the specific expertise and competencies necessary for the project(s) in question and the experience, track record and financial standing of the party and/or parties concerned.

3.3 Information on VinCar

Founded by Mr Vincent Tan in 1989 as a used car dealer, VinCar Group has grown into the business of parallel import of all types and brands of cars subsequently. VinCar Group has sold around half a million cars over the past 20 years and has become an established importer and dealer of cars in Singapore. It currently outsources all repairs and servicing scope to third party service providers.

A key competitive advantage of VinCar Group is that it sells one of the widest ranges of vehicles in Singapore, from small Japanese cars, commercial vans to luxury brands such as Rolls Royce

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and Bentley via parallel import. VinCar Group's automobile parallel imports undergo stringent pre-sales checks and is fully tested and groomed before displayed at its showrooms. The pre-sales processes are reiterated before the car is delivered. For its sales of pre-owned cars, the automobiles are STA-checked and have limited warranties which meet or exceed the local industry standards. VinCar Group prioritises after-sales care, and ensures that customers have efficient, expedient and trustworthy solutions for their customers' servicing and repair needs, choosing to work only with experienced workshops which specialise in maintaining the marques that it imports and sells. The partnering with workshops regionally is to provide all round after sales service for their customers and other automobile users.

As at the Latest Practicable Date, VinCar has an issued and paid up capital of S\$100,000. The sole director and shareholder of VinCar is Mr Vincent Tan, who is the founder of VinCar Group. Mr Vincent Tan is not related (directly or indirectly) to the Company, its Directors and/or Controlling Shareholders.

3.4 Capital expenditure and investment for the Automotive Business

Following a review of the opportunities arising from the Leng Kee Property and the Automotive Business, the Company has decided to obtain approval from its Shareholders to diversify into the Automotive Business. Accordingly, the Company entered into a legally binding HOA with VinCar to develop the Automotive Business.

In this connection, according to the feasibility study conducted by the Group together with its joint venture partner, VinCar, which took into account the available costs estimate based on current applicable circumstances and to the best of the management's knowledge, the current estimates for the total investment sum required by Wealth Assets for the redevelopment of the Leng Keng Property (including land and development costs) and its general working capital requirements is estimated to be approximately S\$120.0 million, some of which will be funded by land and construction loan secured from a bank. The cost expected for the acquisition of motor vehicles will form part of the working capital allocated for the Automotive Business, being the sum of S\$12.0 million.

Barring unforeseen circumstances, the parties have planned to commence the Automotive Business in first quarter of 2015.

The breakdown of the funds to be deployed for the Automobile Business at the Leng Kee Property is set out below:-

Purposes	Estimated costs
Land and related costs	S\$53.0 million
Development and related costs	S\$55.0 million
Working capital for Automotive Business	S\$12.0 million
Total	S\$120.0 million

In addition to the funding of the Automotive Business at the Leng Kee Property through the share capital contribution by the Company and VinCar, Wealth Assets has secured S\$77.3 million banking facilities to finance the total development costs for the Leng Kee Property. As at 31 May 2004, the Group has cash and cash equivalents of approximately S\$176.7 million.

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Due to the aggregate of the value of the investment in the Leng Kee Property and the potential of the Automotive Business, the Company has anticipated that the capital expenditure and investment for the Automotive Business at Leng Kee Property contemplated under the HOA may constitute a major transaction under Chapter 10 of the Listing Manual. In light of the nature of the development plans for the Leng Kee Property, the Company is seeking specific shareholders' approval to carry on such investment and/or enter into contracts in relation to the Automotive Business pursuant to the terms of the HOA at such aggregate value which will constitute a major transaction under Chapter 10 of the Listing Manual.

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:-

Rule 1006(a)	Net Asset Value Test	Not applicable
Rule 1006(b)	Net Profits Test ⁽¹⁾	Not applicable
Rule 1006(c)	Market Capitalisation Test ⁽²⁾	31.46%
Rule 1006(d)	Equity Securities Test	Not applicable
Rule 1006(e)	Proven and Probable Reserves Test	Not applicable

Notes:-

- (1) Not applicable as there is no net profit attributable to the Leng Kee Property and/or the Automotive Business at this stage.
- (2) The consideration are based on the total investment sum required by Wealth Assets for the redevelopment of the Leng Keng Property which is estimated to be approximately S\$120.0 million. The market capitalisation of the Company of approximately S\$381.4 million is determined by multiplying 529,760,000 issued Shares (excluding treasury shares) as at the Latest Practicable Date by the volume-weighted average price of approximately S\$0.72 per Share as at Latest Practicable Date.

As such, it is important for the Company to obtain the specific shareholders' approval in order to conduct the intended business activities at the Leng Kee Property effectively.

4. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest		Total	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Ong Pang Aik *	23,170,800	4.37	140,190,400	26.46	163,361,200	30.83
Ong Lay Huan	11,583,200	2.19	140,190,400	26.46	151,773,600	28.65
Ong Lay Koon	8,539,200	1.61	–	–	–	–
Dr Wan Soon Bee	–	–	–	–	–	–
Sitoh Yih Pin	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Ong Sek Chong & Sons Pte Ltd **	115,190,400	21.74	25,000,000	4.72	140,190,400	26.46

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Notes:

- * Ong Pang Aik's deemed interests refer to 140,190,400 shares held by Ong Sek Chong & Sons Pte Ltd by virtue of Section 7 of the Companies Act.
- ** Ong Sek Chong & Sons Pte Ltd is deemed to be interested in 25,000,000 ordinary shares in the name of a nominee account.

5. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the rationale for the Proposed Diversification, the Directors are of the opinion that the Proposed Diversification and the Automotive Business Transactions are in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Diversification and the Automotive Business Transactions at the EGM.

Shareholders are advised to read this Circular in its entirety, in particular the rationale for and/or the risk factors relating to the Proposed Diversification and for those who may require advice in the context of his specific investment, to consult his stockbroker, bank manager, solicitor, accountant or other professional adviser.

While reviewing and finalising its business plans, the Company may evaluate possible business opportunities and ventures which may arise. However, Shareholders are advised to exercise caution in dealing with the securities of the Company as there is no certainty or assurance that the Company will, after completing its review, proceed with the proposed expansion of the core business of the Group to include the Automotive Business. Shareholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 20 of this Circular, will be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on 26 September 2014 at 11.00 a.m. (or at such time immediately following the annual general meeting of the Company on the same date at 10.00 a.m.) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution set out in the notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find a Proxy Form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he finds that he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 48 hours before the EGM.

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8. 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 Proposed Diversification and Automotive Business Transactions, 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 this 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 this Circular in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 29 Harrison Road, Lian Beng Building, Singapore 369648, 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 of the Company; and
- (b) the Annual Report of the Company for FY2014.

Yours faithfully
For and on behalf of
the Board of Directors
Lian Beng Group Ltd

Ong Pang Aik
Executive Chairman and Managing Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

LIAN BENG GROUP LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199802527Z)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Lian Beng Group Ltd (the "**Company**") will be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on 26 September 2014 at 11.00 a.m. (or at such time immediately following the annual general meeting of the Company on the same date at 10.00 a.m.) for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions as set out below:

All capitalised terms used in this notice which are not otherwise defined shall have the same meaning as ascribed to them in the Company's circular to its shareholders dated 10 September 2014.

ORDINARY RESOLUTION 1: PROPOSED DIVERSIFICATION OF THE BUSINESS

That:

- (a) approval be and is hereby given for the diversification by the Company and its subsidiaries into the Automotive Business;
- (b) the Company be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares/interests in any entity that is in the Automotive Business on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to such to any such investment, purchase, acquisition or disposal; and
- (c) the directors of the Company or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this Ordinary Resolution as they or he may think fit.

ORDINARY RESOLUTION 2: SPECIFIC APPROVAL FOR THE INVESTMENTS IN AND/OR CONTRACT VALUE IN RELATION TO TRANSACTIONS IN THE AUTOMOTIVE BUSINESS PURSUANT TO THE TERMS OF THE HOA WHICH WILL CONSTITUTE A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

That, subject to and contingent upon the passing of Ordinary Resolution 1:

- (a) approval be and is hereby given for the investments in and/or contract value in relation to transactions in the Automotive Business pursuant to the terms of the HOA, which will constitute a major transaction under Chapter 10 of the Listing Manual; and
- (b) the Directors of the Company be and are hereby authorised to do all acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the interest of the Company, in connection with the subject matter of, or to give effect to, this Ordinary Resolution.

By Order of the Board

Wee Woon Hong
Lee Hock Heng
Company Secretaries
10 September 2014

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A shareholder of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company ("**EGM**") may appoint not more than two proxies to attend and vote in his/her stead. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a shareholder of the Company.
- (2) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 29 Harrison Road, Lian Beng Building, Singapore 369648 not later than 48 hours before the time appointed for the holding of the EGM.
- (3) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (4) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 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.

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PROXY FORM

LIAN BENG GROUP LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199802527Z)

Extraordinary General Meeting

Important:

1. For investors who have used their CPF monies to buy shares in the capital of Lian Beng Group Ltd., this Circular 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.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We* _____ (Name) NRIC/Passport number* _____

of _____ (Address) being a shareholder/shareholders* of Lian Beng Group Ltd. (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Extraordinary General Meeting (the "**EGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the EGM of the Company to be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on 26 September 2014 at 11.00 a.m. (or at such time immediately following the annual general meeting of the Company on the same date at 10.00 a.m.), and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the notice of EGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM)

No.	Ordinary Resolution	To be used on a show of hands		To be used in the event of a poll	
		For	Against	Number of Votes For**	Number of Votes Against**
1	To approve the Proposed Diversification into the Automotive Business				
2	Specific approval for the investments in and/or the contract value in relation to the Automotive Business which will constitute a major transaction				

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2014

Total Number of Shares Held

Signature(s) of Shareholder(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:

1. 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), 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.
2. A shareholder entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
3. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 29 Harrison Road, Lian Beng Building, Singapore 369648 not less than 48 hours before the time appointed for the EGM.
4. Where a shareholder appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy and, if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. 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.
7. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
9. The Company shall be entitled to reject an instrument of proxy which 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 of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. Terms not defined herein shall have the meanings ascribed to them in the Company's Circular to the Shareholders dated 10 September 2014.