

## COGENT HOLDINGS LIMITED

(Registration No: 200710813D)

(Incorporated in the Republic of Singapore)

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### INTERESTED PERSON TRANSACTION – TENANCY AGREEMENT ENTERED INTO WITH SOON HOCK INVESTMENT GROUP PTE LTD

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#### 1. INTRODUCTION

The Board of Directors (**Board**) of Cogent Holdings Limited (**Company**) wishes to announce that its wholly-owned subsidiary, SH Cogent Logistics Pte Ltd (**SHCL**) has entered into a conditional tenancy agreement (**Tenancy Agreement**) with Soon Hock Investment Group Pte Ltd (**SHIG**) on 7 February 2011 pursuant to which SHIG will sub-lease to SHCL the premises at Unit 4 of 76 Pioneer Road, Singapore 639577 (**Property**).

#### 2. TENANCY AGREEMENT AS AN INTERESTED PERSON TRANSACTION

SHCL is a wholly-owned subsidiary of the Company. As SHIG is a company wholly-owned by Mr Tan Yeow Khoon (**Mr Tan**) who is the chief executive officer and a substantial shareholder of the Company, SHIG is considered as an interested person for the purpose of Chapter 9 of the Listing Manual (**Listing Manual**) of the Singapore Exchange Securities Trading Limited (**SGX-ST**).

Accordingly, the Tenancy Agreement will constitute a transaction between the Company and an interested person, and is thus an interested person transaction (**Interested Person Transaction**) for the purpose of Chapter 9 of the Listing Manual.

#### 3. DETAILS OF THE TENANCY AGREEMENT

The Property comprises a lettable area of approximately 30,000 square feet. Under the terms of the Tenancy Agreement, rental will be charged based on the actual usage of space by SHCL at S\$1.00 per square feet per month for a period of two (2) years, commencing on 7 February 2011.

Under the Tenancy Agreement, the maximum aggregate rental fees payable by SHCL is approximately S\$720,000 which represents an amount not exceeding 3% of the latest audited net tangible assets (**NTA**) of the Company and its subsidiaries (**Group**).

#### 4. RATIONALE FOR THE INTERESTED PERSON TRANSACTION

##### **Alternative warehouse space due to cargo overflows**

All the existing warehouses of the Company are currently operating at almost full capacity. Despite the current situation, the Company has been receiving inquiries for warehouse space. The Board is currently considering leasing additional warehouse spaces to cope with such increase in demand for warehouse space, and the leasing of the Property under the Tenancy Agreement offers the Company an alternative warehouse space.

##### **Cost savings**

The Board had obtained rental quotes from other comparable warehouse spaces offered by third party warehouse providers. Further, an independent valuation report was obtained from CB Richard Ellis (Pte) Ltd on 5 October 2010 which indicated the open market rental value of the Property at S\$1.00 per square feet per month.

Based on comparisons with the quotations offered by third party warehouse providers for comparable warehouse spaces, the Board is of the view that the rental payable by SHCL under the Tenancy Agreement represents costs savings to the Company.

### **Flexibility**

SHIG is prepared to offer the Company a certain level of flexibility in terms of taking up varying lettable areas over certain defined periods to handle cargo overflows and the rental payable by SHCL is based on the actual usage of space by SHCL. Other comparable warehouse spaces offered by third party providers were not able to offer this form of flexibility to SHCL.

### **Audit Committee**

The audit committee of the Company (**Audit Committee**) which comprises the independent directors of the Company, has reviewed the terms of the Tenancy Agreement and is of the view that the transaction is on normal commercial terms and is not prejudicial to the interest of the Company and its minority shareholders.

## **5. CONFIRMATION AND APPROVAL FROM THE SGX-ST**

In its prospectus issued on 9 February 2010 (**Prospectus**), the Company had disclosed past transactions with SHIG as past Interested Person Transactions.

On 25 October 2010, the Company submitted a letter to the SGX-ST (**SGX-ST Letter**) seeking confirmation and approval in relation to the proposed entry into of the Tenancy Agreement as an Interested Person Transaction. On 9 November 2010, the SGX-ST informed the Company that on the basis of the submissions and representations made by the Company, it has no objections to the entry into of the Tenancy Agreement, subject to the satisfaction of the conditions below:

- (a) Compliance with Chapter 9 of the Listing Manual;
- (b) The Company announcing *via* SGXNET the reasons for the Interested Person Transaction; and
- (c) The Company obtaining all necessary approvals from the relevant authorities.

On 10 January 2011, the Company received written approval from Jurong Town Corporation (**JTC**) for the entry into the Tenancy Agreement.

As at the date of this announcement, all of the conditions in the SGX-ST Letter and the Tenancy Agreement have been satisfied. Given the above, balancing the commercial objectives against the current logistics business environment, the Board (excluding Mr Tan who has abstained from the decision making in view of his interest in the Interested Person Transaction), including the Audit Committee, is in favour of the entry into the Tenancy Agreement.

By Order of the Board  
Tan Yeow Khoon  
Executive Chairman and CEO  
7 February 2011