

- (1) **PROPOSED CONSTRUCTION OF AN INTEGRATED LOGISTICS HUB AT TANJONG KLING ROAD**
- (2) **WAIVER FROM COMPLIANCE OF RULE 1014(2) OF THE LISTING MANUAL**
-

1. INTRODUCTION

- 1.1 The Board of Directors (**Directors**) of Cogent Holdings Limited (**Company**, together with its subsidiaries, **Group**) wishes to announce that SH Cogent Logistics Pte. Ltd. (**SHCL**), a wholly-owned subsidiary of the Company, has on 12 August 2011 accepted a letter of offer (**Letter of Offer**) dated 11 July 2011 from Jurong Town Corporation (also known as JTC Corporation, **JTC**) in relation to the leasing of the land at L8201011015, Tanjong Kling in Jurong Industrial Estate (**Land**) where SHCL intends to construct a standalone integrated full-service logistics hub (**Integrated Logistics Hub**) on the Land (**Proposed Project**).
- 1.2 The Proposed Project is in line with the Group's plans to expand its container depot operations and warehousing space and consolidating some of its existing operations on various sites into an Integrated Logistics Hub.

2. PROPOSED PROJECT

- 2.1 Pursuant to the Letter of Offer, JTC will grant a licence to SHCL to complete the Proposed Project within a certain time frame in accordance with the building terms set out therein. Upon the completion of the Proposed Project, a lease will thereafter be granted to SHCL for a term of 30 years (**Lease Term**), with effect from 16 October 2011 with the option to renew for another 30 years. Other conditions of the Letter of Offer include, *inter alia*, the following:
- (a) SHCL shall return the existing container depot site at Jurong Port Road/Jalan Terusan to JTC upon the issuance of the temporary occupation certificate or the certificate of statutory completion for the development on the Land or by 2015, whichever is earlier; and
 - (b) SHCL shall maintain container depot operations on the Land throughout the Lease Term.
- 2.2 The Land is approximately 60,398 square meters with a gross plot ratio of 2.5. The authorised use of the Land during the Lease Term is for the purpose of depositing containers, general and chemical warehousing operations, engineering works, parking, maintenance and servicing of own fleet of prime movers and trailers only.
- 2.3 Given the above, the preliminary estimated investment (including construction and equipment costs) of the Proposed Project is approximately S\$138.0 million (**Estimated Investment**). SHCL intends to finance the Estimated Investment substantially by way of bank borrowings and partly from proceeds from the Company's initial public offer, internal cash resources and proceeds from a proposed rights issue (**Proposed Rights Issue**). For further details on the Proposed Rights Issue, please refer to the announcement released on 12 August 2011 in relation to the Proposed Rights Issue.

- 2.4 As at the date of this announcement, no valuation of the Land or the Proposed Project has been undertaken and no value has been ascertained in relation to the Proposed Project other than the Estimated Investment.

3. RATIONALE OF THE PROPOSED PROJECT

The Company is of the view that upon completion of the Proposed Project, the Company will be able to provide its customers with an enhanced range of services at competitive prices at a single location, which will in turn enable the Group to enjoy cost savings and ease of management through better economies of scale in its logistics operations. It will also allow the Group to preserve and expand its core business.

4. VERY SUBSTANTIAL ACQUISITION

For the purposes of Chapter 10 of the Listing Manual (*Listing Manual*) of the Singapore Exchange Securities Trading Limited (**SGX-ST**), the relative figures of the Proposed Project using the applicable bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

Relative figures under Rule 1006 of the Listing Manual

Rule 1006(a)

Net asset value of the assets to be disposed of	Not applicable to the
Net asset value of the Group	Proposed Project
Size of relative figure	

Rule 1006(b)

Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not applicable to the
Net profits of the Group	Proposed Project
Size of relative figure	

Rule 1006(c)

Estimated Investment for the Proposed Project	S\$138,000,000
Company's market capitalisation as at 11 August 2011, being the last market day immediately preceding the date of the acceptance of the Letter of Offer	S\$40,130,200 ⁽¹⁾
Size of relative figure	343.88%

Rule 1006(d)

Number of equity securities to be issued by the Company as consideration for an acquisition	Not applicable to the
Number of equity securities in issue	Proposed Project

Note:

- (1) The market capitalisation of S\$40,130,200 is derived from the weighted average market price of S\$0.1258 per share of the Company as at 11 August 2011, being the last market day preceding the date of the acceptance of the Letter of Offer.

5. WAIVER FROM RULE 1014(2) OF THE LISTING MANUAL

- 5.1 As the relative figure computed on the base set out in Rule 1006(c) of the Listing Manual in relation to the Proposed Project exceeds 100%, the Proposed Project was deemed to be a "very substantial acquisition" pursuant to Rule 1015 of the Listing

Manual. Given the above, the Company sought a waiver from the SGX-ST from compliance of Rule 1015 of the Listing Manual on 11 April 2011.

- 5.2 The Directors wish to announce that on 26 April 2011, the Company had received a response from the SGX-ST stating that based on the Company's submission and representation to the SGX-ST, Rule 1015 of the Listing Manual is not applicable to the Company in relation to the Proposed Project. However, the Proposed Project is deemed a "major transaction" pursuant to Rule 1014 of the Listing Manual.
- 5.3 Under Rule 1014(2) of the Listing Manual, a major transaction must be conditional upon approval by shareholders in a general meeting. Based on the Company's submission and representation to the SGX-ST, the SGX-ST granted the Company a waiver from compliance of Rule 1014(2) of the Listing Manual (**Waiver**), subject to the Company:
- (a) obtaining unanimous approval of the Directors on the Proposed Project;
 - (b) submitting a written undertaking that it will seek shareholders' ratification for the entry into the Letter of Offer within three (3) months from the date of entry into of the Letter of Offer at an extraordinary general meeting to be convened (**EGM**);
 - (c) obtaining a written undertaking from its controlling shareholder, Mr. Tan Yeow Khoon, to vote in favour of all the resolutions relating to the Proposed Project (including but not limited to the resolution to ratify the entry into of the Letter of Offer) at the EGM;
 - (d) obtaining a written undertaking from its controlling shareholder, Mr. Tan Yeow Khoon, that he will continue to hold not less than 51% of the Company's issued share capital before and up to the date of the EGM; and
 - (e) issuing announcements of:
 - (i) the grant of the Waiver, the reasons for seeking the Waiver and the conditions imposed by the SGX-ST;
 - (ii) the full details of the Proposed Project, including information required under Rule 1010 of the Listing Manual; and
 - (iii) unanimous approval of the Directors on the Proposed Project.
- 5.4 The Company relied on the following salient reasons for seeking the Waiver for Rule 1014(2):
- (a) At the time of seeking the Waiver, JTC was in the process of preparing and finalising the terms in the Letter of Offer. Upon receipt of the Letter of Offer, SHCL was expected to execute the Letter of Offer within a period of time, failing which, the Letter of Offer would lapse. The Company would not thus have sufficient time to obtain approval from its shareholders prior to the acceptance of the Letter of Offer;
 - (b) The Company understands the prevailing market practice of JTC is to prepare the Letter of Offer on standard terms and conditions;
 - (c) In the event that the Company has to obtain the approval of the SGX-ST and its shareholders prior to accepting the Letter of Offer, there was no certainty that the Land would still be made available to SHCL or at revised terms that may not be as favourable as those offered in JTC's current offer, which may result in increased costs to the Group; and

- (d) The Company is of the view that the Proposed Project presents an attractive opportunity to its business, and any delay in the entry into of the Letter of Offer may result in a lost opportunity to the Group.

6. FINANCIAL EFFECTS OF THE PROPOSED PROJECT

- 6.1 The financial effects of the Proposed Project on the Group are for illustrative purposes only and are, therefore, not indicative of the actual future financial performance or position of the Group after the completion of the Proposed Project.

For the purpose of illustrating the financial effects of the Proposed Project, the financial effects are based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2010 and, *inter alia*, the following assumptions:

- (a) The Group's earnings and earnings per Share (**EPS**) are computed assuming that the Proposed Project had been effected on 1 January 2010;
- (b) The Group's share capital, net tangible assets (**NTA**), and gearing are computed assuming that the Proposed Project had been effected on 31 December 2010;
- (c) The rights shares pursuant to the Proposed Rights Issue (**Rights Shares**) have been issued, in respect of the profit and loss statements on 1 January 2010, and in respect of the balance sheet on 31 December 2010;
- (d) The Proposed Rights Issue is fully subscribed;
- (e) There are no returns earned from the proceeds from the Proposed Rights Issue;
- (f) The Estimated Investment will be substantially financed by bank borrowings; and
- (g) No earnings and expenses resulting from the Proposed Project have been taken into consideration for the purposes of calculating the financial effects as the Proposed Project will still be under construction as at 31 December 2010.
- 6.2 The financial effects of the Proposed Project on share capital, EPS, NTA and gearing of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2010.

(A) Share Capital

As at 31 December 2010	No. of Shares	S\$
Issued and paid-up share capital before the Proposed Project	319,000,000	27,871,000
Add: Rights Shares to be issued	159,500,000	17,225,000 ⁽¹⁾
Enlarged issued and paid-up share capital after the Proposed Project and the issue of the Rights Shares	478,500,000	45,096,000

(B) EPS

	Before the Proposed Project and the Proposed Rights Issue	After the Proposed Project and the Proposed Rights Issue
Profits attributable to shareholders (S\$)	4,463,000	4,463,000
Number of Shares	319,000,000	478,500,000
EPS (cents)	1.40	0.93

(C) NTA

	Before the Proposed Project and the Proposed Rights Issue	After the Proposed Project and the Proposed Rights Issue
NTA of the Company (S\$)	36,430,000	36,430,000
Add : Net Proceeds of the Proposed Rights Issue	-	17,225,000 ⁽¹⁾
Adjusted NTA of the Company (S\$)	36,430,000	53,655,000
Number of Shares	319,000,000	478,500,000
NTA per share (cents)	11.42	11.21

(D) Gearing

	Before the Proposed Project and the Proposed Rights Issue	After the Proposed Project and the Proposed Rights Issue
Total borrowings (S\$)	11,149,000	129,819,000
Shareholders' funds (S\$)	36,430,000	53,655,000
Gearing (times)	0.31	2.42

Note:

- (1) The estimated expenses of S\$320,000 for the Proposed Rights Issue are deducted from the gross proceeds raised from the Proposed Rights Issue.

7. EXTRAORDINARY GENERAL MEETING

The Company will seek shareholders' approval for the approval and ratification of the acceptance of the Letter of Offer and for the Proposed Project. A circular setting out such information, together with a notice of the EGM to be convened, will be despatched to its shareholders in due course.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors (other than in their capacity as a director or shareholder of the Company) and substantial shareholders of the Company has any direct or deemed interest in the Proposed Project.

BY ORDER OF THE BOARD

Tan Yeow Khoo
Executive Chairman and CEO
12 August 2011