

## **INTERESTED PERSON TRANSACTION**

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### **1. INTRODUCTION**

- 1.1 On 20 September 2011, the shareholders of the Company (**Shareholders**) ratified the acceptance by SH Cogent Logistics Pte Ltd (**SHCL**) of the letter of offer dated 11 July 2011 from JTC in relation to the leasing of the land at L8201011015, Tanjong Kling in Jurong Industrial Estate and approved the construction of a standalone integrated full-service logistic hub on the land (**Tanjong Kling Project**).
- 1.2 The Board of Directors (**Board**) of Cogent Holdings Limited (**Company**) wishes to announce that its wholly owned subsidiary SHCL has awarded the tender of the design and construction works of the Tanjong Kling Project to SH Design and Build Pte. Ltd. (**SHDB**) pursuant to a letter of award dated 10 May 2012 (**Letter of Award**). This Letter of Award is subject to the approval of and ratification by independent Shareholders for the entry into of the design and construction contract between SHDB and SHCL (**IPT Contract**).

### **2. AWARD OF CONTRACT AS AN INTERESTED PERSON TRANSACTION**

- 2.1 SHCL is a wholly-owned subsidiary of the Company. Mr Tan Yeow Khoon (**Mr. Tan**), the chief executive officer and a substantial shareholder of the Company holds 85.67% interest in SHDB. Mr. Tan 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**).
- 2.2 Accordingly, SHDB is an associate of Mr Tan and is deemed to be an interested person of the company. Any agreement or transaction entered into between SHDB and SHCL will thus be an interested person transaction (**Interested Person Transaction**) for the purpose of Chapter 9 of the Listing Manual.

### **3. DETAILS AND TERMS OF THE IPT CONTRACT**

- 3.1 The Letter of Award has been accepted by SHDB and shall form a binding agreement between SHCL and SHDB subject to the approval of and ratification by independent Shareholders for the entry into of the IPT Contract.
- 3.2 Upon obtaining of independent Shareholders' approval, the IPT Contract shall become unconditional. The contract period shall commence 14 days after the signing of the IPT Contract. The works shall be completed by SHDB as follows:
- (a) Phase 1: completion of 5 storeys within 16 months of commencement; and
  - (b) Phase 2: completion of the balance of the works within 6 months of completion of Phase 1. (collectively **Completion**)
- 3.3 The Completion shall include the obtaining of a temporary occupation permit for the Tanjong Kling Project.

- 3.4 The contract price of the IPT Contract is approximately S\$152.87 million. This price may be adjusted if there are any variations required by SHCL.

#### **4. RATIONALE FOR THE ENTRY INTO OF THE INTERESTED PERSON TRANSACTION**

- 4.1 The Consultants, a chartered quantity surveyor firm, was appointed as the tender agent for SHCL in relation to the Tanjong Kling Project.

- 4.2 The Board is of the view that the award of the IPT Contract to SHDB will benefit the Company for the following reasons:

(a) Costs savings

The Board had obtained tenders from other comparable contractors in relation to the Tanjong Kling Project. SHDB has submitted the lowest revised bid.

SHDB has proposed additional cost-saving engineering works which may potentially translate to savings of about S\$5 million. These include:

- (i) Installing silos and cement mixing facilities on-site, in view of the large quantities of concrete required for the project;
- (ii) Increasing the concrete grade so as to reduce the amount of re-bar;
- (iii) Conducting a study into precast construction; and
- (iv) Conducting simulated performance-based studies in relation to certain prescribed requirements with a view to obtaining a waiver for the latter where onerous.

Furthermore, SHDB has agreed not to revise its price even if none of these proposals is ultimately adopted.

(b) SHDB's experience in design and build contracts

From their work experience with SHDB's proposed design team, the Consultants are of the opinion that the team possesses the requisite expertise and experience to manage the Tanjong Kling Project. The Consultants have also worked on several other projects with SHDB and have found SHDB's contributions invaluable in these projects.

- 4.3 Further information will be disclosed in the Circular (as defined below).

#### **5. SHAREHOLDERS' APPROVAL FOR THE TRANSACTIONS**

- 5.1 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, an immediate announcement and Shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets (**NTA**)) are reached or exceeded. In particular, Shareholders' approval is required for an Interested Person Transaction of a value equal to, or which exceeds:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is

construed under Chapter 9 of the SGX-ST Listing Manual) during the same financial year.

- 5.2 The consolidated NTA of the Group for the year ending 31 December 2011 was S\$56,010,000. Accordingly, in relation to the Company, and for the purposes of Chapter 9, in the current financial year and until such time that the consolidated audited results of the Group for the year ending 31 December 2012 are published by the Company, 5% of the latest audited consolidated NTA of the Group would be S\$2,800,500. As the value of the IPT Contract is approximately 273% of the Group's latest audited NTA, the approval of independent Shareholders at an extraordinary general meeting (**EGM**) is required for the IPT Contract.

## 6. INDEPENDENT FINANCIAL ADVISER

Pursuant to Chapter 9 of the Listing Manual of the SGX-ST, Partners Capital (Singapore) Pte. Ltd. has been appointed as the independent financial adviser (**IFA**) to advise the Independent Directors and to opine on whether the financial terms of the IPT Contract are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

## 7. AUDIT COMMITTEE'S STATEMENT

The audit committee of the Company which comprises the independent directors of the Company, will consider the opinion of the IFA before forming its view as to whether the financial terms of the IPT Contract are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Such a view will be made known in the circular to Shareholders to be despatched to them in due course.

## 8. CIRCULAR TO SHAREHOLDERS

A circular containing *inter alia*, details of the IPT Contract, the IFA's opinion and a notice convening the EGM (**Circular**) will be despatched to Shareholders in due course.

By Order of the Board

Mr Tan Yeow Khoon  
Executive Chairman and CEO  
10 May 2012