

# WHEELLOCK PROPERTIES (SINGAPORE) LIMITED

(Company Registration No. 197201797H)  
(Incorporated in the Republic of Singapore)

## Directors:

Gonzaga W. J. Li (*Chairman*)  
David J. Lawrence (*Managing Director / Chief Executive Officer*)  
Richard E. Hale  
Ng Tze Yuen  
Tan Keong Choon  
Tan Swan Jeng  
Paul Y. C. Tsui  
Frank Y. C. Yung

## Registered Office:

501 Orchard Road  
#04-01/03  
Wheelock Place  
Singapore 238880

1 July 2005

Dear Shareholders,

## ADDENDUM RELATING TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

### 1. INTRODUCTION

- 1.1 Wheelock Properties (Singapore) Limited (the “**Company**”) has on 1 July 2005 issued a Notice convening the 32<sup>nd</sup> Annual General Meeting of the shareholders of the Company (the “**Shareholders**”) to be held on 29 July 2005 (“**32<sup>nd</sup> AGM**”). The proposed Resolution No. 11 in the Notice of the 32<sup>nd</sup> AGM relates to the renewal of a general mandate (the “**Share Purchase Mandate**”) to authorise the directors of the Company (“**Directors**”) to make purchases from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to a maximum of ten (10) per cent. of the issued ordinary share capital (“**Shares**”) of the Company as at the date of the last Annual General Meeting of the Company or at the date on which the resolution authorising the same is passed (whichever is the higher), at any price up to but not exceeding the Maximum Price (as defined in Section 3.2 below).

The purchase of Shares by the Company will be made in accordance with the Articles of Association of the Company (the “**Articles**”), the “Guidelines on Share Purchases” set out in Appendix II of the Company’s Circular to Shareholders dated 30 June 2002 (the “**Guidelines**”), the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Companies Act, Chapter 50 (the “**Companies Act**”) and such other laws and regulations as may for the time being be applicable.

- 1.2 The Share Purchase Mandate was originally approved by Shareholders at an Extraordinary General Meeting (“**EGM**”) held on 2 August 1999 and Shareholders had approved the renewal of the mandate at the previous EGMs of the Company held on 6 August 2001, 29 July 2002, 28 July 2003 and 28 July 2004. The mandate renewed on 28 July 2004 will expire on the date of the forthcoming 32<sup>nd</sup> AGM to be held on 29 July 2005. If the proposed resolution for the renewal of the Share Purchase Mandate is approved at the 32<sup>nd</sup> AGM, the mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting (“**AGM**”) of the Company is held or is required by law to be held, whichever is the earlier.
- 1.3 The purpose of this letter is to provide information relating to and to explain the rationale for the proposed renewal of the Share Purchase Mandate.
- 1.4 The SGX-ST assumes no responsibility for the correctness of any statements made or opinions expressed in this letter. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

## 2. RATIONALE

The Share Purchase Mandate will give Directors the flexibility to purchase Shares when circumstances permit, with the objective of enhancing the earnings per share of the Company and its subsidiaries (the “**Group**”). Such flexibility will also allow the Directors to better manage the Company’s capital structure, dividend payout and cash reserves. Share purchases will also help buffer short-term share price volatility and off-set the effects of short-term speculators and investors and, in turn, bolster Shareholders’ confidence and employee morale.

The Share Purchase Mandate will thus provide the Company with an efficient mechanism to enhance returns to Shareholders when circumstances permit. Share purchases will only be effected when the Directors believe that they are beneficial to the Company and its Shareholders.

## 3. AUTHORITY AND LIMITS OF SHARE PURCHASE MANDATE

3.1 Purchases of Shares can be effected by the Company in either one or both of the following ways:

- (a) by way of an on-market purchase on the SGX-ST (“**Market Purchase**”). Market Purchase means a purchase of Shares transacted through the Central Limit Order Book trading system of the SGX-ST; and/or
- (b) by way of an off-market acquisition in accordance with an equal access scheme as defined in Section 76C of the Companies Act (“**Off-Market Purchase**”). The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Articles, the SGX-ST Listing Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an Off-Market Purchase scheme or schemes. The Off-Market Purchase scheme must satisfy the following conditions:
  - (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
  - (ii) all of those persons shall be given a reasonable opportunity to accept the offer made; and
  - (iii) the terms of all the offers are the same (except that there shall be disregarded difference in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements and differences in the offers introduced solely to ensure that each person is left with a whole number of Shares).

3.2 The purchase price (excluding ancillary expenses such as related brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors, provided that such price must not exceed the maximum price (“**Maximum Price**”) set out below:

- (a) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the last five (5) days on which SGX-ST is open for securities trading (“**Market Days**”) and on which transactions in the Shares were recorded, before the day on which the Market Purchase was made by the Company, and deemed to be adjusted for any corporate action that occurs after the relevant period of five (5) Market Days; and
- (b) in the case of an Off-Market Purchase, ten per cent. (10%) above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under an Off-Market Purchase scheme.

3.3 The authority conferred on the Directors by the Share Purchase Mandate shall, unless varied or revoked by the Company in general meeting, continue in force until the next AGM of the Company is held or is required by law to be held, whichever is the earlier.

- 3.4 For illustration purposes, the total number of issued Shares as at **21 June 2005**, being the latest practicable date prior to the issue of this letter (the “**Latest Practicable Date**”), is **398,853,292** Shares and the exercise in full of the Share Purchase Mandate would result in the purchase of up to **39,885,329** Shares.

#### **4. NO SHARES PURCHASED IN THE PREVIOUS 12 MONTHS**

The Company did not purchase any Shares in the twelve (12) months preceding the Latest Practicable Date.

#### **5. SOURCES OF FUNDS**

The Company may only apply funds for the purchase of Shares in accordance with the Articles, the Guidelines and the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST. The Company intends to use internal sources of funds to finance its purchase or acquisition of Shares. The Company does not intend to arrange for additional credit facilities (other than the Company’s financing of its operation in the usual course of its business) for the purchase of Shares.

Any purchase or acquisition of Shares shall be made out of the Group’s distributable profits which are available for payment as dividends but excludes any amount in the Company’s share premium account and capital redemption reserve fund.

#### **6. FINANCIAL IMPACT**

- 6.1 As the purchased Shares will be cancelled, the issued share capital of the Company will be diminished by the corresponding nominal value of the purchased Shares. The net tangible assets (“**NTA**”) of the Company and the Group will be reduced by the dollar value of the Shares purchased.
- 6.2 Correspondingly, a capital redemption reserve equivalent to the nominal amount of the purchased Shares cancelled must be established. The consideration to be paid by the Company for the purchase or acquisition of Shares (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

- 6.3 Based on the existing issued and paid-up ordinary share capital of the Company as at the Latest Practicable Date, in the case of Market Purchases by the Company and assuming that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of **39,885,329** Shares at the Maximum Price of **S\$2.93** per Share (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of **39,885,329** Shares (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees) is approximately **S\$116,864,014**.

In the case of Off-Market Purchases by the Company and assuming that, pursuant to the Share Purchase Mandate, the Company purchases or acquires the **39,885,329** Shares at the Maximum Price of **S\$3.07** per Share (being the price equivalent to ten per cent. (10%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of **39,885,329** Shares (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees) is approximately **S\$122,447,960**.

On the basis of the assumptions set out above, the financial impact of the acquisition of the **39,885,329** Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 March 2005 is set out below:-

### Market Purchases

	<u>Group</u>		<u>Company</u>	
	<u>Before Share Purchase</u> <u>S\$'000</u>	<u>After Share Purchase</u> <u>S\$'000</u>	<u>Before Share Purchase</u> <u>S\$'000</u>	<u>After Share Purchase</u> <u>S\$'000</u>
<u>As at 31 March 2005</u>				
Shareholders' Funds	1,320,260	1,203,396	1,188,047	1,071,183
Net Tangible Assets	1,316,702	1,199,838	1,188,047	1,071,183
Current Assets	1,500,852	1,383,988	889,229	772,365
Current Liabilities	-73,272	-73,272	-28,744	-28,744
Total Borrowings	-658,541	-658,541	-175,000	-175,000
Cash and Cash Equivalents	504,355	387,491	475,346	358,482
Number of Shares ('000)	398,853	358,968	398,853	358,968
Net Profit After Tax	198,129	198,129	198,722	198,722

### Financial Ratios

Net Tangible Assets per Share (S\$)	3.30	3.34	2.98	2.98
Gearing (%)	50	55	15	16
Current Ratio (times)	20.48	18.89	30.94	26.87
Earnings per Share (cents)	49.67	55.19	49.82	55.36

### Off-Market Purchases

	<u>Group</u>		<u>Company</u>	
	<u>Before Share Purchase</u> <u>S\$'000</u>	<u>After Share Purchase</u> <u>S\$'000</u>	<u>Before Share Purchase</u> <u>S\$'000</u>	<u>After Share Purchase</u> <u>S\$'000</u>
<u>As at 31 March 2005</u>				
Shareholders' Funds	1,320,260	1,197,812	1,188,047	1,065,599
Net Tangible Assets	1,316,702	1,194,254	1,188,047	1,065,599
Current Assets	1,500,852	1,378,404	889,229	766,781
Current Liabilities	-73,272	-73,272	-28,744	-28,744
Total Borrowings	-658,541	-658,541	-175,000	-175,000
Cash and Cash Equivalents	504,355	381,907	475,346	352,898
Number of Shares ('000)	398,853	358,968	398,853	358,968
Net Profit After Tax	198,129	198,129	198,722	198,722

### Financial Ratios

Net Tangible Assets per Share (S\$)	3.30	3.33	2.98	2.97
Gearing (%)	50	55	15	16
Current Ratio (times)	20.48	18.81	30.94	26.68
Earnings per Share (cents)	49.67	55.19	49.82	55.36

As illustrated above, a purchase of a maximum of **39,885,329** Shares will result in a deterioration of debt to equity ratio and working capital ratio of the Group and the Company. The NTA per share of the Group and earnings per share of the Group and the Company will be enhanced.

- 6.4 It can be seen from the above that the exercise in full of the Share Purchase Mandate would affect the Group's working capital position and gearing negatively. The Directors would emphasise that they do not propose to exercise the Share Purchase Mandate to the extent that it will have an adverse material impact on the working capital position and gearing of the Group. The Share Purchase Mandate will be exercised in accordance with the Guidelines on Share Purchases and the Directors will be prudent in exercising the Share Purchase Mandate and only to such extent which the Directors believe will achieve maximum benefits to the Group and its Shareholders from time to time giving consideration to the prevailing market conditions, the financial position of the Group and other relevant factors.

## 7. TAKE-OVER CODE IMPLICATIONS ARISING FROM PURCHASE OF SHARES

- 7.1 The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 ("**Rule 14**") of the Singapore Code on Takeovers and Mergers (the "**Take-over Code**"). Consequently, depending on the number of Shares purchased by the Company and the Company's issued share capital at that time, a Shareholder or group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obligated to make a takeover offer under Rule 14 of the Take-over Code.
- 7.2 Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will be presumed to be acting in concert, namely (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with one another. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty (20) per cent. but not more than fifty (50) per cent. of the voting rights of the first-mentioned company.
- 7.3 The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code ("**Appendix 2**").

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

- 7.4 Based on the Register of Directors' Shareholdings of the Company, as at the Latest Practicable Date, the shareholdings of the Directors of the Company before and (assuming (a) the Company purchases the maximum amount of ten per cent. (10%) of the issued capital of the Company, and (b) there is no change in the number of Shares held or deemed to be held by the Directors) after the purchase by the Company of ten per cent. (10%) of the issued capital of the Company as at the Latest Practicable Date pursuant to the Share Purchase Mandate were/will be as follows:

Name of Director	Before Purchase			After Purchase		
	Direct Interest %	Deemed Interest %	Total Interest %	Direct Interest %	Deemed Interest %	Total Interest %
Gonzaga W. J. Li	–	–	–	–	–	–
David J. Lawrence	0.0627	–	0.0627	0.0696	–	0.0696
Richard E. Hale	0.0133	–	0.0133	0.0148	–	0.0148
Ng Tze Yuen	–	–	–	–	–	–
Tan Keong Choon	–	0.0150	0.0150	–	0.0167	0.0167
Tan Swan Jeng	–	–	–	–	–	–
Paul Y. C. Tsui	–	–	–	–	–	–
Frank Y. C. Yung	0.0075	–	0.0075	0.0084	–	0.0084

As at the Latest Practicable Date, the shareholdings of the Directors in the Company are not of a material amount and none of the Directors (together with persons acting in concert with them) will become obligated to make a mandatory offer in the event that the Company purchases the maximum number of **39,885,329** Shares under the Share Purchase Mandate.

- 7.5 Under Appendix 2 of the Take-over Code, a Shareholder and persons acting in concert with him will incur an obligation to make a take-over offer after a Share purchase by the Company if, *inter alia*, their voting rights increase to thirty per cent. (30%) or more as a result of a Share purchase by the Company and they acquire any ordinary shares between the date of the notice of resolution to authorise the Share Purchase Mandate and the next AGM of the Company, or, if they together already hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights and as a result of a Share purchase by the Company their voting rights increase by more than one (1) per cent. in any period of six (6) months and they acquire ordinary shares between the date of the notice of resolution to authorise the Share Purchase Mandate and the date that the next AGM of the Company is held or is required to be held, whichever is earlier.
- 7.6 Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether they would incur an obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

Based on the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date, the shareholdings of the Substantial Shareholders of the Company before and (assuming (a) the Company purchases the maximum amount of ten per cent. (10%) of the issued capital of the Company and (b) there is no change in the number of Shares held or deemed to be held by the Substantial Shareholders) after the proposed Share Purchase Mandate were/will be as follows:-

Name of Substantial Shareholder	Before Purchase			After Purchase		
	Direct Interest %	Deemed Interest %	Total Interest %	Direct Interest %	Deemed Interest %	Total Interest %
Star Attraction Limited	75.4041	–	75.4041	83.7823	–	83.7823
Wheelock Properties Limited	–	75.4041	75.4041	–	83.7823	83.7823
Wheelock and Company Limited	–	75.4041	75.4041	–	83.7823	83.7823

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the Directors exercise the Share Purchase Mandate.

## 8. LISTING STATUS ON SGX-ST

The Directors will use their best endeavours to ensure that the Company does not effect a purchase of Shares which would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

Pursuant to Rule 723 of the SGX-ST Listing Manual, the Company has to ensure that at least ten per cent. (10%) of its Shares are at all times held by the “public” (the public being persons other than directors, chief executive officer, substantial shareholders or controlling shareholders of the issuer and its subsidiary companies and associates of the aforesaid persons, as defined in the SGX-ST Listing Manual). As at the Latest Practicable Date, twenty-four point five per cent. (24.5%) of the issued share capital of the Company is held by the public. Before deciding to effect a purchase of Shares, the Directors will ensure that, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

## 9. SUSPENSION OF PURCHASES

Share purchases are prohibited after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced.

In particular, the Company has in place an internal code on securities dealings, which is modelled on the best practices guide on securities dealings issued by the SGX-ST. In line with this internal code (in operation as at the Latest Practicable Date), the Company will not purchase or acquire any Shares through Market Purchases during the period commencing one (1) month before the announcement of the Company’s financial statements for each of the first three quarters of its financial year and its full-year results, and ending on the date of announcement of the relevant results.

## 10. DIRECTORS’ RECOMMENDATION

The Directors are of the opinion that the renewal of the Share Purchase Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the 32<sup>nd</sup> AGM on 29 July 2005 as set out in the Notice of Annual General Meeting dated 1 July 2005.

## 11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this letter are fair and accurate in all material respects, and that there are no other material facts the omission of which would make any statements herein misleading in any material respect.

## 12. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 501 Orchard Road #04-01/03, Wheelock Place, Singapore 238880 during normal business hours from the date hereof up to and including the date of the 32<sup>nd</sup> AGM:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 March 2005; and
- (c) the Company's Circular to Shareholders dated 30 June 2002.

Yours faithfully  
For and on behalf of the Board of Directors  
**WHEELOCK PROPERTIES (SINGAPORE) LIMITED**

Gonzaga W. J. Li  
Chairman