



**SunningdaleTech**

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## **SUNNINGDALE TECH LTD** | Addendum to Shareholders

(Company Registration No. 199508621R)  
Incorporated in the Republic of Singapore

ADDENDUM ACCOMPANYING  
THE NOTICE OF ANNUAL GENERAL MEETING  
DATED 3 OCTOBER 2005  
in relation to the  
PROPOSED RENEWAL OF  
THE SHARE PURCHASE MANDATE



## ANNEXURE I

### PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

#### 1. INTRODUCTION

On 29 October 2004, the Company obtained shareholders' approval at an Extraordinary General Meeting of the Company ("**2004 EGM**") to authorise the Directors to exercise all powers of the Company to purchase or acquire its issued ordinary shares of \$0.05 each in the capital of the Company (the "**Shares**") ("**Share Purchase Mandate**") on the terms of the Share Purchase Mandate which has taken effect from the date of the 2004 EGM until the date on which the next annual general meeting of the Company is held or is required by applicable law to be held, whereupon it will lapse unless renewed at such meeting. Accordingly, shareholders' approval will be sought at the coming Tenth AGM of the Company for the renewal of the Share Purchase Mandate.

If approved by shareholders at the Tenth AGM to be held on 18 October 2005, the authority conferred by the Share Purchase Mandate will take effect from the date of the Tenth AGM and, unless it is varied or revoked by the Company in general meeting, continue in force until the date on which the next annual general meeting of the Company is held or is required by applicable law to be held, whereupon it will lapse unless renewed at such meeting. The Share Purchase Mandate as proposed is intended to be placed before shareholders for renewal at each subsequent annual general meeting of the Company.

Since the approval of the Share Purchase Mandate at the 2004 EGM, the Company has not purchased or acquired any Shares under the Share Purchase Mandate.

#### 2. DEFINITIONS

In this Annexure I, the following definitions apply throughout unless otherwise stated:

<b>"Articles"</b>	:	The Articles of Association of Sunningdale Tech Ltd (formerly known as Tech Group Asia Ltd).
<b>"Associated Company"</b>	:	A company in which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries, or a subsidiary of such company, and over whose management the Company has control.
<b>"Associated Company Employee"</b>	:	Any employee of an Associated Company (including any Associated Company Executive Director) selected by the Committee to participate in the STL RSP and/or the STL PSP in accordance with the provisions thereof.
<b>"Associated Company Executive Director"</b>	:	A director of an Associated Company who performs an executive function.
<b>"Auditors"</b>	:	The auditors of the Company for the time being.

## 2. DEFINITIONS (cont'd)

<b>“Award”</b>	:	A contingent award of Shares granted under the STL RSP and/or the STL PSP.
<b>“CDP”</b>	:	The Central Depository (Pte) Limited.
<b>“Committee”</b>	:	A committee comprising Directors and/or not more than one other person (if any) as may be nominated by the Parent Company (if any), duly authorised and appointed by the Board of Directors to administer the New Plans.
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore.
<b>“Council”</b>	:	The Securities Industry Council of Singapore.
<b>“Directors”</b>	:	The Directors of the Company for the time being.
<b>“EPS”</b>	:	Earnings per Share.
<b>“Group Employee”</b>	:	Any employee of the Group (including any Group Executive Directors and any Parent Group Executive or Non-Executive Director of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group) selected by the Committee to participate in the STL RSP and/or the STL PSP, in accordance with the provisions thereof.
<b>“Group Executive Director”</b>	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.
<b>“Latest Practicable Date”</b>	:	18 September 2004, being the latest practicable date prior to the printing of this Annexure I.
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST.
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities.
<b>“New Plans”</b>	:	The proposed STL RSP and the proposed STL PSP.
<b>“New Shares”</b>	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options granted under the STL ESOS and/or pursuant to the vesting of Awards granted under the STL RSP and/or the STL PSP.
<b>“Non-Executive Director”</b>	:	A director of : (a) the Company and/or its subsidiaries, other than a Group Executive Director; (b) the Parent Company and/or its designated subsidiaries (other than the Company and its subsidiaries, where applicable), other than a Parent Group Executive Director; or (c) an Associated Company, other than an Associated Company Executive Director.
<b>“NTA”</b>	:	Net tangible assets of the Company.
<b>“NTA per Share”</b>	:	Net tangible assets of the Company divided by the number of issued Shares.

## 2. DEFINITIONS (cont'd)

<b>“Options”</b>	: The right to subscribe for Shares granted or to be granted pursuant to the STL ESOS. (Previously Tech Group Asia Executive Share Option Scheme or TGA ESOS).
<b>“Parent Company”</b>	: A company being the holding company of the Company designated by the Committee for the purposes of any of the New Plans or where no such holding company exists, the single largest corporate shareholder for the time being of the Company designated by the Committee for the purposes of the New Plans and approved by the Singapore Exchange.
<b>“Parent Group”</b>	: The Parent Company and such of the Parent Company’s subsidiaries as are designated by the Committee for the purposes of the New Plans (but, where applicable, excluding the Group).
<b>“Parent Group Executive”</b>	: Any employee of the Parent Group (including any Parent Group Executive Director).
<b>“Parent Group Executive Director”</b>	: A director of the Parent Company and/or any of subsidiaries (but, where applicable, excluding the Group), as the case may be, who performs an executive function.
<b>“Participant”</b>	: A Group Employee, a Non-Executive Director or an Associated Company Employee who has been granted an Award.
<b>“Securities Accounts”</b>	: Securities accounts maintained by Depositors with CDP but not including securities sub-accounts maintained with a Depository Agent.
<b>“SGX-ST” or “Singapore Exchange”</b>	: Singapore Exchange Securities Trading Limited.
<b>“Shareholders”</b>	: Registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Account are credited with the Shares.
<b>“Share Plans”</b>	: The STL RSP and the STL PSP. These Plans were previously known as TGA RSP and TGA PSP. Following the change of the name of the Company to Sunningdale Tech Ltd, the Share Plans are now known as Sunningdale Tech Ltd Restricted Share Plan or STL RSP and Sunningdale Tech Ltd Performance Share Plan or STL PSP.
<b>“Shares”</b>	: Shares of par value S\$0.05 each in the capital of the Company.
<b>“STL PSP”</b>	: Sunningdale Tech Ltd Performance Share Plan, as modified or altered from time to time.
<b>“STL RSP”</b>	: Sunningdale Tech Ltd Restricted Share Plan, as modified or altered from time to time.
<b>“STL ESOS”</b>	: Sunningdale Tech Ltd Share Option Scheme 2003.
<b>“STL” or the “Company”</b>	: Sunningdale Tech Ltd.

## 2. DEFINITIONS (cont'd)

- “STL Group”** or the **“Group”** : The Company and its subsidiaries.
- “S\$”, “\$”** or the **“cents”** : Singapore dollars and cents respectively.
- “Takeover Code”** : The Singapore Code on Take-overs and Mergers.
- “%”** or the **“per cent.”** : Per centum or percentage.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies 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.

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

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

Any discrepancies in the tables in this Annexure I between the listed amounts and the totals therefore are due to rounding.

## 3. RENEWAL OF THE SHARE PURCHASE MANDATE

### 3.1 Rationale for Share Purchase Mandate

The renewal of the Share Purchase Mandate will provide the Company the flexibility to undertake share purchases or acquisitions up to the 10% limit described in paragraph 3.3 below at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares as previously stated in the Company's Circular to Shareholders dated 13 October 2004 is as follows: -

- (a) In managing the business of the Group, management strives to increase Shareholders' value by improving, inter alia, the return on equity of the Group. Share purchase at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to its Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, inter alia, the Company's share capital structure and its dividend policy.
- (c) Share repurchase programmes help buffer short-term share price volatility and off-set the effects of short-term speculators and investors and, in turn, bolster shareholder confidence and employee morale.

### **3. RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)**

#### **3.1 Rationale for Share Purchase Mandate (cont'd)**

- (d) If allowed by law, the Share Purchase Mandate may be used to purchase existing Shares to satisfy Awards granted under the Sunningdale Tech Restricted Share Plan (previously known as Tech Group Asia Restricted Share Plan) and/or the Sunningdale Tech Performance Share Plan (previously known as Tech Group Asia Performance Share Plan).

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.

#### **3.2 Companies (Amendment) Act and its Effect on Future Share Purchase**

The Companies (Amendment) Act was gazetted on 6 June 2005 and will come into operation on 30 January 2006. The Companies (Amendment) Act amends various provisions of the Companies Act. The amendments include the following: -

- (a) a company will be permitted, pursuant to a share purchase mandate, to purchase or acquire its shares out of capital, in addition to purchasing or acquiring such shares using its distributable profits;
- (b) a company elect to cancel ordinary shares which are purchased or acquired by a company pursuant to a share purchase mandate or not to cancel but to hold such shares as treasury shares; and
- (c) shares will no longer have any par value as the concept of par value of shares will be abolished.

#### **3.3 Authority and Limits on the Share Purchase Mandate.**

The authority and limitations placed on the Share Purchase Mandate, if renewed at the Tenth AGM, are substantially the same as previously approved by the Shareholders at the 2004 EGM. The authority and limits on the Share Purchase Mandate are as follows: -

##### **3.3.1 Maximum Number of Shares**

As at the Latest Practicable Date, the issued share capital of the Company comprised 734,064,056 Shares. The Company will only purchase or acquire Shares which are issued and fully paid-up. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the issued share capital of the Company as at the date on which the Share Purchase Mandate is approved at the Tenth AGM.

Purely for illustrative purposes, on the basis of 734,064,056 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, not more than 73,406,405 Shares (representing 10% of the issued share capital of the Company as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

### 3. RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

#### 3.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the forthcoming AGM at which the renewal of the Share Purchase Mandate is approved up to:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (b) the Share purchases have been carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting.

whichever is the earlier.

#### 3.3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) an on-market purchase ("**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's Central Limit Order Book (CLOB) trading system or any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**") through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (b) an off-market purchase ("**Off-Market Purchase**") effected pursuant to an equal access scheme or schemes for the purchase of Shares from the Shareholders.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an equal access scheme must, however, satisfy all 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 offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.



### 3. RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

#### 3.3.3 Manner of Purchases or Acquisitions of Shares (cont'd)

Additionally, the Listing Manual provides that, in making an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances; and
- (iii) the information required under Rule 883(2), (3), (4) and (5) of the Listing Manual.

#### 3.3.4 Purchase Price

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares must not exceed:

- (a) in the case of a Market Purchase, 105 per cent of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 110 per cent of the Average Closing Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition (the “**Maximum Price**”).

For the above purposes:

“**Average Closing Price**” means the average of the last dealt prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period; and “**Date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than 110 cent of the Average Closing Price of the Shares (excluding related expenses of the purchase or acquisition) for each Share) and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

### 3.4 Status of Purchased Shares

Under current law, a Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to the Share will expire on cancellation. A Share so purchased by the Company will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

### **3. RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)**

#### **3.5 Source of Funds**

The Company will use its internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance the Company's purchase or acquisition of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected.

#### **3.6 Financial Effects**

The financial effects 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 number of Shares purchased or acquired and the price paid for such Shares.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 30 June 2005 are based on the assumption set out below.

##### **3.6.1 Number of Shares that may be Acquired or Purchased**

Based on 734,064,056 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, not more than 73,406,405 Shares (representing 10% of the issued share capital of the Company as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

##### **3.6.2 Maximum Price that may be paid for Shares Acquired or Purchased**

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 73,406,405 Shares at the Maximum Price of S\$0.59 for each Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five 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 73,406,405 Shares is S\$43,309,778.95.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 73,406,405 Shares at the Maximum Price of S\$0.62 for each Share (being the price equivalent to 10% above the Average Closing Price of the Shares for the five 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 73,406,405 Shares is S\$45,511,971.10.

### 3. RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

#### 3.6.2 Maximum Price that may be paid for Shares Acquired or Purchased (cont'd)

For illustrative purposes only, and based on the assumptions set out in paragraph 3.6.2 above, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group for the financial year ended 30 June 2005 are set out below :

##### Market Purchases

	<-----Group----->		<-----Company----->	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2005</b>				
Total Equity	140,604	118,949	108,416	86,761
NTA	72,670	51,015	108,416	86,761
Current Assets	96,084	74,429	31,680	10,025
Current Liabilities	105,886	105,886	60,092	60,092
Total Liabilities	132,751	132,751	76,008	76,008
Cash and Cash Equivalents	25,763	4,108	2,062	-
Number of Shares	734,064,056	697,360,853	734,064,056	697,360,853
<b>Financial Ratios</b>				
NTA per Share (\$)	\$0.10	\$0.07	\$0.15	\$0.12
Gearing	0.46	0.55	0.45	0.56
Current Ratio	0.91	0.70	0.53	0.17

##### Off-Market Purchases

	<-----Group----->		<-----Company----->	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2005</b>				
Total Equity	140,604	117,846	108,416	85,658
NTA	72,670	49,912	108,416	85,658
Current Assets	96,084	73,326	31,680	8,922
Current Liabilities	105,886	105,886	60,092	60,092
Total Liabilities	132,751	132,751	76,008	76,008
Cash and Cash Equivalents	25,763	3,005	2,062	-
Number of Shares	734,064,056	697,360,853	734,064,056	697,360,853
<b>Financial Ratios</b>				
NTA per Share (\$)	\$0.10	\$0.07	\$0.15	\$0.12
Gearing	0.46	0.55	0.45	0.56
Current Ratio	0.91	0.69	0.53	0.15

##### **Notes:**

(1) NTA equals total equity less intangible assets.

(2) Gearing equals total liabilities divided by total equity.

(3) Current ratio equals current assets divided by current liabilities.

### 3. RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

#### 3.6 Financial Effects (cont'd)

Shareholders should note that the financial effects set out above are purely for illustrative purposes only and have been prepared on the assumption that the company exercises the share purchase mandate up to 5% in the case of market purchases and 5% in the case of off-market purchases, being the maximum number of shares the company is able to purchase under the share purchase mandate, having regard to (i) the amount of the company's distributable reserves of approximately S\$ 56,215,124 as at 30 June 2005 and (ii) the maximum prices as calculated in the manner provided above.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of its issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of its issued Shares. **In particular, the maximum number of shares that the company may purchase under the share purchase mandate is limited to its distributable profits which are available for payment as dividends. The directors do not intend to exercise the share purchase mandate up to the maximum limit and to such an extent if such exercise would materially and adversely affect the financial position of the group.**

#### 3.7 Take-over Implications.

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implication arising from any purchase or acquisition by the Company of its Shares are set out below.

##### 3.7.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

##### 3.7.2 Persons Acting in Concert

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:

- (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 each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first mentioned company.

### **3. RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)**

#### **3.7.2 Persons Acting in Concert (cont'd)**

The circumstances under which Shareholders of the Company (including Directors of the Company) 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 Appendix 2 of the Take-over Code.

#### **3.7.3 Effect of Rule 14 and Appendix 2**

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

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six 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 at earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchases by the Company.**

#### **3.7.4 No Previous Purchases.**

The Company has not undertaken any purchase or acquisition of its Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2004 EGM.

#### **3.7.5 Exemptions to make a General Offer granted by The Securities Industry Council of Singapore (the "Council")**

The Council has on 7 October 2004 granted its approval to exempt TGI Holdings, Inc (formerly known as The Tech Group Inc.) and its concert parties, including Mr Steven Uhlmann, from the requirement to make a general offer under Rule 14 of the Take-Over Code arising from any share purchase by the Company pursuant to the Share Purchase Mandate subject to the following conditions:-

- (i) the Circular on the resolution to authorize the Share Purchase Mandate contains advice to the effect that by voting for the Share Purchase Mandate, shareholders of the Company are waiving their rights to a general offer at the required price from TGI Holdings, Inc and its concert parties and their names and voting rights at the time of the shareholders' meeting and after the proposed share purchase are disclosed in the Circular;
- (ii) the resolution to authorize the Share Purchase Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share purchase;

### 3. RENEWAL OF THE SHARE PURCHASE MANDATE (cont'd)

#### 3.7.5 Exemptions to make a General Offer granted by The Securities Industry Council of Singapore (the "Council") (cont'd)

- (iii) TGI Holdings, Inc and its concert parties abstain from voting for and recommending Shareholders to vote in favour of the resolution to authorize the Share Purchase Mandate; and
- (iv) TGI Holdings, Inc and its concert parties have not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Purchase Mandate is imminent and the earlier of (i) the date the authority of the Share Purchase Mandate expires; and (ii) the date the Company announces it has bought back such number of Shares as authorized by the Share Purchase Mandate or it has been decided to cease buying back its Shares, as the case may be, if such acquisitions, taken together with the share buyback, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding 6 months.

If the Company ceases to purchase its Shares and the increase of the voting rights held by TGI Holdings, Inc and its concert parties as a result of share purchases at such time is less than 1%, TGI Holdings, Inc and its concert parties will be allowed to acquire further voting rights in the Company. However, any increase in their percentage voting rights in the Company as a result of the share purchases will be taken into account together with any voting rights acquired after cessation in determining whether TGI Holdings, Inc and its concert parties have increased their voting rights by more than 1% in any 6-month period.

**It should be noted that approving the Share Purchase Mandate will constitute a waiver by the Shareholders in respect of their right to a general offer by TGI Holdings, Inc and its concert parties at the Required Price.**

"Required Price" means in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the highest of the highest price paid by the offerors and/or person(s) acting in concert with them for the Company's Shares (i) during the offer period and within the preceding 6 months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within 6 months of the offer and during the offer period, or (iii) acquire through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within 6 months of the offer or during the offer period; or at such price as determined by Council under 14.3 of the Takeover Code.

Save as disclosed, the Directors confirm that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidate, and consequences under the Take-over Code would ensure as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

### 3.8 DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they, other than Steven Uhlmann, recommend that Shareholders vote in favour of Resolution 15, being the Ordinary Resolution relating to the Share Purchase Mandate.