

CIRCULAR DATED 9 NOVEMBER 2011

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of T T J Holdings Limited (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the enclosed proxy form immediately to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.



CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (i) THE PROPOSED SHARE PURCHASE MANDATE; AND**
- (ii) THE PROPOSED DIVERSIFICATION INTO THE NEW BUSINESS OF PROPERTY DEVELOPMENT, PROPERTY INVESTMENT AND PROPERTY MANAGEMENT**

IMPORTANT DATES

Last date and time for lodgement of proxy form	:	28 November 2011 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	30 November 2011 at 3.00 p.m. (or as soon as practicable following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and at the same place)
Place of Extraordinary General Meeting	:	8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095

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DEFINITIONS

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

- “AGM”* : Annual general meeting
- “Associates”* : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “CDP”* : The Central Depository (Pte) Limited
- “Circular”* : This circular dated 9 November 2011 in relation to the Proposed Transactions
- “Companies Act”* : The Companies Act, Chapter 50, of Singapore, as amended from time to time
- “Company”* : T T J Holdings Limited
- “Controlling Shareholder”* : A person who holds directly or indirectly 15% or more of all the voting shares in the Company unless the SGX-ST determines otherwise or a person who in fact exercises control over the Company, as defined under the Listing Manual
- “Directors”* : The Directors of the Company as at the date of this Circular
- “EGM”* : The Extraordinary General Meeting of the Company, notice of which is set out in this Circular
- “Group”* : The Company and its subsidiaries
- “Jurong Apartment”* : The workers’ dormitory located at Block 529 Upper Jurong Road, Singapore 638355 which is managed by the Group
- “Latest Practicable Date”* : 27 October 2011, being the latest practicable date before the printing of this Circular
- “Listing Manual”* : The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
- “Market Day”* : A day on which the SGX-ST is open for trading of securities

<i>“New Business”</i>	:	The business of property development, property investment and property management
<i>“Notice of EGM”</i>	:	The notice of the EGM as set out in this Circular
<i>“Proposed Transactions”</i>	:	The proposed adoption of the Share Purchase Mandate and the proposed diversification into the New Business
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	:	Persons (other than CDP) who are for the time being registered as holders of the Shares in the Register of Shareholders of the Company and Depositors who have Shares entered against their names in the Depository Register
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company
<i>“Substantial Shareholder”</i>	:	A person who has an interest in voting Shares in the Company which carry not less than 5% of the total votes attached to all the voting shares in the Company
<i>“Resolutions”</i>	:	Resolutions 1 and/or 2 as set out in the Notice of EGM to be passed by way of ordinary resolutions as the context requires
<i>“Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers
<i>“Terusan Lodge I”</i>	:	The workers’ dormitory located at 5A Jalan Papan, Singapore 619406 which is designed, built and managed by the Group
<i>“S\$” and “cents”</i>	:	Singapore dollars and cents respectively

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 and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Any reference in this Circular 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 used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act or statutory modification as the case may be.

Directors:

Teo Hock Chwee (Chairman and Managing Director)
Chiong Su Been (Executive Director and Chief Financial Officer)
Dr Ng Yiau Heong (Executive Director)
Lim Yian Poh (Lead Independent Director)
Ling Chien Yien (Independent Director)
Leong Yee Yew (Independent Director)

Registered Office:

57 Pioneer Road
Singapore 628508

9 November 2011

To: The Shareholders of T T J Holdings Limited

Dear Sir/Madam

(I) THE PROPOSED SHARE PURCHASE MANDATE; AND

(II) THE PROPOSED DIVERSIFICATION INTO THE NEW BUSINESS OF PROPERTY DEVELOPMENT, PROPERTY INVESTMENT AND PROPERTY MANAGEMENT

1. INTRODUCTION

The Directors of the Company are proposing to convene an EGM to be held on 30 November 2011 to seek Shareholders' approval for the Proposed Transactions.

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Transactions and to seek Shareholders' approval for such proposals as set out in the Notice of EGM.

The SGX-ST assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.

2. THE PROPOSED SHARE PURCHASE MANDATE

Shareholders' approval is being sought at the EGM for the approval of the Share Purchase Mandate (as defined below) by an ordinary resolution ("**Resolution 1**").

Background

- 2.1 Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by, the Companies Act and the Listing Manual and such other laws and regulations as may, for the time being, be applicable.
- 2.2 It is a requirement that a company which wishes to purchase or acquire its own shares should obtain the approval of its shareholders to do so at a general meeting of its shareholders. Accordingly, approval is being sought from Shareholders at the EGM for a general and unconditional mandate ("**Share Purchase Mandate**") to be given for the purchase or acquisition by the Company of its issued Shares.
- 2.3 Resolution 1, if approved by Shareholders at the EGM, will authorise the directors of the Company to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Purchase Mandate. The authority conferred by the Share Purchase Mandate will continue in force until the next AGM whereupon it will lapse unless it is renewed at the AGM. The authority may be revoked or varied in any general meeting of the Company held before the next AGM.

Rationale for the Share Purchase Mandate

- 2.4 The purchase by a company of its issued shares is one of the ways in which the return on equity of the company may be improved, thereby increasing shareholder value. By obtaining a Share Purchase Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.
- 2.5 The Share Purchase Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group's financial needs in an expedient and cost-effective manner.
- 2.6 The Directors further believe that Share purchases by the Company may help to mitigate short-term market volatility in the price of the Shares, off-set the effects of short-term speculation and bolster Shareholders' confidence.
- 2.7 Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised.

Share Purchase Mandate

- 2.8 Approval is being sought from Shareholders at the EGM for the adoption of the Share Purchase Mandate for the purchase or acquisition by the Company of its issued Shares. If approved, the Share Purchase Mandate will take effect from the date of the EGM and continue in force until the conclusion of the next AGM of the Company or such date as the next AGM is required by law or by the Articles of the Company to be held, unless prior thereto, Share purchases are carried out to the full extent mandated or the Share Purchase Mandate is revoked or varied by the Company in a general meeting. The Share Purchase Mandate will be put to Shareholders for renewal at each subsequent AGM or other general meeting of the Company.

Authority and Limits of the Share Purchase Mandate

- 2.9 The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if approved at the EGM, are summarised below:

Maximum Number of Shares

- 2.9.1 The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed 10% of the number of its issued Shares as at the date of the last AGM held before the resolution authorising the Share Purchase Mandate is passed or as at the date on which the resolution authorising the Share Purchase Mandate is passed, whichever is the higher.

The Companies Act provides that any shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit. As at the Latest Practicable Date, the Company does not hold any treasury shares.

- 2.9.2 Purely for illustrative purposes, on the basis of 350,000,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or before the EGM, not more than 35,000,000 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

Duration of Authority

- 2.9.3 Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the EGM at which the Share Purchase Mandate is approved up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held;

- (b) the date on which the Share purchases are carried out to the full extent mandated; or
- (c) the time when the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in general meeting.

The Share Purchase Mandate may be renewed at each AGM or other general meeting of the Company.

Manner of Purchases or Acquisitions of Shares

2.9.4 Purchases or acquisitions of Shares may be effected by the Company by way of:

- (a) on-market purchases (“**Market Purchases**”); and
- (b) off-market purchases, otherwise than on a securities exchange, in accordance with an “equal access scheme” as defined in Section 76C of the Companies Act (“**Off-Market Purchases**”).

2.9.5 Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST, through one or more duly licensed dealers appointed by the Company for the purpose.

2.9.6 In an Off-Market Purchase, the directors of the Company may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy the following conditions:

- (a) 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;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (1) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
 - (2) (if applicable) differences in consideration attributable to the fact that the 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.

2.9.7 Under the Listing Manual, if the Company wishes to make an Off-Market Purchase, it will issue an offer document containing, *inter alia*, the following information to all Shareholders:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share purchase;

- (d) the consequences, if any, of Share purchases by the Company that will arise under the Take-Over Code or other applicable take-over rules;
- (e) whether the Share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share purchase made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury Shares.

Maximum Purchase Price

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

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 115% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“Average Closing Price” means the average of the closing market prices of a Share over the last five Market Days on which transactions in the Shares were recorded on the SGX-ST 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 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 the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

Status of Purchased or Acquired Shares

2.10 Under the Companies Act, a Share which is purchased or acquired by the Company may be:

2.10.1 held by the Company as a treasury Share; or

2.10.2 dealt with by the Company in the following manner:

- (a) sold for cash;
- (b) transferred for the purposes of or pursuant to an employees’ share scheme;

- (c) transferred as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancelled; or
- (e) sold, transferred or otherwise used for such other purposes as the Minister may by order prescribe.

2.11 The maximum number of treasury shares which may be held by the Company is as follows:

2.11.1 The Company if having only one class of shares shall not hold treasury shares exceeding 10% of the total number of such shares; or

2.11.2 The Company if having more than one class of shares shall not hold treasury shares of that class exceeding 10% of the total number of issued shares in that class at any time;

and in the event that the Company holds in its treasury more than 10% of the total number of issued shares in any class of its shares, it shall cancel the excess within six months or such further period as the Registrar may allow.

2.12 The Company shall not exercise any right in respect of the treasury shares, including:

2.12.1 the right to attend or vote at meetings; and

2.12.2 the right to receive dividend or any other distribution (in cash or otherwise) of its assets (including any distribution of assets to members on a winding up).

2.13 The Company may receive allotments of fully paid bonus shares in respect of its treasury shares and its treasury shares may be sub-divided or consolidated so long as the total value of the treasury shares after the subdivision or consolidation is the same as before the subdivision or consolidation.

Source of Funds

2.14 The Companies Act provides that any purchase or acquisition of Shares by the Company may be made out of its capital or profits, so long as it is solvent (i.e. the Company is able to pay its debts in full at the time which the Share purchase is being conducted and the value of its assets exceed its liabilities, including any contingent liability and will not after the proposed Share purchase become less than the value of its liabilities, including any contingent liability). The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.15 The Company intends to use internal sources of funds or external borrowings to finance purchases or acquisitions of its Shares. 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 such purchases or acquisitions of the Shares pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

Financial Effects

- 2.16 Where the Company chooses to cancel any of the Shares it repurchased, it shall:
- 2.16.1 reduce the amount of its share capital where the Shares are purchased or acquired out of its capital;
 - 2.16.2 reduce the amount of its profits where the Shares are purchased or acquired out of its profits; or
 - 2.16.3 reduce the amount of its share capital and profits proportionately where the Shares are purchased or acquired out of both its capital and the profits,
- by the total amount of the purchase price paid by it for the Shares cancelled.
- 2.17 The consideration if paid by the Company out of its profits for the purchase or acquisition of Shares (including related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.
- 2.18 The financial effects on 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, the consideration paid at the relevant time, and the amount (if any) borrowed by the Group to fund the purchases or acquisitions.
- 2.19 Based on the number of issued Shares as at the Latest Practicable Date, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 35,000,000 Shares.
- 2.20 Assuming the Company purchases or acquires the 35,000,000 Shares at the Maximum Price, the maximum amount of funds required (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is:
- 2.20.1 in the case of Market Purchases of Shares, approximately S\$5,320,000 based on S\$0.1520 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive Market Days immediately preceding the Latest Practicable Date); and
 - 2.20.2 in the case of Off-Market Purchases of Shares, approximately S\$5,827,500 based on S\$0.1665 for one Share (being the price equivalent to 15% above the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive Market Days immediately preceding the Latest Practicable Date).
- 2.21 For illustrative purposes only, on the basis of the assumptions set out above, and based on the audited financial statements of the Group for the financial year ended 31 July 2010, and assuming that:
- 2.21.1 the Share Purchase Mandate had been effective on the Latest Practicable Date; and
 - 2.21.2 the purchases or acquisitions of Shares are financed solely by internal resources,

the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group for the financial year ended 31 July 2010 would have been as follows:

Market Purchases:

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 July 2010				
Shareholders' Funds (S\$'000)	59,847	54,526	23,226	17,905
NTA (S\$'000) ⁽¹⁾	59,847	54,526	23,226	17,905
Current Assets (S\$'000)	69,395	64,074	20,202	14,881
Current Liabilities (S\$'000)	39,802	39,802	1,416	1,416
Total Liabilities (S\$'000)	49,138	49,138	1,416	1,416
Cash and Cash Equivalents (S\$'000)	29,251	23,930	18,144	12,823
Number of Shares ('000)	350,000	315,000	350,000	315,000
Financial Ratios				
NTA per Share (cents)	0.17	0.17	0.07	0.06
EPS (cents) ⁽²⁾	2.45	2.45	N.A	N.A
Gearing (%) ⁽³⁾	0.82	0.90	0.06	0.08
Current Ratio (times) ⁽⁴⁾	1.74	1.61	14.27	10.51

Notes:

⁽¹⁾ NTA equals total equity less intangible assets and minority interests, if any.

⁽²⁾ EPS is computed based on FY2010 net profit attributable to ordinary shareholders of the Company divided by the number of shares.

⁽³⁾ Gearing equals total liabilities divided by shareholders' funds.

⁽⁴⁾ Current ratio equals current assets divided by current liabilities.

Off-Market Purchases:

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 July 2010				
Shareholders' Funds (S\$'000)	59,847	54,019	23,226	17,398
NTA (S\$'000) ⁽¹⁾	59,847	54,019	23,226	17,398
Current Assets (S\$'000)	69,395	63,567	20,202	14,374
Current Liabilities (S\$'000)	39,802	39,802	1,416	1,416
Total Liabilities (S\$'000)	49,138	49,138	1,416	1,416
Cash and Cash Equivalents (S\$'000)	29,251	23,423	18,144	12,316
Number of Shares ('000)	350,000	315,000	350,000	315,000
As at 31 July 2010				
Financial Ratios				
NTA per Share (cents)	0.17	0.17	0.07	0.06
EPS (cents) ⁽²⁾	2.45	2.45	N.A	N.A
Gearing (%) ⁽³⁾	0.82	0.91	0.06	0.08
Current Ratio (times) ⁽⁴⁾	1.74	1.60	14.27	10.15

Notes:

⁽¹⁾ NTA equals total equity less intangible assets and minority interests, if any.

⁽²⁾ EPS is computed based on FY2010 net profit attributable to ordinary shareholders of the Company divided by the number of shares.

⁽³⁾ Gearing equals total liabilities divided by shareholders' funds.

⁽⁴⁾ Current ratio equals current assets divided by current liabilities.

SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE PURELY FOR ILLUSTRATIVE PURPOSES ONLY. ALTHOUGH THE SHARE PURCHASE MANDATE WOULD AUTHORISE THE COMPANY TO PURCHASE OR ACQUIRE UP TO 10% OF THE ISSUED SHARES, THE COMPANY MAY NOT NECESSARILY PURCHASE OR ACQUIRE OR BE ABLE TO PURCHASE OR ACQUIRE THE ENTIRE 10% OF THE ISSUED SHARES. IN PARTICULAR, THE MAXIMUM NUMBER OF SHARES THAT THE COMPANY MAY PURCHASE UNDER THE SHARE PURCHASE MANDATE IS LIMITED TO THE EXTENT THAT THE COMPANY WILL REMAIN SOLVENT. THE DIRECTORS DO NOT INTEND TO EXERCISE THE PROPOSED SHARE PURCHASE MANDATE UP TO THE MAXIMUM LIMIT IF SUCH EXERCISE WOULD MATERIALLY AND ADVERSELY AFFECT THE FINANCIAL POSITION OF THE GROUP.

- 2.22 For illustrative purposes, it has been assumed that the purchases or acquisitions of Shares are financed solely by internal resources and in the event that there is a shortfall, the purchases and acquisitions are to be financed by long-term borrowings. Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on, *inter alia*, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.
- 2.23 **Shareholders should note that the financial effects set out above are for illustration purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, Shareholders should note that the above analysis is based on the audited financial statements of the Group for the financial year ended 31 July 2010 and is not necessarily representative of future financial performance.**
- 2.24 The Company may take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase before execution.

Taxation

- 2.25 Pursuant to Sections 10I and 10J of the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”) where a company buys back its own shares and makes payment out of its contributed capital, it will not be regarded as a payment of dividend but a return of capital. Where a company buys back its own shares using its distributable profits, it is deemed as having paid a dividend to the shareholders from whom the shares are purchased or acquired.

Share Purchase Using Distributable Profits

In relation to a Market Purchase, in the case of the Company (since it is listed on the SGX-ST), the Company may apply to the SGX-ST for a special trading counter for the purposes of effecting the Market Purchase, subject to the approval being obtained from Shareholders for the Share Purchase Mandate at the EGM. Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases through the special trading counter set up on the SGX-ST will, subject to the fulfilment of certain conditions by the Shareholders, be treated for income tax purposes, in the hands of the Shareholders as the receipt of dividend. This dividend is exempt from tax under the one-tier corporate system which became effective on 1 January 2003. Under the one-tier corporate system, resident companies pay a final income tax on their corporate profits and any distributions of dividends from their corporate profits will be exempt from tax in the hands of its shareholders.

Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases through the normal ready counters will be treated for income tax purposes like any other disposal of shares and not as a dividend. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipt of an income or a capital nature.

Proceeds received by Shareholders who sell their Shares to the Company in an Off-Market Purchase in accordance with the equal access scheme authorised by the Company, and such Shareholders are not transferees to whom Section 10N of the Income Tax Act applies, such proceeds will be treated for income tax purposes as the receipt of dividends and therefore exempt from tax in the hands of the Shareholders.

The above statements are general in nature and are based on certain aspects of current tax laws in Singapore which are in force as of the date of this letter and are subject to any changes in such laws, or in the interpretation of these laws occurring after the date of this letter, which changes could be made on a retroactive basis. These statements should not be regarded as a comprehensive description of all the tax considerations that may be relevant to a decision to vote in favour of or against the Share Purchase Mandate.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in any doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or who may be subject to tax whether inside or outside of Singapore, should consult their own professional advisers.

Requirements in the Listing Manual

- 2.26 The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was effected, and (ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form, and shall include such details, as may be prescribed by the SGX-ST in the Listing Manual.
- 2.27 The Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s). However, as the Company would be regarded as an insider in relation to any proposed purchase or acquisition of its shares, it will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in the following circumstances:
- 2.27.1 at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced; and
- 2.27.2 in the case of Market Purchases, during the period commencing one month immediately before the announcement of the Company's full-year results, and the period of two weeks before the announcement of the Company's half-year results.
- 2.28 The Listing Manual requires a company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.
- 2.29 As at the Latest Practicable Date, there are approximately 61,395,000 Shares in the hands of the public, representing approximately 17.54% of the issued Shares of the Company. Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares held by public shareholders which would permit it to undertake purchases and acquisitions of its Shares up to 7.54% of its issued Shares pursuant to the proposed Share Purchase Mandate, without adversely affecting the listing status of its Shares on the SGX-ST. The Directors will use their best efforts to ensure that the Company does not effect a Share purchase if the Share purchase will result in the number of Shares remaining in the hands of the public to fall to such a level as to cause market illiquidity and/or adversely affect the listing status of the Company on the SGX-ST.

Certain Take-over Code Implications

Obligation to Make a Take-over Offer

2.30 Any resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any purchase or acquisition of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”). Consequently, depending on the number of Shares purchased or acquired by the Company and the number of issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14.

Persons Acting in Concert

2.31 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 *inter alia*, will be presumed to be acting in concert, namely,

2.31.1 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

2.31.2 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.

Effect of Rule 14 and Appendix 2

2.32 The circumstances under which Shareholders (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 Rule 14 and Appendix 2 of the Take-over Code. 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 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.

2.33 Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the directors of the Company 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 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 proposed Share Purchase Mandate.

2.34 As at the Latest Practicable Date, approximately 17.54% of the issued shares of the Company are in the hands of the public. With the exception of Mr Teo Hock Chwee, the remaining Substantial Shareholder holds less than 15% of the issued shares of the Company. Mr Teo Hock Chwee has an aggregate interest (both direct and indirect) of approximately 67.0% in the Company.

2.35 As Mr Teo Hock Chwee has an interest of 67.0% in the Company, the increase in his shareholding in the event the Company purchases the maximum number of Share permissible under the Share Purchase Mandate will not require him to make a general offer under Rule 14 of the Take-over Code.

Save as disclosed above, the Directors are not aware of any fact(s) or factor(s) 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 interest in voting Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

- 2.36 Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of Share purchases by the Company are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.

Advice to Shareholders

- 2.37 The statements in this Circular do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers, the Securities Industry Council or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any purchase or acquisition of Shares by the Company.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The direct and indirect interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
<u>Director</u>				
Teo Hock Chwee	137,500,000	39.29	97,000,000	27.71
Chiong Su Been	1,115,000	0.32	–	–
Dr Ng Yiaw Heong	1,100,000	0.31	–	–
Lim Yian Poh	–	–	–	–
Ling Chien Yien	–	–	–	–
Leong Yee Yew	–	–	–	–
<u>Substantial Shareholders (Other than Directors)</u>				
TH Investment Pte Ltd ⁽²⁾	12,763,000	3.65	37,327,000	10.66
Chwee Cheng & Sons Pte Ltd ⁽²⁾	–	–	50,090,000	14.31

Notes:

⁽¹⁾ Percentages are based on the issued capital of the Company of 350,000,000 Shares as at the Latest Practicable Date.

⁽²⁾ Chwee Cheng & Sons Pte Ltd is the holding company of TH Investment Pte Ltd and accordingly, it is deemed to have an interest in the Shares held by TH Investment Pte Ltd.

As at the Latest Practicable Date, save as disclosed in this Circular, none of the Directors has any interest, direct or indirect, in the Proposed Transactions (other than by reason only of being a Director). As at the Latest Practicable Date, the Company has not received any notification from any of the Company's Substantial Shareholders that it has any interest, direct or indirect, in the Proposed Transactions (other than by reason of their shareholding interest in the Company).

4. SHARES PURCHASED BY THE COMPANY

The Company has not made any Share purchases in the 12 months preceding the date of this Circular.

5. THE PROPOSED DIVERSIFICATION INTO THE NEW BUSINESS OF PROPERTY DEVELOPMENT, PROPERTY INVESTMENT AND PROPERTY MANAGEMENT

Shareholders' approval is being sought at the EGM for the Company to diversify into the business of property development, property investment and property management (the "New Business") by an ordinary resolution ("**Resolution 2**").

Current Businesses of the Group

- 5.1 The Group's market capitalisation as at Latest Practicable Date is approximately S\$49 million with a Net Asset Value of approximately S\$73 million based on the Group's latest audited accounts for the financial year ended 31 July 2011. The Group's primary business activities include (i) the design, supply, fabrication and erection of a wide spectrum of structural steelworks for use in the construction of buildings, factories, plants and infrastructure ("**Structural Steel Business**") and (ii) the operation of dormitories ("**Dormitory Business**"). It is one of the largest structural steel fabricators based in Singapore, and has in the past, delivered steel structures for many iconic projects such as the MRT, Changi Airport Terminals 2 and 3, the Helix Bridge, SuperTrees at Gardens by the Bay, the Pinnacle @ Duxton and the Singapore New Supreme Court Building. The Group's Dormitory Business is based in Singapore and it operates two dormitories, the Terusan Lodge I and the Jurong Apartment, with a total capacity of approximately 5,700 persons as at the Latest Practicable Date. For further details on the Group's business activities, please refer to the Company's Prospectus dated 22 March 2010.
- 5.2 In the financial year ended 31 July 2010, the Group's Structural Steel Business' revenue (which is recognised based on percentage-of-completion method) was approximately S\$58.2 million, accounting for approximately 83.5% of the Group's total turnover, while the Group's revenue from its Dormitory Business was approximately S\$11.5 million, accounting for the remaining 16.5%.
- 5.3 The core business of the Group will continue to be anchored on its Structural Steel Business.

Proposed New Business of the Group and the rationale for diversification into the New Business

- 5.4 The Group proposes to diversify its business to engage in the business of property development, property investment and property management and aims to venture into the proposed New Business cautiously by actively seeking out opportunities to engage in property development on a project basis and may consider managing some of these completed properties on a case by case basis. The Group will initially focus its attention on the Singapore residential, commercial and industrial (factories) property segment. In particular, the Group intends to build and lease factories to small and medium enterprise (SME) manufacturers on a long-term basis (up to 10 years) before allowing them to eventually purchase the factories. The Group may also engage in property investment by acquiring existing properties and renting out the same for rental income. When undertaking such investments, the Board would consider, *inter alia*, cash flow requirements of the Group and returns on investments.

- 5.5 The Group is of the view that Singapore's property sector shows much potential and has seen tremendous growth in terms of the number of new projects launched as well as the amount of interest in these projects amongst investors and buyers. It is expected that, in the initial years, the Group would be looking to participate in projects where the Group's investment would be up to 75% of the Group's market capitalisation at the time of entering into the investment.

Purely for illustrative purposes, on the basis of the Group's market capitalisation as at the Latest Practicable Date, 75% of the Group's market capitalisation would be approximately S\$37 million which would require an estimated cash outlay of up to S\$11.1 million. Based on the Company's latest audited accounts for the financial year ended 31 July 2011, this would amount to approximately 15.2% of Group's Net Asset Value and 45.8% of Group's cash and cash equivalent for statement of cash flow purpose. Shareholders should note that the figures set out aforesaid are purely for illustrative purposes only and is not necessarily representative of the financial effect of the projects which the Group may participate in.

- 5.6 The proposed diversification of the Group's business is expected to provide additional earning streams for the Group while complementing its existing businesses. The Company believes that the proposed property management business would also go some way towards diversifying its business risks as it would entail a more stable revenue stream as compared to the Structural Steel Business which is project based. This is because the revenue stream for the property management business would comprise monthly lease and rental payments which would have been fixed and agreed for periods of 1 year upwards. This is in comparison to Structural Steel Business which is project based and dependent on the Group's ability to secure projects which would be dependent on the then prevailing market or economic conditions. There is a strong synergy between the Group's current core businesses and the New Business as steel is a key raw material in the construction of buildings and property development. Furthermore, the Group has experience in a niche property development and management project when it then constructed and currently manages its "design, build and manage" dormitory, the Terusan Lodge I. There is therefore much potential for the Group to take advantage of this synergy to benefit both its existing core businesses and the New Business.
- 5.7 On 22 July 2011, the Urban Redevelopment Authority of Singapore (URA) released its real estate statistics for the 2nd Quarter of 2011. It reported that prices of private residential, office, shop and industrial properties increased by 2.0%, 1.5%, 0.8% and 5.7% respectively in the 2nd Quarter of 2011 indicating the continued presence of strong demand in Singapore despite the measures announced by the Government of Singapore at the end of 2010 and early 2011 to dampen the exuberance of the local property market. While such measures may dampen the exuberance of the local residential property market somewhat, the Board is of the view that these measures are intended primarily to reduce short-term speculation in the residential property market and as such, would not likely to have an adverse impact on the long-term potential for growth in the local real estate industry. Furthermore, figures released by the Building and Construction Authority of Singapore (BCA) in their news release dated 12 January 2011 indicated that Singapore's construction demand is projected to reach between \$22 billion and \$28 billion for 2011, reflecting a continued and sustained workload.
- 5.8 The Group may undertake the New Business independently or in partnership/collaboration with third parties which have the relevant expertise and resources. The decision on whether a project should be undertaken by the Group on its own or in collaboration with third parties will be taken by the Board after taking into consideration various factors such as the nature and scale of the project, amount of investment required, nature of expertise required and the period of time that is required to complete the project.

- 5.9 The Group is optimistic that the general positive outlook of the New Business will enable the Group to benefit from the new ventures to be undertaken pursuant to the New Business. In making its assessment on the nature and extent of its investment in the New Business, the Group will consider the relevant market conditions, the joint venture partners, growth potential, projected returns and value enhancements of the various transactions related to the New Business to the Group.

Managing the Business

- 5.10 The Board and senior management of the Group comprise individuals with varied qualifications and experience who will provide the strategic vision and policy on the New Business. In making their decisions, they will, where necessary and appropriate, seek the advice of reputable external consultants and experts. As the Group intends to engage in the New Business incrementally, it will monitor developments and progress in the New Business and take the necessary steps to identify suitable candidates both from within the Group as well as externally to manage the New Business to take it forward as and when required. The Group has employed new personnel who possess the required knowledge and experience to assist Mr Teo Hock Chwee in the day-to-day running of the New Business.
- 5.11 Participation in projects under the New Business will be under the supervision of the Group's Chairman and Managing Director, Mr Teo Hock Chwee. Mr Teo is the founder of the Group and has over 40 years of working experience, of which 35 years were directly spent in the structural steelworks industry. He also spearheaded the Group's diversification into the Dormitory Business in 2004, which has since grown to become one of the Group's core businesses. In addition, Mr Teo was also involved in the planning and construction of the Terusan Lodge I (one of the "design, build and manage" dormitories in Singapore) and several factories which the Group occupies. The Group will strengthen the management expertise in the New Business with additional headcount as and when necessary.
- 5.12 The Group may foster partnerships with various third parties in the building and construction industry to assist it in undertaking the New Business more effectively and efficiently as the Group seeks to build its expertise and capabilities in this field. Such partnerships may be done either on a case by case basis or on a term basis. Where necessary, work may be outsourced to third parties who have expertise in the relevant area in relation to the projects concerned. In selecting its partners, the Group will take into account the specific expertise and competencies required for the project in question and the experience, historical track record and financial standing of the party concerned. The Group has (through its various subsidiaries) taken on the role of main contractors for civil and engineering projects which it has undertaken in the past. In addition, Mr Teo has over 40 years of working experience, of which 35 years were directly spent in the structural steelworks industry. The Group is experienced in dealing with sub-contractors on a regular basis. In particular, the Group's wholly owned subsidiaries, T T J Design and Engineering Pte Ltd and FRC Civil Engineering Pte. Ltd. both have extensive experience in the role of main contractors for civil and engineering projects. The Group may also appoint a reputable main contractor to handle the building and construction of a development project if it is of the view that such a move will be more cost efficient.
- 5.13 The Group recognises that although complementary, the New Business is different from its core businesses of Structural Steel Business and Dormitory Business. However the Group is confident of developing and building up the expertise required for the New Business over time, given that it has been an experienced long-term player in the construction industry. Before undertaking any project in the New Business, management will prepare a proposal containing cost-benefit analysis, credentials of joint venture partners, structure of joint venture (including management and operational rights and obligations) and funding needs of the project concerned, before forwarding the same to the Board for their review. The Board will review the proposal and, if required, seek the advice of reputable property consultants and/or other external consultants and experts. The Group will undertake the project only if it is approved by the Board. In addition, the Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of the New Business at more frequent intervals of no less than six months.

Risk Factors Associated with the New Business

5.14 The Group could be affected by a number of risks that may relate to New Business generally or risks that may relate to the countries in which the New Business is intended to be engaged. Risks may arise from, *inter alia*, economic, business, market and political factors, including the risks set out below. Shareholders should carefully consider and evaluate each of the following considerations and all other information contained in this Circular.

5.15 To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the proposed diversification into the New Business have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the New Business, this may have a material and adverse impact on the New Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly impacted. The risks described below are not intended to be exhaustive. New risk factors emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the New Business or the extent to which any factor, or combination of factors, may affect the New Business. There may also be other risks associated with entry into the New Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such have not been included in the discussion below.

5.15.1 The Group may not be able to identify, complete and/or sell profitable property development projects

The performance and success of the New Business is dependent on the Group's ability to identify profitable property development projects and following such identification, to successfully develop and complete such projects. This ability may be undermined by various factors including changes to the general economic conditions in countries where the Group intends to operate its New Business and changes to relevant interest rates, construction costs, land costs and property prices. There is thus no assurance that the Group will always be successful in identifying suitable property development projects or completing such property development projects profitably.

5.15.2 The Group is not able to ensure that it will be able to identify and acquire attractive sites in the future at commercially acceptable prices

The Group's inability to identify and acquire attractive new sites at commercially acceptable prices could impair its ability to compete with other property developers and materially and adversely affect the Group's ability to grow the New Business.

5.15.3 The New Business is volatile in nature and may be adversely affected by changes in market forces

The revenue and profit from the New Business is dependent on the number and value of projects that the Group undertakes, as well as the timing of project launches and general property market conditions. There is no certainty that the Group will be able to consistently secure new and sizeable property projects or launch its property projects on schedule. Property prices are subject to the vagaries of market forces such as demand and supply, the state of the economy and other factors. The budgeted sale prices for a development project may not be achieved and there may be unsold stock of properties owing to the lack of demand. This will directly and adversely affect the profitability of the development and as a result adversely affect the financial performance and cash flow of the Group.

5.15.4 The Group may not be able to compete successfully with other property development competitors

The property market is generally a competitive industry. In Singapore, the property market is a mature industry with many established players. The Group may face keen competition from existing property developers and new entrants to the property development business. Some of the Group's competitors may possess significant financial, managerial, marketing and other resources, as well as experience in property and land development and management. Competition between property developers is intense and may result in, among other things, increased costs of the acquisition of land for development, a slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. In addition, intense competition may lead to an oversupply of development properties which may result in price competition. Failure to secure buyers or significant reductions in property prices due to price competition will have an adverse effect on the Group's revenue and profitability. Also, the real estate market may be subject to rapid change and fluctuations. If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors do, its ability to generate revenue from the New Business and its financial condition and results of operations will be adversely affected.

5.15.5 The New Business may be adversely affected by changes in laws and regulations

The New Business is subject to various laws and regulations which may require the Group to obtain the necessary approvals and/or licences so as to be able to engage in the New Business. This includes the need to obtain a developer's licence and approval of the building plan for each project. In the event that the Group is unable to obtain such approvals and/or licences, or where there is a delay in obtaining them, the Group's ability to engage in the New Business will be adversely affected. Any changes in relevant laws and regulations may also have a negative impact on the New Business. In addition, any failure to comply with relevant laws and regulations could result in the imposition of fines or other penalties by the relevant authorities, all of which could adversely affect the Group's operations and financial performance. Property development is subject to regulatory controls on zoning and development, planning, design and construction as well as mortgage and financing requirements. In the event that there are changes to these requirements which result in the Group not being able to fulfil its development plans for any of its properties or having to make changes to its property development plans, or the implementation of short-term, medium-term and/or long-term measures by the relevant authorities to regulate the construction, property or other related markets which affects consumer sentiments or demands, the Group's profitability and financial condition could be adversely affected.

5.15.6 The Group may not have adequate resources to finance land acquisitions or property development

Property development is a capital intensive business. The availability of or ability to secure adequate financing is critical to the Group's ability to acquire land and to embark on and complete development projects. The Group plans to finance its land acquisitions and construction projects using a combination of internal sources of funds, progress payments and financial institution borrowings. While the Group has no intention to do so presently, the Group may also consider tapping the capital markets via rights issues or otherwise to raise funds for the New Business as and when necessary and deemed appropriate. The Group cannot assure that it will have sufficient internal funds available for land acquisitions or property developments or that it will be able to sell a sufficient number of units in a project in order to fund the development of the project or to be able to secure adequate financing, if at all, or

renew credit facilities granted by banks and financial institutions for the projects in question. The Group's ability to arrange for adequate financing for land acquisitions or property developments on terms that will allow the Group a commercially acceptable rate of return is dependent on factors which may be beyond its control, including general economic conditions, the terms on which financial institutions are willing to extend credit and the availability of other sources of debt or equity financing. Furthermore, the incurrence of debt will increase the interest payments required to service the Group's debt obligations and could result in operating and financial covenants that restrict its operations and its ability to pay dividends to Shareholders. If the Group does not have adequate resources to finance land acquisitions or property developments, this will have an adverse effect on the New Business.

5.15.7 The New Business will be subject to risks in relation to interest rate movements

The New Business will face risks in relation to interest rate movements in particular as a result of the debts intended to be undertaken to finance developments and the consumption of large quantities of building materials, including raw iron, steel and concrete, in its operations. Changes in interest rates will affect the Group's interest income and interest expense from short term deposits and other interest-bearing financial assets and liabilities. This could in turn have a material and adverse effect on net profits. Furthermore, an increase in interest rates would also adversely affect the willingness and ability of prospective customers to purchase properties, the Group's ability to service loans and its ability to raise and service long-term debt.

5.15.8 The Group's existing businesses may not generate sufficient cash flow to support the New Business

The New Business may be dependent on the ability of the Group's existing businesses to generate sufficient cash flow and to maintain their current level of performance to support the New Business in its initial stages of development. This may pose a drain on the financial resources of the Group. In addition, should there be a material change in the market conditions for or the loss of major customers in the Group's existing businesses, the Group's ability to fund the New Business will be adversely affected.

5.15.9 The Group faces significant risks before it can realise any benefits from property developments

As part of the New Business, the Group proposes to develop residential, commercial and industrial (factories) properties. Such projects typically require substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through the sale of units whether under development or completed. Depending on the size and complexity of the project, it usually takes more than 12 months to complete a property development. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn has a direct impact on the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, the unavailability and/or the escalating costs of building materials, equipment and/or labour, disputes with contractors, accidents, changes in building regulations, mismanagement of projects, default by contractors, lacklustre sales or leasing of the properties and other unforeseen circumstances. The sales and the value of a property development project may be adversely affected by a number of factors, including but not limited to the international, regional and local economic climate, local real estate conditions,

perceptions of property buyers, businesses, retailers or shoppers in terms of the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. If any of the property development risks described above materialises, returns on investments for the New Business may be lower than originally expected and the Group's financial performance will be materially and adversely affected.

5.15.10 The New Business will be subject to risks in relation to supply of raw materials and fluctuations in commodity prices

The New Business will require building materials such as concrete, cement, sand, granite and steel for the construction works. These building materials are generally imported and hence subject to international market forces. As a property developer, the practice is to enter into fixed or guaranteed maximum price construction contracts with independent construction companies, each of which concerns the development of a significant part of the overall development project. These contracts typically cover both the supply of the building materials and the construction of the facility, for a construction period of one to three years. Therefore, should the price of building materials increase significantly prior to the entering into a fixed or guaranteed maximum price construction contract, the Group might be required to pay more to prospective contractors, which could materially and adversely affect the results of operations and financial condition of the New Business. Also, any disruption in the supply or cost increase of these materials will have a direct adverse impact on project timing, project costs and hence the profitability of the New Business. As the duration of construction contracts are typically long, it is generally not possible to hedge the supply and costs of building materials for the entire term of the contract. It is also generally not market practice for construction contracts to provide for cost escalations. In such circumstances, escalated costs will cause the Group to suffer an adverse impact on its financial performance.

5.15.11 The New Business will be subject to risks in relation to pre-sold properties

The Group intends to pre-sell most of its properties prior to completion in line with industry practice. In the event of a failure or delay in the delivery of pre-sold properties to purchasers, the Group may be liable for potential losses that purchasers may suffer as a result. Failure to complete a property development on time may be attributed to factors such as the time taken and the costs involved in completing construction, which are in turn adversely affected by factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period, the purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and compensation for late delivery. There is no absolute assurance that the New Business will not experience significant delays in completion or delivery of pre-sold properties.

5.15.12 The New Business will be dependent on qualified employees and experts and consultants for its operations and profitability and may be affected by a shortage of skilled construction labour

As the Group's existing management team do not have direct relevant experience and expertise in the New Business, the Group may have to depend on its partners to jointly undertake the projects coming within the New Business. There is no assurance that the Group will not experience initial operational difficulties or disputes with its joint venture partners or that its operations will achieve the expected level of revenue and margins.

The growth of the New Business will be dependent on the Group's ability to identify, recruit, train and retain qualified employees to form a relevant and strong management team with the requisite technical expertise to oversee the operations of the New Business. The competition for qualified personnel in the New Business is intense, and the loss of services of one or more of such individuals without adequate replacement or the inability to attract new qualified personnel at a reasonable cost could have a material adverse effect on the New Business's operations.

The New Business will also be dependent on skilled construction labour, supervisors and managerial staff with construction industry experience. The Group recognises there may be an increasing shortage of such personnel in the construction industry especially in a rising property market. Any dearth in the availability of such labour resources will have an adverse effect on the operations of the New Business and eventually its financial performance.

5.15.13 The New Business will be dependent on subcontractors

The Group proposes to engage independent third-party contractors to provide various services, including design, construction, piling and foundation, building and property fit-out works, installation of air-conditioning units and elevators, and interior decoration for its property development projects. There is no assurance that the services rendered by such independent third party contractors will always be satisfactory or match the targeted quality level.

Moreover, contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of property development projects or resulting in additional costs, including the costs of overruns and/or the payment of liquidated damages. Any lack of satisfactory quality in respect of any aspect of the project or any delay in the completion of projects caused by subcontractors could adversely affect the results of operations of the New Business and possibly, the reputation of the Group.

5.15.14 The Group will be exposed to potential liability and loss arising from damages, injury or death due to accidents at construction worksites

Due to the nature of building construction, the Group faces the risk of accidents involving its employees or third parties on its development sites. In the event that any accidents occur which are not covered by the Group's insurance policies, or if claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Group will be required to pay compensation and its financial performance may be adversely affected. Such insurance claims may also result in higher insurance premiums payable by the Group in the future. These may have an adverse effect on the Group's financial results. In addition, such accidents could also have an adverse impact on the Group's operations if the Group is required by regulatory authorities such as the Ministry of Manpower to suspend its operations for a period of time. This may result in fines or delays in project completion and possibly, cost overruns or liquidated damages, which will in turn affect the Group's profitability. Such accidents could damage the Group's reputation and may, as a result, lead to loss of business.

5.15.15 Legal proceedings arising from the operations of the New Business

The Group may be involved from time to time in disputes with various parties involved in the development and sale of its properties such as main contractors, subcontractors, suppliers, construction companies, purchasers, other partners and lenders in the future. Disputes with purchasers may include claims relating to delays and defective works. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays. In addition, the Group

may have disagreements with regulatory bodies in the course of its operations, which may subject the Group to administrative proceedings and unfavourable decrees that result in financial losses and delay the construction or completion of the Group's projects. Any project delays arising from the above will affect the Group's business and financial performance.

5.15.16 Natural disasters, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Group

The operations of the New Business may be adversely affected by natural disasters, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Group.

Such events could adversely affect the economies and financial markets of many countries including those in Asia and may have a material adverse effect on the New Business. These could include disruptions to the transportation of its raw materials, as well as temporary closure of its construction sites. Such closures or travel or shipment restrictions would severely disrupt construction and development operations and adversely affect the Group's financial condition and results.

5.15.17 Mergers and acquisitions and joint ventures for New Business may not be successful

Any merger or acquisition undertaken, or joint venture entered into, by the Group for the New Business may not be successful. If disputes arise out of such mergers or acquisitions or with its joint venture partners, the relevant business objectives may not be achieved and may lead to an adverse effect on the operations and financial position of the Group.

Financing the New Business

5.16 The Group plans to finance the New Business using a combination of internal sources of funds, progress payments (if any) and financial institution borrowings and facilities. While the Board is of the opinion that the aforesaid are sufficient to finance the New Business and there is no imminent need or present intention to raise additional funds for the New Business, the Group may consider tapping the capital markets via rights issues or otherwise to raise funds for the New Business as and when necessary and deemed appropriate.

Disclosure of Financial Results of New Business

5.17 The New Business will be accounted for as a new business segment in the Group's financial statements in line with the Singapore Financial Reporting Standards and accordingly, the Group will disclose the financial results of the New Business with the Group's financial statements. The financial results of the New Business together with the Group's financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Listing Manual. In these periodic announcements, the Group may provide segmented financial results relating to the New Business where appropriate or if required under any applicable accounting standards.

6. DIRECTORS' RECOMMENDATIONS

The Proposed Share Purchase Mandate

6.1 The Directors are of the opinion that the Share Purchase Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of Resolution 1, being the ordinary resolution relating to the Share Purchase Mandate, at the EGM.

The Proposed Diversification into the New Business

6.2 The Directors are of the opinion that the diversification into the New Business is in the interest of the Company and accordingly recommend that Shareholders vote in favour of Resolution 2, being the ordinary resolution relating to the proposed diversification into the New Business, at the EGM.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on 30 November 2011 at 3.00 p.m. (or as soon thereafter as the AGM to be held on the same day is concluded or adjourned) for the purpose of considering and, if thought fit, passing, with or without modifications the Resolutions.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM are requested to complete and sign the Proxy Form which is attached to this Circular in accordance with the instructions printed thereon and return it to the Company's registered office at 57 Pioneer Road, Singapore 628508 as soon as possible and in any event so as to arrive at the Company's registered office not less than 48 hours before the time fixed for the holding of the EGM. The completion and return of the Proxy Form by a Member will not preclude him from attending the EGM and voting in person in place of his proxy should he subsequently wish to do so.

9. INSPECTION OF DOCUMENTS

A copy of the Annual Report of the Company for the financial year ended 31 July 2010 is available for inspection at the registered office of the Company at 57 Pioneer Road, Singapore 628508 during normal business hours from the date of this Circular up to and including the date of the EGM.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Share Purchase Mandate and the Proposed Diversification into the New Business, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

Yours faithfully

For and on behalf of the Board of Directors of
T T J HOLDINGS LIMITED

Teo Hock Chwee
Chairman and Managing Director

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of T T J Holdings Limited will be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on 30 November 2011 at 3.00 p.m. (or as soon thereafter as the Annual General Meeting of the Company to be held on the same day is concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications:

AS ORDINARY BUSINESS

1. To approve the Proposed Share Purchase Mandate

(Resolution 1)

Resolved that:

(a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50) (the “**Companies Act**”), the exercise by the Directors of all powers of the Company to purchase or otherwise acquire Shares, not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchase(s) (each a “**Market Purchase**”) transacted on the SGX-ST through the ready market or as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through 1 or more duly licensed stockbrokers appointed by the Company for the purpose; or
- (ii) off-market purchase(s) (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next annual general meeting of the Company is held; or
- (ii) the date by which the next annual general meeting of the Company is required by law to be held;

(c) in this Resolution:

“Prescribed Limit” means 10% of the number of issued Shares as at the date of passing of this Resolution; and

“Maximum Price” in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 115% of the Average Closing Price of the Shares;

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares were recorded on the SGX-ST 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 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 the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

- (d) the Directors and each of them be and are hereby authorised to deal with the shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as they think fit, which is allowable under the Companies Act; and
- (e) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they or he may consider necessary, desirable or expedient to give effect to the transactions contemplated by this Resolution.

2. To approve the Proposed Diversification of Business

(Resolution 2)

Resolved that:

- (a) approval be and is hereby granted for the Company to diversify the business activities of the Company and its subsidiaries to include the business of property development, property investment and property management; and

- (b) the Directors of the Company be and are hereby authorised to do any and all such acts (including executing all such documents as may be required) as they may, in their absolute discretion deem fit, expedient or necessary to give effect to the proposed diversification of business activities.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary

Singapore
9 November 2011

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument or form appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 57 Pioneer Road, Singapore 628508, not less than 48 hours before the time appointed for holding the EGM in order for the proxy to be entitled to attend and vote at the EGM.

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IMPORTANT:

- For investors who have used their CPF monies to buy ordinary shares in the capital of T T J Holdings Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by such CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

**Proxy Form
 Extraordinary General Meeting**

I/We _____ (Name)

of _____ (Address)

being a member/members of T T J Holdings Limited (the “**Company**”) hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding	
			No. of shares	%

failing which, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company, to be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on 30 November 2011 at 3.00 p.m. (or as soon as practicable following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and at the same place), and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions Relating To:	For	Against
	Ordinary Business		
1.	To approve the Share Purchase Mandate		
2.	To approve the Diversification of Business		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolution as set out in the Notice of the Meeting.)

Dated this _____ day of _____ 2011.

Total number of Shares held

 Signature of Member(s) or Common Seal

Important: Please read notes overleaf



Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 57 Pioneer Road, Singapore 628508 at least 48 hours before the time of the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.