

CIRCULAR DATED 15 AUGUST 2022

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

If you are in doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Fu Yu Corporation Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by the GDP for a separate Circular to be sent to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or to the transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made, or reports contained in this Circular.

This Circular has been made available on SGXNet. A physical copy of this Circular will not be dispatched to shareholders.



FU YU CORPORATION LIMITED

(Registration Number: 198004601C)
(Incorporated in the Republic of Singapore on 10 December 1980)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE**
- (2) THE PROPOSED ADOPTION OF THE FU YU RESTRICTED SHARE PLAN**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	: 3 September 2022 at 3.00 p.m.
Date and time of Extraordinary General Meeting	: 6 September 2022 at 3.00 p.m.
Place of Extraordinary General Meeting	: The EGM will be held by way of electronic means.

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PROXY FORM

DEFINITIONS

For the purpose of this Circular, the following definitions have, where appropriate, been used:

- “Act” : The Companies Act 1967 of Singapore, as amended or modified from time to time
- “AGM” : Annual general meeting of the Company
- “Approval Date” : Has the meaning given in Paragraph 2.3(a)
- “Associate” : (a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or a 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; and
 - (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
- “Average Closing Price” : Has the meaning given in Paragraph 2.3(d)
- “Award” : A contingent award of Shares granted under the Scheme or their equivalent cash value
- “Board” : The board of Directors of the Company for the time being
- “CDP” : The Central Depository (Pte) Limited
- “Circular” : This circular to Shareholders dated 15 August 2022
- “Committee” : The remuneration committee of the Company duly authorized and appointed by the Board to administer the Scheme

“Company” or “Fu Yu”	:	Fu Yu Corporation Limited, a company incorporated in the Republic of Singapore
“Constitution”	:	The constitution of the Company as at the date of this Circular
“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or (b) in fact exercises control over the Company
“Council”	:	The Securities Industry Council
“COVID-19 Order”	:	The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as amended, modified or supplemented from time to time, which sets out the alternative arrangements in respect of, inter alia, general meetings of companies
“Director”	:	A Director of the Company for the time being
“EGM”	:	Extraordinary general meeting, notice of which is given on page 51 to 55 of this Circular
“EPS”	:	Earnings per Share
“Group”	:	Fu Yu and its Subsidiaries
“Group Executive”	:	Any employee of the Group whose employment has been confirmed (including any Group Executive Director) selected by the Committee to participate in the Scheme in accordance with the provisions thereof
“Group Executive Director”	:	A director of the Company and/or any of its Subsidiaries, as the case may be, who performs an executive function
“Group Non-Executive Director”	:	A director of the Company and/or any of its Subsidiaries, as the case may be, other than a Group Executive Director but including an Independent Director
“Independent Director”	:	An independent director of the Company
“Latest Practicable Date”	:	8 August 2022, being the latest practicable date prior to the printing of this Circular

“Listing Manual”	:	Rules of the Mainboard of the SGX-ST in force as at the Latest Practicable Date
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Purchases”	:	Has the meaning given in Paragraph 2.3(c)(i)
“Maximum Price”	:	Has the meaning given in Paragraph 2.3(d)
“month”	:	Calendar month
“New Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards granted under the Scheme
“NTA”	:	Net tangible assets
“Notice of EGM”	:	The Notice of the EGM which is set out in pages 51 to 55 of this Circular
“Off-Market Purchases”	:	Has the meaning given in Paragraph 2.3(c)(ii)
“Participants”	:	The persons for the time being who have been granted Awards and a “Participant” shall be construed accordingly
“Proposed Adoption of the Share Purchase Mandate”	:	The proposed adoption of the Share Purchase Mandate
“Proposed Adoption of the Scheme”	:	The proposed adoption of the Fu Yu Restricted Share Plan
“Registrar”	:	Has the meaning given in Paragraph 2.12
“Relevant Period”	:	Has the meaning given in Paragraph 2.3(b)
“Required Price”	:	In relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 which is 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 six (6) months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six (6) months of the offer and during the offer period, or (iii) acquired through the exercise of rights to subscribe for securities which carry voting rights within six (6) months of the offer or during the offer period; or at such price as determined by Council under Rule 14.3 of the Take-over Code

“Scheme” or “Fu Yu Restricted Share Plan”	: The proposed Fu Yu Restricted Share Plan, as modified or altered from time to time
“Securities Accounts”	: The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
“SFRS(I) 2”	: Has the meaning given in Paragraph 3.8.2
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Shares”	: Issued and fully-paid ordinary shares in the capital of the Company
“Share Purchases”	: Off-Market Purchases or Market Purchases undertaken by the Company during the Relevant Period in accordance with the Act and, a “Share Purchase” shall be construed accordingly
“Share Purchase Mandate”	: The general mandate given by Shareholders to authorise the Directors to purchase Shares in accordance with the terms set out in this Circular and the rules and regulations set forth in the Companies Act and the Listing Manual
“Subsidiaries”	: The subsidiaries of a company (as defined in Section 5 of the Act) and “Subsidiary” shall be construed accordingly
“Substantial Shareholder”	: A person who has an interest (directly or indirectly) in the Shares which is not less than five per cent (5%) of the issued shares in the capital of the Company
“Take-over Code”	: Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
“Treasury Shares”	: Shares purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate and held by the Company in accordance with Section 76H of the Act
“S\$”	: Singapore dollars
“%” or “per cent”	: Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 130A of the 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. 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 Act or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the said Act.

Any reference to a time of a day or date in this Circular is a reference to Singapore time and dates unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

Dentons Rodyk & Davidson LLP has been appointed as the legal adviser to the Company in relation to the drafting of this Circular.

FU YU CORPORATION LIMITED
(Registration Number: 198004601C)
(Incorporated in the Republic of Singapore)

Directors

Hew Lien Lee
Seow Jun Hao David
Huang Junli, Christopher
Poh Kai Ren Daniel
Tan Tong Loong Royston

Registered Office

8 Tuas Drive 1
Singapore 638675

15 August 2022

To: The Shareholders of Fu Yu Corporation Limited

- (1) **THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE**
(2) **THE PROPOSED ADOPTION OF THE FU YU RESTRICTED SHARE PLAN**

Dear Shareholder

1. INTRODUCTION

The purpose of this Circular is to provide Shareholders with the relevant information pertaining to, and to seek Shareholders' approval at the EGM to be held on 6 September 2022 for the following:

- (a) the proposed adoption of the Share Purchase Mandate; and
- (b) the proposed adoption of the Fu Yu Restricted Share Plan, the rules of which are set out in Appendix B of this Circular.

The Notice of EGM is set out on page 51 to 55 of this Circular.

An application has been made to the SGX-ST for the listing and quotation notice for the listing of and quotation for the New Shares which may be issued from time to time pursuant to the Scheme. An appropriate announcement will be made upon receipt of the listing and quotation notice from the SGX-ST. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Circular.

2. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

2.1. Introduction

The Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company's constitution. Any purchase of Shares by the Company will also have to be made

in accordance with, and in the manner prescribed by, the Act, the Constitution and such other laws and regulations as may for the time being, be applicable. As the Company is listed on the Mainboard, it is also required to comply with Part XIII of Chapter 8 of the Listing Manual, which relates to the purchase or acquisition by an issuer of its own shares. Regulation 72(2) of the Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares.

It is a requirement under the Act and the Listing Manual for a company that wishes to purchase or otherwise acquire its own shares to obtain the approval of its shareholders. Accordingly, the Directors are proposing to seek the approval of Shareholders at the EGM for the Proposed Adoption of the Share Purchase Mandate. An ordinary resolution will be proposed, pursuant to which the Share Purchase Mandate will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares according to the terms of the Share Purchase Mandate, as well as the rules and regulations set forth in the Act and the Listing Manual.

2.2. Rationale for the Proposed Share Purchase Mandate

The proposed Share Purchase Mandate will give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The Directors believe that the Share Purchase Mandate will provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Share Purchase Mandate will also allow the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves, with a view to enhancing the NTA and/or earnings per Share. The Directors further believe that Share Purchases may also buffer short-term share price volatility and offset the effects of share price speculation. Where Shares are purchased by the Company and are held as Treasury Shares, it will also enable the Company to transfer the Treasury Shares for the purposes of the Fu Yu Restricted Share Plan.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. 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. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the financial condition, liquidity and capital of the Company and the Group.

2.3. Authority and Limits of the Share Purchase Mandate

The authority and limits placed on the Share Purchases under the proposed Share Purchase Mandate are set out below:-

(a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company pursuant to the Share Purchase Mandate. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate during the Relevant Period shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at the date of the forthcoming EGM at

which approval for the Proposed Adoption of the Share Purchase Mandate is being sought (the “**Approval Date**”). For purposes of calculating the percentage of issued Shares, any Shares which are held as Treasury Shares and subsidiary holdings will be disregarded for the purpose of computing the 10% limit.

For illustrative purposes only, based on 752,994,775 issued Shares as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the Approval Date, the purchase or acquisition by the Company pursuant to the Share Purchase Mandate of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 75,299,477 Shares.

The Company does not have any subsidiary holdings as of the date of the Circular.

(b) Duration of Authority

Share Purchase may be made, at any time and from time to time, on and from the Approval Date up to:-

- (i) the date on which the next AGM of the Company is held or required by law to be held;
- (ii) the date on which the Share Purchases pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest (“**Relevant Period**”).

The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed at each subsequent AGM or other general meetings of the Company.

(c) Manner of Share Purchases

Share Purchase may be made by way of:-

- (i) an on-market purchase (“**Market Purchase**”) transacted on SGX-ST through the SGX-ST trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) an off-market purchase (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as defined in Section 76C of the Act, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Listing Manual.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Act and the Constitution, as they consider fit in the interests of the Company in connection with, or in relation to, any

equal access scheme or schemes. However, an Off-Market Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:-

- (i) offers under the scheme are to 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 to them; 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 the offers relate to Shares with different accrued dividend entitlements;
 - (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:-

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptance;
- (iii) the reasons for the proposed Share Purchase;
- (iv) the consequences, if any, of Share Purchases that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share Purchase, if made, could affect the listing of the Shares on the SGX-ST;
- (vi) details of any Share Purchases made by the Company during the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

(d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.

However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:-

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the Share Purchase (the "**Maximum Price**").

For the above purposes,

"**Average Closing Price**" means (i) the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Purchase; and (ii) deemed to be adjusted for any corporate action that occurs after the relevant five-day period and the day on which the purchases are made.

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4. Status of Purchased Shares

Under Section 76B of the Act, any Share which is purchased shall, unless held as a Treasury Share, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on cancellation. All Shares purchased by the Company, unless held as Treasury Shares, will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

2.5. Treasury Shares

Certain of the provisions on Treasury Shares under the Act are summarised below:-

(a) Maximum Holdings

The aggregate number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of issued Shares. In the event that the aggregate number of Treasury Shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess Treasury Shares within six (6) months from the day the aforesaid limit is first exceeded or such further period as the Registrar of Companies may allow.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote in respect of Treasury Shares and the Treasury Shares shall be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of the Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller amount is allowed so long as the total value of the Treasury Shares after the sub-division or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time:-

- (i) sell the Treasury Shares (or any of them) for cash;
- (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to an employees' share scheme (including but without limitation to the Fu Yu Restricted Share Plan);
- (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares (or any of them); or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister of Finance.

At the time of each Share Purchase, the Directors will decide whether the Shares purchased under the Share Purchase Mandate will be held as Treasury Shares, cancelled by the Company, or partly cancelled and partly held as Treasury Shares, as the Directors deem fit in the interest of the Company at that time taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of Treasury Shares sold, transferred, cancelled and/or used;
- (iv) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;

- (v) percentage of the number of Treasury Shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

2.6. Source of Funds

In purchasing Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution and the applicable laws in Singapore. The Company may not purchase Shares for a consideration other than cash or for settlement otherwise in accordance with the trading rules of the SGX-ST. Any Share Purchase undertaken by the Company shall be made out of capital or profits that are available for distribution as dividends so long as the Company is solvent (as defined in Section 76F(4) of the Act).

Pursuant to Section 76F(4) of the Act, a company is solvent if (a) it is able to pay its debts in full at the time of payment and will be able to pay its debts as they fall due in the normal course of business in the twelve (12) months following such date of payment and (b) the value of its assets is not less than the value of its liabilities (including contingent liabilities) and such value of its assets will not, after any purchase of shares for purposes of any proposed acquisition or release of the company's obligations, become less than the value of its liabilities (including contingent liabilities). In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimations of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counterclaims by the Company.

The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its Share Purchases.

Where the consideration paid by the Company for the Share Purchases is made out of profits, such consideration will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. However, where the consideration paid by the Company for the Share Purchases is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced.

2.7. Financial Effects

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Purchase Mandate on the Group and the Company will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effect on the unaudited financial statements of the Group and the Company will depend, *inter alia*, on the factors set out below:

(a) Purchase or Acquisition out of Profits and/or Capital

Under the Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent. Where the

consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and service tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) Number of Shares Acquired or Purchased

Based on the 752,994,775 issued Shares as the Latest Practicable Date, the purchase or acquisition of Shares by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 75,299,477 Shares.

(c) Maximum Price Paid for Shares Acquired or Purchased

In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires 75,299,477 Shares at the Maximum Price of S\$0.27825 per Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 75,299,477 Shares is approximately S\$21.0 million (excluding brokerage, commission, applicable goods and services tax and other related expenses). In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 75,299,477 Shares at the Maximum Price of S\$0.31800 per Share (being the price equivalent to 20% 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 the 75,299,477 Shares is approximately S\$23.9 million (excluding brokerage, commission, applicable goods and services tax and other related expenses).

Illustrative Financial Effects

For illustrative purposes only, based on the assumptions set out above and assuming that (i) the purchase or acquisition of Shares are made to the extent aforesaid, (ii) such Shares are funded wholly by internal resources within the Group and (iii) the Company had purchased 75,299,477 Shares (representing 10% of the issued Shares as at the Latest Practicable Date), the financial effects of the purchase of 75,299,477 Shares by way of:

- (i) purchases made entirely out of capital and held as treasury shares;
- (ii) purchases made entirely out of capital and cancelled;

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2021 pursuant to the Share Purchase Mandate are set out as follows:

(a) Market Purchases

Scenario	A	B
Purchased out of	Capital	Capital
Type of purchase	On-Market	On-Market
Held as Treasury Share/Cancelled	Held as treasury Shares	Cancelled
Maximum Price share (S\$)	0.27825	0.27825
Maximum number of Shares to be purchased ('000)	75,299	75,299
Total number of issued Shares as at the Latest Practicable Date ('000)	752,994	752,994
Equivalent % total issued Shares	10%	10%
Maximum funds required (S\$'000)	20,952	20,952

As at 31 December 2021	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
	S\$'000	A (Held as Treasury Shares) S\$'000	B (Cancelled) S\$'000	S\$'000	A (Held as Treasury Shares) S\$'000	B (Cancelled) S\$'000
Profit attributable to equity holders for the year	17,584	17,584	17,584	36,654	36,654	36,654
Share capital	102,158	102,158	81,206	102,158	102,158	81,206
Capital and other reserves	9,529	9,529	9,529	(636)	(636)	(636)
Retained profits	62,026	62,026	62,026	26,487	26,487	26,487
Currency translation reserve	(19,850)	(19,850)	(19,850)	-	-	-
Treasury Shares	-	(20,952)	-	-	(20,952)	-
Shareholders' fund	153,863	132,911	132,911	128,009	107,057	107,057
Net Asset value ⁽¹⁾	153,863	132,911	132,911	128,009	107,057	107,057
Current assets	138,489	117,537	117,537	42,234	21,282	21,282
Current liabilities	47,581	47,581	47,581	16,641	16,641	16,641
Net current assets	90,908	69,956	69,956	25,593	4,641	4,641
Unsecured bank loans	5,680	5,680	5,680	5,680	5,680	5,680
Cash and bank balances	83,947	62,995	62,995	19,489	(1,463)	(1,463)
Number of shares (in '000)	752,994	677,695	677,695	752,994	677,695	677,695
Treasury shares (in '000)	-	75,299	-	-	75,299	-

Financial Ratios

Earnings per Share (cents)	2.34	2.59	2.59	4.87	5.41	5.41
Net assets value per Share (cents) ⁽²⁾	20.43	19.61	19.61	17.00	15.80	15.80
Gearing ratios (times) ⁽³⁾	0.04	0.04	0.04	0.04	0.05	0.05
Current ratios (times) ⁽⁴⁾	2.91	2.47	2.47	2.54	1.28	1.28

Notes:

- (1) Net asset value equals to total assets less total liabilities.
- (2) Based on the total number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchases or acquisitions.
- (3) Gearing ratio means unsecured bank loans divided by Shareholders' funds.
- (4) Current ratio means current assets divided by current liabilities.

(b) Off-Market Purchases

Scenario	A	B
Purchased out of	Capital	Capital
Type of purchase	Off-Market	Off-Market
Held as Treasury Share/Cancelled	Held as treasury Shares	Cancelled
Maximum Price share (S\$)	0.31800	0.31800
Maximum number of Shares to be purchased ('000)	75,299	75,299
Total number of issued Shares as at the Latest Practicable Date ('000)	752,994	752,994
Equivalent % total issued Shares	10%	10%
Maximum funds required (S\$'000)	23,945	23,945

As at 31 December 2021	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		A (Held as Treasury Shares)	B (Cancelled)		A (Held as Treasury Shares)	B (Cancelled)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Profit attributable to equity holders for the year	17,584	17,584	17,584	36,654	36,654	36,654
Share capital	102,158	102,158	78,213	102,158	102,158	78,213
Capital and other reserves	9,529	9,529	9,529	(636)	(636)	(636)
Retained profits	62,026	62,026	62,026	26,487	26,487	26,487
Currency translation reserve	(19,850)	(19,850)	(19,850)	-	-	-
Treasury Shares	-	(23,945)	-	-	(23,945)	-
Shareholders' fund	153,863	129,918	129,918	128,009	104,064	104,064
Net Asset value ⁽¹⁾	153,863	129,918	129,918	128,009	104,064	104,064
Current assets	138,489	114,544	114,544	42,234	18,289	18,289
Current liabilities	47,581	47,581	47,581	16,641	16,641	16,641
Net current assets	90,908	66,963	66,963	25,593	1,648	1,648
Unsecured bank loans	5,680	5,680	5,680	5,680	5,680	5,680
Cash and bank balances	83,947	60,002	60,002	19,489	(4,465)	(4,465)
Number of shares (in '000)	752,994	677,695	677,695	752,994	677,695	677,695
Treasury shares (in '000)	-	75,299	-	-	75,299	-
Financial Ratios						
Earnings per Share (cents)	2.34	2.59	2.59	4.87	5.41	5.41
Net assets value per Share (cents) ⁽²⁾	20.43	19.17	19.17	17.00	15.36	15.36
Gearing ratios (times) ⁽³⁾	0.04	0.04	0.04	0.04	0.05	0.05
Current ratios (times) ⁽⁴⁾	2.91	2.41	2.41	2.54	1.10	1.10

Notes:

- (1) Net asset value equals to total assets less total liabilities.
- (2) Based on the total number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchases or acquisitions.
- (3) Gearing ratio means unsecured bank loans divided by Shareholders' funds.
- (4) Current ratio means current assets divided by current liabilities.

The financial effects set out above are purely for illustrative purposes only. Although the Proposed Adoption of the Share Purchase Mandate would authorise the Company to buy back up to 10% of the total number of issued Shares (excluding Treasury Shares) as at the date that the Share Purchase Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the total number of issued Shares (excluding Treasury Shares) in full.

2.8. Listing Rules

Under the Listing Manual of the SGX-ST, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Paragraph 2.3(d)(ii) of this Circular, conforms to this restriction.

Rule 886 of 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.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Listing Manual.

The Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares.

In observing the best practices recommended in the Listing Manual on securities dealings, the

Company is not allowed and will not purchase or acquire any Shares through Market Purchases during the period of two (2) weeks immediately preceding the announcement of the Company's quarterly results (for quarterly reporting if required) or one (1) month immediately preceding the announcement of the Company's half year and full-year results (if not required to do quarterly reporting), as the case may be, and ending on the date of announcement of the relevant results.

2.9. Listing Status on the SGX-ST

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its issued Shares (excluding treasury shares, preference shares and convertible equity securities) are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders and Controlling Shareholders of the Company and its Subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, there were approximately 524,602,264 issued Shares in the hands of the public (as defined above), representing approximately 69.67% of the total number of issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate from the public, the number of issued Shares in the hands of the public would be reduced to 449,302,787 Shares, representing approximately 66.30% of the total number of issued Shares of the Company.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:

- (a) affecting adversely the listing status of the Shares on the SGX-ST;
- (b) causing market illiquidity; or
- (c) affecting adversely the orderly trading of Shares.

2.10. Tax Implications

Shareholders who are in 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 in or outside Singapore, should consult their own professional advisers.

2.11. Implications of Take-over Code

2.11.1. Requirement To Make General Offer

Rule 14.1 of the Take-over Code requires, *inter alia*, that, except with the consent of the Council, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry thirty per cent (30%) or more of the voting rights of a company; or

- (b) any person who, together with persons acting in concert with him, holds not less than thirty per cent (30%) but not more than fifty per cent (50%) of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than one per cent (1%) of the voting rights,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

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 the company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert, namely:

- (a) the following companies:
- (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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;

- (b) 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);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of (i) the adviser and persons controlling, controlled by or under the same control as the adviser, and (ii) all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions of that individual, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

The offer required to be made under the provisions of Rule 14.1 of the Take-over Code shall, in respect of each class of shares in the capital involved, be in cash or be accompanied by a cash alternative at the Required Price.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group.

2.11.2. Application of the Take-Over Code

As at the Latest Practicable Date, the Directors' and Substantial Shareholders' shareholding interests in the Company are as follows:

Directors	Direct Interest		Deemed Interest		Total Interest before Share Purchase		After Share Purchase
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	(%)
Hew Lien Lee	4,000,000	0.53	-	-	4,000,000	0.53	0.59
Seow Jun Hao David	-	-	-	-	-	-	-
Huang Junli, Christopher	-	-	-	-	-	-	-
Poh Kai Ren Daniel	-	-	-	-	-	-	-
Tan Tong Loong Royston	-	-	-	-	-	-	-
Substantial Shareholders							
Pilgrim Capital VCC – Global Manufacturing Fund ⁽¹⁾	-	-	224,392,511	29.80	224,392,511	29.80	33.11

Note:

- (1) Pilgrim Capital VCC – Global Manufacturing Fund (“**Pilgrim Capital VCC**”) is a variable capital company. Pilgrim Partners Asia (Pte.) Ltd is the fund manager of Pilgrim Capital VCC. These shares are held in custody by a nominee pursuant to a Prime Brokerage Agreement entered into with Maybank Kim Eng Securities Pte. Ltd.

As at the Latest Practicable Date, Pilgrim Capital VCC owns 29.80% of the shareholdings in the Company.

In the event the Company undertakes Shares Purchases of up to ten per cent (10%) of the issued Shares of the Company as permitted by the Share Purchase Mandate, the shareholding and voting rights of Pilgrim Capital VCC may be increased from approximately 29.80% to approximately 33.11%. Accordingly, Pilgrim Capital VCC’s shareholdings and voting rights may thus be increased to 30% or more and it may be required to make a general offer to the other shareholders under Rule 14.1(a) of the Take-over Code.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company buying back its own Shares, the voting rights of the Shareholder will increase to 30% or more. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate. Pilgrim Capital VCC has confirmed that it is not acting in concert with the Directors, and hence it will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares.

Based on the shareholdings of the Directors in the Company as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer by reason only of the buying back of 10% of the Shares by the Company pursuant to the Share Purchase Mandate.

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

2.12. Reporting Requirements

In accordance with Section 76B(9)(a) of the Act, within 30 days of the passing of the Shareholders’ resolution to approve the proposed adoption of Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the “**Registrar**”).

In accordance with Section 76B(9)(b) of the Act, the Directors shall lodge with the Registrar a notice of Share Purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company’s issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase and such other particulars as may be required in the prescribed form.

In accordance with Section 76K(1D) of the Act, within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of Treasury Shares in the prescribed form.

2.13. Share Purchases in the Previous 12 months

The Company had not made any Share Buybacks in the last 12 months immediately preceding the Latest Practicable Date.

2.14. Limits on shareholdings

The Company does not have any limits on the shareholdings of any Shareholder.

3. THE PROPOSED ADOPTION OF THE FU YU RESTRICTED SHARE PLAN

3.1. Background

3.1.1. Rationale of the Fu Yu Restricted Share Plan

The Directors are proposing to implement a long term incentive plan known as the "Fu Yu Restricted Share Plan" to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve desired performance. Capitalised terms used throughout this section, unless otherwise defined within this section, shall bear the meanings as defined in the "Rules of the Fu Yu Restricted Share Plan" as set out in Appendix A of this Circular.

The Directors believe that the new Scheme will provide the Company with a more comprehensive set of remuneration tools and further strengthen its competitiveness in attracting and retaining local and foreign talent.

The Scheme allows the Company to target specific performance objectives for each Participant and to provide an incentive for Participants to achieve these performance targets. The Company hopes to inculcate in all Participants, a stronger and more lasting sense of identification with the Group by implementing the Scheme. The Scheme will also operate to attract, retain and provide incentive to Participants to encourage greater dedication and loyalty by enabling the Company to give recognition for past contributions and services as well as motivating Participants generally to contribute towards the Group's long-term prosperity.

The Fu Yu Restricted Share Plan contemplates the contingent award of fully-paid Shares or their equivalent cash value after certain pre-determined performance and/or service conditions have been met.

3.1.2. Objectives of the Fu Yu Restricted Share Plan

The objectives of the Scheme are to:

- (a) foster a culture of ownership within the Group which aligns the interests of the Group Executives with the interests of Shareholders;
- (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business units and encourage greater dedication and loyalty to the Group; and
- (c) make total employee remuneration sufficiently competitive to recruit new Participants and/or retain existing Participants whose contributions are important to the long term growth and profitability of the Group.

3.2. The Scheme

Awards granted under the Scheme will principally be performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management, aimed at delivering long-term Shareholder value. Examples of performance targets to be set include targets based on criteria such as sales growth, earnings per Share and return on investment.

The Scheme uses methods fairly common among major local and multinational companies to incentivise and motivate senior executives and key senior management to achieve pre-determined targets, which the Company believes will create and enhance economic value for Shareholders. The Company believes that the Scheme will be an effective tool in motivating senior executives and key senior management to work towards stretched targets.

The Scheme contemplates the award of fully-paid Shares or their equivalent cash value, when and after pre-determined performance and/or service conditions are accomplished.

Performance targets set are intended to be premised on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets will be stretched targets aimed at sustaining long-term growth. These targets will be tied in with the Board's corporate key performance indicators.

Under the Scheme, Participants are encouraged to continue serving the Group beyond the deadline for the achievement of the pre-determined performance targets. The Committee has the discretion to impose a further vesting period after the performance period to encourage the Participants to continue serving the Group.

3.3. Summary of the Rules of the Scheme

The rules of the Scheme are set out in Appendix A of this Circular. A summary of the rules of the Scheme are as follows:

3.3.1. Eligibility

Full-time Group Executives whose employment have been confirmed and who have attained the age of 21 years as of the relevant date of Award and hold such rank as may be designated by the Committee from time to time are eligible to participate in the Scheme. Group Executive Directors and Group Non-Executive Directors of the Group are also eligible to participate in the Scheme. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Persons who are Controlling Shareholders or Associates of a Controlling Shareholder are not eligible to participate in the Scheme.

3.3.2. Awards

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof free of charge, upon the Participant achieving prescribed performance and/or service conditions.

Shares which are allotted and issued or transferred to a Participant pursuant to the grant of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by the Committee in the award letter), except to the extent approved by the Committee.

The Committee may, in its absolute discretion, make a release of an Award, wholly or partly, in the form of cash rather than Shares.

3.3.3. *Participants*

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Scheme shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period.

3.3.4. *Details of Awards*

The Committee shall decide, in relation to an Award:

- (a) the Participant;
- (b) the date on which the Award is awarded;
- (c) the performance period during which the prescribed performance target(s) are to be satisfied;
- (d) the number of Shares which are the subject of the Award;
- (e) the performance condition(s);
- (f) the extent to which the Shares under that Award shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period;
- (g) the vesting date; and
- (h) any other condition(s) which the Committee may determine in relation to that Award.

3.3.5. *Timing*

Awards may be granted at any time in the course of a financial year. An Award letter confirming the Award and specifying, *inter alia*, in relation to the Award, the date on which the Award is awarded, the number of Shares which are the subject of the Award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are satisfied, the vesting date of the Award and any other condition which the Committee may determine in relation to that Award, will be sent to each Participant as soon as reasonably practicable after the making of an Award.

3.3.6. *Events Prior to Vesting*

Special provisions for the vesting and lapsing of Awards apply in certain circumstances, including the following:

- (a) misconduct on the part of a Participant as determined by the Committee in its discretion;
- (b) where the Participant is a Group Executive, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever (other than as specified in paragraph (e) below);
- (c) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (d) the bankruptcy of a Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of the Award;
- (e) the Participant, being a Group Executive, ceases to be in the employment of the Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;
 - (vi) his transfer of employment between companies within the Group;
 - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
 - (viii) any other event approved by the Committee;
- (f) the death of a Participant;
- (g) any other event approved by the Committee; or
- (h) a take-over, reconstruction or amalgamation of the Company or an order being made or a resolution passed for the winding-up of the Company (other than as provided in paragraph (c) above or for reconstruction or amalgamation).

A Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment or engagement is tendered by or is given to him, unless such notice is withdrawn prior to its effective date.

Upon the occurrence of any of the events specified in paragraphs (a), (b) and (c), an Award then held by a Participant shall, subject as provided in the rules of the Scheme and to the extent not yet released, immediately lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in paragraphs (d), (e), (f) and (g) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant performance period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related Awards, the extent to which the applicable performance conditions have been satisfied.

Upon the occurrence of the event specified in paragraph (h) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the performance period which has lapsed and the extent to which the applicable performance conditions have been satisfied.

3.3.7. Size and duration of the Scheme

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Scheme, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted thereunder and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed fifteen per cent (15%) of the issued share capital (excluding Treasury Shares) of the Company on the day preceding the relevant date of Award.

However, it does not necessarily mean that the Committee will definitely issue the Award Shares up to the prescribed limit. The Committee shall exercise its discretion in deciding the number of Award Shares to be granted to each Participant which will depend on the performance and value of the Participant to the Group.

The Scheme shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date the Scheme is adopted by the Company in general meeting, provided always that the Scheme may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Scheme, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

3.3.8. Operation of the Scheme

Subject to prevailing legislation and SGX-ST guidelines, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares deemed to be fully paid upon their issuance and allotment and/or by way of the transfer of Treasury Shares (by way of purchase of existing Shares from the market for delivery to Participants pursuant to the Act).

In determining whether to issue New Shares or to purchase existing Shares to satisfy Awards, the Company shall have the right to take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing New Shares or purchasing existing Shares.

Additionally, the Company has the flexibility, and if circumstances require, to approve the release of an Award, wholly or partly, in the form of cash rather than Shares. In determining whether to release an Award, wholly or partly, in the form of cash rather than Shares, the Company will take into account factors such as (but not limited to) the cost to the Company of releasing an Award, wholly or partly, in the form of cash rather than Shares.

The financial effects of the issue of New Shares and/or the transfer of Treasury Shares to Participants upon vesting of the Awards are set out in Paragraph 3.8 of this Circular.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee has the discretion to determine whether the performance condition has been fully satisfied (whether fully or partially) or exceeded; and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

3.4. Adjustments and Alterations under the Scheme

3.4.1. Adjustment Events

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Scheme,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided

that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a Market Purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not arbitrators) to be in their opinion, fair and reasonable.

Upon any adjustment being made, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

3.4.2. Modifications or Alterations to the Scheme

The rules of the Scheme may be modified and/or altered from time to time by a resolution of the Committee, subject to the prior approval of the Shareholders and the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Participants who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in value of all the Shares which would be issued pursuant to the Awards under the Scheme.

No alteration shall be made to the rules of the Scheme to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.

3.5. Disclosures in Annual Reports

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation:

- (a) the names of the members of the Committee;
- (b) in respect of the following Participants:
 - (i) Directors of the Company; and
 - (ii) Participants (other than those in paragraph (i) above) who have received Shares pursuant to the release of Awards granted under the Scheme which, in aggregate, represent five per cent (5%) or more of the aggregate of the total number of Shares available under the Scheme,

the following information:

- (aa) the name of the Participant;
 - (bb) the aggregate number of Shares comprised in Awards granted during the financial year under review;
 - (cc) the aggregate number of Shares comprised in Awards granted since commencement of the Scheme to the end of the financial year under review;
 - (dd) the aggregate number of Shares comprised in Awards which have been allotted and/or transferred pursuant to the Vesting of Awards since commencement of the Scheme to the end of the financial year under review; and
 - (ee) the aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review;
- (c) such other information as may be required by the Listing Manual or the Act; and
 - (d) an appropriate negative statement in the event the disclosure of any of the abovementioned information is not applicable.

3.6. Role and Composition of the Committee

The Committee shall comprise such Directors duly authorised and appointed by the Board to administer the Scheme, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

3.7. Rationale for Participation by Group Non-Executive Directors

While the Scheme caters principally to Group Executives, it is recognised that there are other persons who make significant contributions to the Group through their close working relationships with the Group, even though they are not employed within the Group. Such persons include the Group Non-Executive Directors (who are not full-time employees of the Group).

Group Non-Executive Directors (including Independent Directors) are persons from different professions and working backgrounds, bringing to the Company their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping the Company shape its business strategy by allowing the Company to draw on the backgrounds and diverse working experience of these individuals. It is crucial for the Company to attract, retain and incentivise the Group Non-Executive Directors and align their interests with that of the Group.

Our Directors are of the view that including the Group Non-Executive Directors in the Scheme will show the Company's appreciation for, and further motivate them in, their contribution towards the success of the Group and provide the Company with a further avenue to acknowledge and recognise their services and contributions to the Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. However, as their services and contributions cannot be measured in the same way as the full-time employees of the Group, while it is desired that participation in the Scheme be made open to the Group Non-Executive Directors of the Company, any Awards

that may be granted to any such Group Non-Executive Director would be intended only as a token of the Company's appreciation.

For the purpose of assessing the contributions of the Group Non-Executive Directors, the Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the nature and extent of involvement and responsibilities shouldered by the Group Non-Executive Directors within the Board and contributions rendered to the Committees on which they sit as well as the impact thereof on the growth, success and development of the Group. The Group Non-Executive Directors will abstain from making any recommendation as a Director and abstain from voting as a member of the Company when the grant of options and/or awards to him is being considered.

The Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all.

It is envisaged that the vesting of Awards, and hence the number of Shares to be delivered to the Group Non-Executive Directors based on the criteria set out above will be relatively small in terms of frequency and numbers in order to minimise any potential conflict of interests and to not compromise the independence of the Group Non-Executive Directors. The Group Non-Executive Directors will primarily continue to be remunerated for their services by way of directors' fees. In relation to the Group Non-Executive Directors who are independent Directors, it is the intention that any award granted to such Directors be measured and balanced against considerations if such award could interfere or be reasonably perceived to interfere with the exercise of independent business judgement by the independent Director. Based on this, the Directors are of the view that the participation by the Group Non-Executive Directors in the Scheme will not compromise their independent status.

3.8. Financial Effects of the Scheme

The following sets out the financial effects of the Scheme.

3.8.1. Share capital

The Scheme will result in an increase in the Company's issued share capital when New Shares are issued to Participants pursuant to the grant of the Awards. This will in turn depend on, *inter alia*, the number of Shares comprised in the Awards to be issued.

If instead of issuing New Shares to Participants, Treasury Shares are transferred to Participants or the Company pays the equivalent cash value, the Scheme would have no impact on the Company's total number of issued ordinary shares.

3.8.2. NTA

As described in Paragraph 3.8.3 below, the Scheme will result in a charge to the Company's income statement over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with the Singapore Financial Reporting Standard (International) 2 – Share-based Payment ("**SFRS(I) 2**"). When New Shares are issued under the Scheme, there would be no effect on the NTA. However, if instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants, or the Company pays the equivalent cash value, the NTA would be impacted by the cost of the Shares purchased or the cash payment, respectively.

3.8.3. EPS

The Scheme is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2.

Although the Scheme will have a dilutive impact on the Company's consolidated EPS, it should be noted that the delivery of Shares to Participants is contingent upon the Participants meeting prescribed performance targets and conditions.

3.8.4. Potential Cost of Awards

The grant of any Awards under the Scheme is considered a share-based payment that falls under SFRS(I) 2.

The SFRS(I) 2 will require the recognition of an expense in respect of Awards granted under the Scheme. The expense will be based on the fair value of the Awards at each Award date and recognised at each reporting date. This fair value may be derived by applying valuation techniques or option-pricing models. The requirement to recognise an expense in respect of Awards granted to employees is set out in SFRS(I) 2.

In the event that the Participants have the right to receive the aggregate market price of the Shares in cash in lieu of the allotment or transfer of Shares, the Company shall measure the fair value of the liability as a cash-settled share-based payment transaction. Until the liability is settled, the Company shall re-measure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the income statement.

4. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 51 to 55 of this Circular, will be held at by way of electronic means on 6 September 2022 at 3.00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification the ordinary resolutions set out in the Notice of EGM on page 51 to 55 of this Circular.

In line with the provisions under the COVID-19 Order, no printed copies of this Circular, the Notice of EGM and the Proxy Form in respect of the EGM will be despatched to Shareholders.

A copy of this Circular, the Notice of EGM and the Proxy Form have been uploaded on SGXNet and the Company's website.

A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNet.

Shareholders are advised to read the Circular carefully in order to decide whether they should vote in favour of or against the Resolutions to be proposed at the EGM.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, the Company will conduct the EGM by electronic means only and Shareholders will not be able to physically attend the EGM. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via “live” webcast or listening to the EGM proceedings via “live” audio feed, (b) submitting questions in advance of the EGM; (c) submitting text-based questions via the “live” webcast only, and/or (d) voting by appointing Chairman of the EGM as proxy. Please refer to Notice of EGM for further details.

6. ABSTENTION FROM VOTING

As all the Directors are entitled to participate in the Scheme, the Directors and their respective Associates shall abstain from voting at the EGM in respect of Ordinary Resolution 2 relating to the Scheme and shall not accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 2 unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast for Ordinary Resolution 2.

All employees of the Group and any other persons who will benefit or are likely to benefit from the implementation of the Scheme will abstain from voting at the EGM on Ordinary Resolution 2 relating to the Scheme and to not accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 2 unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast for Ordinary Resolution 2.

7. DIRECTORS’ RECOMMENDATION

7.1. Proposed Share Purchase Mandate

Having fully considered the rationale set out Paragraph 2.2 of this Circular for the proposed Share Purchase Mandate, the Directors believe that the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 1.

7.2. Proposed adoption of the Fu Yu Restricted Share Plan

The Directors are all eligible to participate in, and are therefore, interested in the Scheme. Accordingly, the Directors have abstained from making any recommendation as to how Shareholders should vote in respect of Ordinary Resolution 2 in relation to the Scheme to be proposed at the EGM.

8. 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 Proposed Adoption of the Share Purchase Mandate and the Proposed

Adoption of the Scheme, 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 this 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 this Circular in its proper form and context.

9. DOCUMENTS FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents may be inspected at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution; and
- (b) the annual report of the Company for the financial year ended 31 December 2021.

Yours faithfully
For and on behalf of the Board of Directors of
FU YU CORPORATION LIMITED

Huang Junli, Christopher
Independent Non-Executive Chairman

RULES OF THE FU YU RESTRICTED SHARE PLAN

1. NAME OF THE SCHEME

The Scheme shall be called the “Fu Yu Restricted Share Plan”.

2. DEFINITIONS

2.1 In the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

- “Act” : The Companies Act 1967 of Singapore, as amended or modified from time to time.
- “Adoption Date” : The date on which the Scheme is adopted by resolution of the Shareholders of the Company.
- “Award” : A contingent award of Shares granted under Rule 5 or their equivalent cash value.
- “Award Date” : In relation to an Award, the date on which the Award is granted pursuant to Rule 5.
- “Award Letter” : A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee.
- “Board” : The Board of Directors of the Company for the time being.
- “CDP” : The Central Depository (Pte) Limited.
- “Committee” : The remuneration committee comprising Directors of the Company duly authorized and appointed by the Board of Directors pursuant to Rule 10 to administer the Scheme.
- “Company” : Fu Yu Corporation Limited.
- “Control” : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.
- “Controlling Shareholder” : A person who holds directly or indirectly fifteen per cent (15%) or more of the value of all voting shares in the Company; or in fact exercises Control over the Company.

- “Depositor”* : A person being a Depository Agent or holder of a securities account maintained with CDP but not including a holder of a sub-account maintained with a Depository Agent.
- “Group”* : The Company and its subsidiaries.
- “Group Executive”* : Any employee of the Group (including any Group Executive Director and Group Non-Executive Director, but excluding a Controlling Shareholder and his/her/its Associates, who meets the relevant age and rank criteria and who shall be regarded as a Group Executive for the purposes of the Scheme) selected by the Committee to participate in the Scheme in accordance with Rule 4.1.
- “Group Executive Director”* : A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.
- “Group Non-Executive Director”* : A director of the Company and/or any of its subsidiaries, as the case may be, who is not a Group Executive Director, including independent directors.
- “Listing Manual”* : Rules of the Mainboard of SGX-ST in force as at the Latest Practicable Date.
- “Market Value”* : In relation to a Share, on any day:
- (a) the average price of a Share on the Singapore Exchange over the five (5) immediately preceding Trading Days; or
 - (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- “Participant”* : Any eligible person selected by the Committee to participate in the Scheme in accordance with the rules hereof.
- “Performance Period”* : In relation to an Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Vesting Condition is to be satisfied.

- “Release”* : In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly.
- “Release Schedule”* : In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Vesting Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period.
- “Released Award”* : An Award which has been released in accordance with Rule 7.
- “Retention Period”* : In relation to an Award, such period commencing on the Vesting Date in relation to that Award as may be determined by the Committee on the Award Date.
- “Scheme”* : The Fu Yu Restricted Share Plan, as the same may be modified or altered from time to time.
- “SGX-ST”* : Singapore Exchange Securities Trading Limited.
- “Shares”* : Ordinary shares in the capital of the Company.
- “Shareholders”* : The registered holders for the time being of the shares (other than the CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register.
- “Share Purchase Mandate”* : The general mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate
- “Subsidiary”* : A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Act.
- “Substantial Shareholder”* : A person who has an interest (directly or indirectly) in the Shares which is not less than five per cent (5%) of the issued shares in the capital of the Company.

- “Trading Day”* : A day on which the Shares are traded on SGX-ST.
- “Vesting”* : In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly.
- “Vesting Condition”* : In relation to an Award, the condition specified on the Award Date in relation to that Award.
- “Vesting Date”* : In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7.
- “%” or “per cent”* : Per centum or percentage.

- 2.2 For purposes of the Scheme, the Company shall be deemed to have control over another company if it has the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- 2.4 Any reference to a time of a day in the Scheme is a reference to Singapore time.
- 2.5 Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Scheme and used in the Scheme shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.
- 2.6 The term “Associate” shall have the meaning ascribed to it by the Listing Manual as set out below:
- (a) in relation to any Director, CEO, 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; and
- (iii) any corporation in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent (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 thirty per cent (30%) or more.

- 2.7 The terms "Depositor", "Depository Register" and "Depository Agent" shall have the same meanings ascribed to them by Section 130A of the Act.

3. OBJECTIVES OF THE SCHEME

The Scheme has been proposed in order to:

- (a) foster an ownership culture within the Group which aligns the interests of the Group Executives with the interests of Shareholders;
- (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business units and encourage greater dedication and loyalty to the Group; and
- (c) make total employee remuneration sufficiently competitive to recruit new Participants and/or retain existing Participants whose contributions are important to the long term growth and profitability of the Group.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1 The following persons shall be eligible to participate in the Scheme at the absolute discretion of the Committee:

(a) Group Executives

Full-time Employees of the Group whose employment has been confirmed, Group Executive Directors and Group Non-Executive Directors who have attained the age of 21 years as of the Award Date and hold such rank as may be designated by the Committee from time to time. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

(b) Controlling Shareholders and Associates of Controlling Shareholders

Controlling Shareholders or Associates of Controlling Shareholders are not eligible to participate in the Scheme.

- 4.3 Save as prescribed by Rule 853 of the Listing Manual, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme, whether or not implemented by any other companies within the Group.

- 4.4 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee.

5. GRANT OF AWARDS

- 5.1 Except as provided in Rule 8, the Committee may grant Awards to Group Executives as the Committee may select, in its absolute discretion, at any time during the period when the Scheme is in force, provided that no Participant who is a member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Scheme shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness with which the Vesting Condition may be achieved within the Performance Period.
- 5.3 The Committee shall decide in relation to an Award:
- (a) the Participant;
 - (b) the Award Date;
 - (c) the Performance Period;
 - (d) the number of Shares which are the subject of the Award;
 - (e) the Vesting Condition(s);
 - (f) the Release Schedule; and
 - (g) any other condition(s) which the Committee may determine in relation to that Award.
- 5.4 The Committee may amend or waive the Performance Period, the Vesting Condition and/or the Release Schedule in respect of any Award:
- (a) in the event of a take-over offer being made for the Shares or if (i) Shareholders of the Company or (ii) under the Act, the court, sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
 - (b) if anything happens which causes the Committee to conclude that:
 - (i) a changed Vesting Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Vesting Condition and/or Release Schedule should be waived, and shall notify the Participants of such change or waiver.
- 5.5 As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
- (a) the Award Date;

- (b) the Performance Period;
- (c) the number of Shares which are the subject of the Award;
- (d) the Vesting Condition;
- (e) the Release Schedule;
- (f) the Vesting Date; and
- (g) any other condition which the Committee may determine in relation to that Award.

5.6 Participants are not required to pay for the grant of Awards.

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
- (b) subject to Rule 6.2(b), where the Participant is a Group Executive, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever;
- (c) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed or engaged as of the date the notice of termination of employment or engagement is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

6.2 In any of the following events, namely:

- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
- (b) where the Participant being a Group Executive ceases to be in the employment of the Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

- (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;
 - (vi) (where applicable) his transfer of employment between companies within the Group;
 - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
 - (viii) any other event approved by the Committee;
- (c) the death of a Participant; or
- (d) any other event approved by the Committee,

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Scheme. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Vesting Condition has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

- (a) a take-over offer for the Shares becomes or is declared unconditional;
- (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act; or
- (c) an order being made or a resolution being passed for the winding up of the Company (other than as provided in Rule 6.1(d) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has lapsed and the extent to which the Vesting Condition has been satisfied. Where Awards are Released, the Committee

will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.

7. RELEASE OF AWARDS

7.1 Review of Vesting Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Vesting Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be a Group Executive from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Vesting Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

If the Committee determines in its sole discretion that the Vesting Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be a Group Executive from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect.

The Committee shall have the discretion to determine whether the Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further the right to amend the Vesting Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1(a) and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares or their equivalent cash value so determined.
- (c) Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST and any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of such Shares.

7.2 Release of Award

On Vesting of the Award, after the end of each Performance Period, the Committee has the discretion to determine whether to issue new Shares, or to procure the transfer of existing Shares, or a combination of both methods to the Participant, or to settle the Awards in an

equivalent amount of cash. Shares which are allotted or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

In determining whether to issue new Shares or to purchase existing Shares to satisfy Awards, the Company shall have the right to take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

7.3 Ranking of Shares

New Shares issued and allotted, and existing Shares procured by the Company for transfer, on the Release of an Award shall:

- (a) be subject to all the provisions of the Constitution of the Company (including provisions relating to the liquidation of the Company); and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

“Record Date” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

7.4 Cash Awards

The Committee, in its absolute discretion, may determine to make a Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date.

In determining whether to release an Award, wholly or partly, in the form of cash rather than Shares, the Company will take into account factors such as (but not limited to) the cost to the Company of releasing an Award, wholly or partly, in the form of cash rather than Shares.

7.5 Moratorium

Shares which are issued and allotted or transferred to a Participant pursuant to the Release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee. The Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the Award Letter the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.

8. LIMITATIONS ON THE SIZE OF THE SCHEME

- 8.1 The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Scheme on any date, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted under the Scheme; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed fifteen per cent (15%) of the issued and paid-up share capital (excluding treasury shares) of the Company on the day preceding that date.
- 8.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Scheme.

9. ADJUSTMENT EVENTS

- 9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution) shall take place, then:

- (a) the class and/or number of Shares which is/are the subject of an Award to the extent not yet Vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the Scheme,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a shareholder does not receive.

- 9.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.
- 9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

10. ADMINISTRATION OF THE SCHEME

- 10.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

- 10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme, to give effect to the provisions of the Scheme and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as they may, in their absolute discretion, think fit. Any matter pertaining or pursuant to the Scheme and any dispute and uncertainty as to the interpretation of the Scheme, any rule, regulation or procedure thereunder or any rights under the Scheme shall be determined by the Committee.
- 10.3 Neither the Scheme nor the grant of Awards under the Scheme shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the Scheme;
 - (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Scheme; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Scheme.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES AND COMMUNICATIONS

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. MODIFICATIONS TO THE SCHEME

- 12.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:

- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Vesting Conditions for their Awards being satisfied in full, would become entitled to not less than three quarters of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Vesting Conditions for all outstanding Awards being satisfied in full;
- (b) the definitions of "Group Executive", "Group Executive Director", "Group Non-Executive Director", "Participant", "Performance Period" and "Release Schedule" and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company's shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the Scheme to amend or adjust any Award.

- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Scheme to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

14. DURATION OF THE SCHEME

- 14.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 14.2 The Scheme may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals

which may be required and if the Scheme is so terminated, no further Awards shall be granted by the Committee hereunder.

- 14.3 The expiry or termination of the Scheme shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

15. TAXES

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Scheme shall be borne by that Participant.

16. COSTS AND EXPENSES OF THE SCHEME

- 16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.
- 16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award, shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c).

18. DISCLOSURES IN ANNUAL REPORTS

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation:

- (a) the names of the members of the Committee administering the Scheme;
- (b) in respect of the following Participants:
 - (i) Directors of the Company; and
 - (ii) Participants (other than those in paragraph (i) above) who have received Shares pursuant to the Release of Awards granted under the Scheme which, in aggregate, represent five per cent (5%) or more of the aggregate number of new Shares available under the Scheme;

the following information:

- (aa) the name of the Participant;
 - (bb) the aggregate number of Shares comprised in Awards granted during the financial year under review;
 - (cc) the aggregate number of Shares comprised in Awards granted since commencement of the Scheme to the end of the financial year under review;
 - (dd) the aggregate number of Shares comprised in Awards which have been allotted and/or transferred pursuant to the Vesting of Awards since commencement of the Scheme to the end of the financial year under review; and
 - (ee) the aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review;
- (c) such other information as may be required by the Listing Manual or the Act; and
- (d) an appropriate negative statement in the event the disclosure of any of the abovementioned information is not applicable.

19. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

20. GOVERNING LAW

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 2001

No person other than the Company or a Participant shall have any right to enforce any provision of the Scheme or any Award by the virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

22. ELIGIBLE SHAREHOLDERS

Shareholders who are eligible to participate in the Scheme must abstain from voting on any resolution relating to the Scheme.

NOTICE OF EXTRAORDINARY GENERAL MEETING

FU YU CORPORATION LIMITED
(Registration Number: 198004601C)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of the Fu Yu Corporation Limited (the “**Company**”) will be convened and held via electronic means on Tuesday, 6 September 2022 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions, with or without any amendment:

ORDINARY RESOLUTION 1

Proposed Adoption of the Share Purchase Mandate

THAT:

- (a) the Directors of the Company be and are hereby authorised to make purchases of issued and fully-paid ordinary shares in the capital of the Company (the “**Shares**”) from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the issued ordinary shares in the capital of the Company (ascertained as at date of the last annual general meeting of the Company or at the date of the EGM, whichever is the higher, but excluding any Shares held as treasury shares) at the price of up to but not exceeding the Maximum Price and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the earlier of:
- (i) the date on which the next Annual General Meeting of the Company is held or required by law or the Constitution of the Company to be held;
 - (ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by the shareholders of the Company in a general meeting.

In this Ordinary Resolution, “**Maximum Price**” means the maximum price at which the Shares can be purchased pursuant to the Share Purchase Mandate, which shall not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price;
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

NOTICE OF EXTRAORDINARY GENERAL MEETING

“**Average Closing Price**” means (i) the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Purchase; and (ii) deemed to be adjusted for any corporate action that occurs after the relevant five-day period and the day on which the purchases are made; and

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

- (b) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

ORDINARY RESOLUTION 2

Proposed Adoption of the Fu Yu Restricted Share Plan

THAT:

- (a) a new share scheme to be known as the “Fu Yu Restricted Share Plan” (the “**Scheme**”), the details and rules whereof are set out in the Circular, under which awards (“**Awards**”) of fully-paid Shares, their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees of the Company, including Directors of the Company, and other selected participants, be and is hereby approved;
- (b) the Directors of the Company be and are hereby authorised:
- (i) to establish and administer the Scheme; and
- (ii) to modify and/or amend the Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Scheme and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme;
- (c) the Directors of the Company be and are hereby authorised to offer and grant Awards in accordance with the provisions of the Scheme and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the Awards under the Scheme provided always that the aggregate number of Shares to be issued pursuant to the Scheme and any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total issued share capital of the Company from time to time and provided also that subject to such adjustments as may be made to the Scheme as a result of any variation in the capital structure of the Company; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 2 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

BY ORDER OF THE BOARD

Huang Junli, Christopher
Independent Non-Executive Chairman

15 August 2022

IMPORTANT: Please read notes below.

Notes:

The EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Members will not be able to attend the EGM in person. Printed copies of the Circular, this Notice of EGM and the proxy form (collectively, the “**Documents**”) will not be sent to members. Instead, the Documents will be sent to members by way of electronic means via publication on the Company’s website at <https://www.fuyucorp.com/egm-2022> and on the SGXNet.

Pre-registration of the EGM via Live EGM Webcast/Live EGM Audio Feed

The proceedings of the EGM will be broadcasted “live” through an audio-and-video webcast (“**Live EGM Webcast**”) and an audio-only feed (“**Live EGM Audio Feed**”). Members and investors holding shares in the Company through the Central Provident Fund (“**CPF**”) or Supplementary Retirement Scheme (“**SRS**”) (“**CPF/SRS investors**”) who wish to follow the proceedings through the Live EGM Webcast or the Live EGM Audio Feed must pre-register at <https://conveneagm.com/sg/fuyuEGM2022> no later than 3.00 p.m. on 3 September 2022 (“**Registration Cut-Off Time**”). Members including CPF and SRS investors will be required to fill in their name, NRIC/Passport Number, shareholding type, email address and contact number during the pre-registration. Shareholders who have any queries on pre-registration may call the Singapore toll-free telephone number 800-852-3335 or email support@conveneagm.com for assistance.

Following verification, an email containing instructions on how to access the Live EGM Webcast and Live EGM Audio Feed of the proceedings of the EGM will be sent to authenticated members and CPF/SRS investors by 12.00 p.m. on 5 September 2022 (the “**Confirmation Email**”). Members and CPF/SRS investors who do not receive the Confirmation Email by 12.00 p.m. on 5 September 2022, but have registered by the Registration Cut-Off Time, should contact the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at +65 6536 5355 during office hours for assistance.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967) (other than CPF/SRS investors) will not be able to pre-register at <https://conveneagm.com/sg/fuyuEGM2022> for the Live EGM Webcast or the Live EGM Audio Feed. If they wish to participate in the Live EGM Webcast or the Live EGM Audio Feed, they should instead approach their relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to

NOTICE OF EXTRAORDINARY GENERAL MEETING

submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company, via email to EGM2022@fuyucorp.com no later than 3.00 p.m. on 3 September 2022.

Submission of Questions in Advance of, or live at the EGM:

Members who wish to ask questions should do so in the following manner:

- (a) if attending the Live Webcast (and not the Live EGM Audio Feed), members will be able to ask questions at the EGM by submitting text-based questions via the Live ChatBox by selecting a resolution to enter the text-based question; or
- (b) by submitting questions related to the resolutions to be tabled for approval at the EGM in advance of the EGM.

Members and CPF/SRS investors are encouraged to submit questions relating to this Circular and the resolutions set out in the notice of EGM, in advance of EGM, no later than 5.30 p.m. on 24 August 2022 (“**Cut-off Time**”):

- (a) via the pre-registration website at <https://conveneagm.com/sg/fuyuEGM2022>;
- (b) by post to the registered office of the Company at 8 Tuas Drive 1, Singapore 638675; or
- (c) by email to EGM2022@fuyucorp.com.

To ensure that questions are received by the Company by the stipulated deadline, Members (including CPF and SRS investors) are strongly encouraged to submit questions via the pre-registration website or by email.

Members and CPF/SRS investors who wish to submit their questions in advance of the EGM are required to indicate their full names, NRIC/passport number, email address and contact numbers, shareholding types and number of Shares held. Contact numbers provided will help the Company to reach out more easily if clarification is required. Investors holding shares through relevant intermediaries (other than CPF and SRS Investors) should contact their respective relevant intermediaries through which they hold such Shares to submit their questions in advance of the EGM.

The responses to questions from members will be posted on the Company’s website and the SGXNet soonest possible and in any case, not later than 72 hours before the closing date and time for the lodgement of proxy forms. This is to allow members sufficient time and opportunity to consider the Company’s responses before the deadline for the submission of proxy forms. Questions submitted after the Cut-off Time will be consolidated and addressed at the EGM. The minutes of the EGM will be published on the Company’s website and the SGXNet within one (1) month after the date of the EGM.

Submission of Proxy Forms to Vote:

Members will not be able to vote online or through the Live EGM Webcast or the Live EGM Audio Feed on the resolutions to be tabled for approval at the EGM. Members who wish to exercise their votes must submit a proxy form to appoint the Chairman of the EGM to cast votes on their behalf.

Members (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to their manner of voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

The Chairman of the EGM, as proxy, need not be a member of the Company.

The proxy form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the proxy form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the proxy form, failing which the proxy form may be treated as invalid.

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Proxy Form must be submitted to the Company in the following manner:

- (a) by post to the registered office of the Company at 8 Tuas Drive 1, Singapore 638675; or
- (b) by email to EGM2022@fuyucorp.com.

in each case, not less than 72 hours before the time appointed for holding the EGM, i.e. by 3.00 p.m. on 3 September 2022. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **Members are strongly encouraged to submit completed Proxy Forms electronically via email.**

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act), (other than CPF/SRS investors), who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries through which they hold such shares as soon as possible to submit their voting instructions in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by 3.00 p.m. on 3 September 2022.

CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.30 p.m. on 25 August 2022.

In the case of members whose shares are entered against their names in the Depository Register, the Company may reject the Proxy Form appointing the Chairman of the EGM as proxy lodged if such members are not shown to have Shares entered against their names in the Depository Register, as at 72 hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

IMPORTANT NOTICE: Due to the evolving COVID-19 situation in Singapore, the Company may change the EGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the EGM via the SGXNet. Members are advised to check the SGXNet regularly for updates on the EGM.

Personal Data Privacy:

By (a) submitting a proxy form appointing the Chairman of the EGM as proxy to vote at the EGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the EGM via the Live EGM Webcast or the Live EGM Audio Feed, or (c) submitting any question prior to the EGM in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the EGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its Subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

PROXY FORM

FU YU CORPORATION LIMITED
(Company Registration No. 198004601C)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:

- (a) To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the EGM in person. Members (whether individual or corporate) must appoint the Chairman of the EGM as their proxy to attend and vote on their behalf at the EGM if such members wish to exercise their voting rights at the EGM.
- (b) Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live webcast or live audio feed), submission of questions in advance of the EGM, addressing of substantial and relevant questions before or at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the notice of EGM dated 15 August 2022.
- (c) CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF agent banks and SRS operators to submit their votes by 5.30 p.m. on 25 August 2022.

I/We*, _____ (Name) (NRIC/Passport/Registration number*: _____)

of _____ (Address)

being a Member/members* of **FU YU CORPORATION LIMITED** (the “**Company**”), hereby appoint the Chairman of the Extraordinary General Meeting (“**EGM**”) of the Company as my/our* proxy to vote for me/us* on my/our* behalf at the EGM of the Company to be held by way of electronic means on 6 September 2022 at 3.00 p.m. and at any adjournment thereof to vote for or against, or to abstain from voting, on the resolutions to be proposed at the EGM as indicated hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.**

No.	ORDINARY RESOLUTION	FOR	AGAINST	ABSTAIN
1.	Proposed Adoption of the Share Purchase Mandate			
2.	Proposed Adoption of the Fu Yu Restricted Share Plan			

* please delete

Voting will be conducted by poll. Please indicate with a “X” in the spaces whether you wish your vote(s) to be cast for or against, or abstain from voting, in respect of all your Shares for each resolution as set out in the Notice of EGM. Alternatively, you may indicate the number of Shares that you wish to vote for or against, and/or abstain from voting, for each resolution in the relevant box.

Dated this _____ day of _____ 2022

Total number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) or Common Seal of Member(s)

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 (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against 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.
2. **A member will not be able to attend the EGM in person. A member will also not be able to vote “live” on the resolutions to be tabled for approval at the EGM. A member (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM.** This proxy form may be accessed from the Company’s website at <https://www.fuyucorp.com/egm-2022>, the pre-registration website at <https://conveneagm.com/sg/fuyuEGM2022> and the SGX website at <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
3. The Chairman of the EGM, being a proxy, need not be a member of the Company.
4. This proxy form, duly executed, must be submitted (a) by post to the registered office of the Company at 8 Tuas Drive 1, Singapore 638675 or (b) by email to EGM2022@fuyucorp.com, in each case, not less than 72 hours before the time appointed for holding the EGM i.e. by 3.00 p.m. on 3 September 2022. Members are strongly encouraged to submit completed proxy forms electronically via email.
5. The instrument appointing the Chairman of the EGM as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing the Chairman of the EGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. For investors (including CPF and SRS Investors), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. CPF and SRS investors who wish to vote should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions by 5.30 p.m. on 25 August 2022, being seven (7) working days before the EGM.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case where the appointor submits more than one instrument of proxy). In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy lodged if such members are not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy: By submitting an instrument appointing the Chairman of the EGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 15 August 2022.