

APPENDIX DATED 11 OCTOBER 2017

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

This Appendix is circulated to the Shareholders of Hatten Land Limited (“**Company**”) together with the Company’s Annual Report 2017 (as defined herein). Its purpose is to explain to the Shareholders the rationale of and to provide information pertaining to: (a) the proposed adoption of the Share Buy-Back Mandate (as defined herein); (b) the proposed adoption of the Hatten ESOS (as defined herein); (c) the proposed grant of Options (as defined herein); (d) the proposed adoption of the Hatten PSP; and (e) the proposed renewal of the shareholders’ mandate for interested person transactions, and to seek Shareholders’ approval of the same at the Annual General Meeting to be held on **26 October 2017 at 10.00 a.m. at 53 Mohamed Sultan Road, Level 2, Singapore 238993.**

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2017.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2017 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund (“**CPF**”) monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 26 January 2017 via a reverse take-over (“**RTO**”). The financial adviser for the RTO was UOB Kay Hian Private Limited (the “**Sponsor**”).

This Appendix has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Appendix. This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Josh Tan, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



HATTEN LAND LIMITED

(Company Registration Number: 199301388D)

(Incorporated in the Republic of Singapore)

APPENDIX

IN RELATION TO

- (A) THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE (RESOLUTION 7);
- (B) THE PROPOSED ADOPTION OF THE HATTEN LAND LIMITED EMPLOYEES’ SHARE OPTION SCHEME (“HATTEN ESOS”) (RESOLUTION 8);
- (C) THE PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT UP TO 20% UNDER THE HATTEN ESOS (RESOLUTION 9);
- (D) THE PROPOSED ADOPTION OF THE HATTEN LAND LIMITED PERFORMANCE SHARE PLAN (“HATTEN PSP”) (RESOLUTION 10); AND
- (E) THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS (RESOLUTION 11)

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DEFINITIONS

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

- “ACRA”** : Accounting and Corporate Regulatory Authority of Singapore
- “Adoption Date”** : The date on which the Hatten ESOS is adopted by the Company in a general meeting
- “AGM”** : Annual General Meeting of the Company. Unless the context otherwise requires, **“AGM”** shall refer to the annual general meeting to be held on 26 October 2017
- “Annual Report 2017”** : The Company’s annual report for the financial year ended 30 June 2017
- “Appendix”** : This appendix to the Annual Report 2017
- “Associate”** : (a) In relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:–
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and
- (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
- “Award”** : A contingent award of Shares granted under Rule 7 of the Hatten PSP Rules
- “Award Letter”** : A letter, in such form as the Committee shall approve, confirming an Award granted to a Participant
- “Board”** : The board of Directors of the Company as at the date of this Appendix
- “CDP”** : The Central Depository (Pte) Limited
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST

DEFINITIONS

“Catalist Rules”	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as may be amended, varied or supplemented from time to time
“Committee”	:	The remuneration committee of the Company, duly authorised and appointed by the Board to administer the Hatten ESOS and/or Hatten PSP
“Company”	:	Hatten Land Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Constitution”	:	The Constitution of the Company, as amended, supplemented or modified from time to time
“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:– (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises Control over a company
“CPF”	:	Central Provident Fund
“Date of Grant”	:	The date on which an Option is granted to a Participant pursuant to the Hatten ESOS
“Directors”	:	The directors of the Company as at the date of this Appendix
“Employee”	:	A confirmed full-time employee of the Group (including an Executive Director) for the purposes of the Hatten ESOS and/or the Hatten PSP
“EPS”	:	Earnings per Share
“Executive Director”	:	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function
“FY” or “Financial Year”	:	Financial year ended or ending 30 June, as the case may be

DEFINITIONS

“Hatten ESOS”	:	The proposed share option scheme, known as the Hatten Land Limited Employees’ Share Option Scheme, as modified or altered from time to time
“Hatten ESOS Rules”	:	The rules of the Hatten ESOS, as may be amended or modified from time to time
“Hatten Group”	:	Companies within the Hatten group of companies, including in the sectors of property development, property investment, hospitality, retail and education
“Hatten PSP”	:	The proposed performance share plan, known as the Hatten Land Limited Performance Share Plan, as modified or altered from time to time
“Hatten PSP Rules”	:	The rules of the Hatten PSP, as may be amended or modified from time to time
“Group”	:	The Company and its subsidiaries, collectively
“Group Employee”	:	Any employee of the Group (including any Executive Director) who meets the relevant age and rank criteria for the purposes of the Hatten PSP
“Interested Persons”	:	Has the meaning ascribed to it in Section 6.2 of this Appendix
“Interested Person Transactions”	:	Has the meaning ascribed to it in Section 6.2 of this Appendix
“IPT Mandate”	:	The general mandate for interested person transactions of which scope is set out in Section 6.5 of this Appendix
“Latest Practicable Date”	:	29 September 2017, being the latest practicable date prior to the printing of this Appendix
“Mandated Interested Persons”	:	Has the meaning ascribed in Section 6.4 of this Appendix
“Mandated Transactions”	:	Has the meaning ascribed to it in Section 6.5 of this Appendix
“Market Day”	:	A day on which the SGX-ST is open for trading of securities

DEFINITIONS

“Market Price”	:	The average of the last dealt prices for a Share, as determined by reference to the daily Official List (as defined in the Catalist Rules) published by the SGX-ST for a period of five (5) consecutive trading days immediately preceding the Offering Date of that Option, provided always that in the case of a Market Day on which the Shares of the Company are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediate preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices
“Non-Executive Director”	:	A director of the Company and/or its subsidiaries, as the case may be, other than an Executive Director
“Notice”	:	The Notice of Annual General Meeting dated 11 October 2017
“NTA”	:	Net tangible assets
“Offering Date”	:	The date on which the offer of the grant of an Option is made pursuant to the Hatten ESOS Rules
“Options”	:	The right to subscribe for Shares granted pursuant to the Hatten ESOS Rules
“Option Holder”	:	The holder of an Option
“Participant”	:	An eligible participant of the Hatten ESOS and/or Hatten PSP, as the case may be, and “Participants” shall be construed accordingly
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities account maintained with a Depository Agent
“Securities and Futures Act”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buy-Back”	:	Buy-back of Shares by the Company pursuant to the Share Buy-Back Mandate
“Share Buy-Back Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Catalist Rules

DEFINITIONS

“Shareholders”	:	Registered holders of Shares, except that where the registered holder is the Central Depository (Pte) Limited, the term “Shareholder” shall, in relation to those Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“Sponsor”	:	UOB Kay Hian Private Limited
“Subscription Price”	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with the Hatten ESOS Rules
“Substantial Shareholder”	:	A Shareholder who has an interest in not less than 5% of the issued Shares, as defined under Section 81 of the Companies Act
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“S\$” and “cents”	:	Dollars and cents respectively of the currency of Singapore
“Vest”	:	The absolute entitlement to all or some of the Shares which are the subject of an Award, and “Vesting” and Vested” shall be construed accordingly
“Vesting Date”	:	The date, as determined by the Committee and notified to the relevant Participant, on which Shares would have Vested
“%”	:	Per centum or percentage

The terms **“Depositors”**, **“Depository”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Appendix shall be a reference to Singapore time 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 this Appendix may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise stated, all conversions in this Appendix shall be based on the exchange rate of S\$1.00 : RM3.213 as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

HATTEN LAND LIMITED

(Company Registration Number: 199301388D)
(Incorporated in the Republic of Singapore)

Board of Directors:

Dato' Tan June Teng Colin @ Chen JunTing
(Executive Chairman and Managing Director)
Dato' Tan Ping Huang Edwin @ Chen BingHuang
(Executive Director and Deputy Managing Director)
Lee Sok Khian John (Non-Executive and Non-Independent Director)
Dato' Wong King Kheng (Lead Independent Director)
Loh Weng Whye (Independent Director)
Foo Jong Han Rey (Independent Director)

Registered Office:

53 Mohamed Sultan Road
#04-02
Singapore 238993

11 October 2017

To: The Shareholders of Hatten Land Limited

Dear Sir/Madam

- (A) THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE**
- (B) THE PROPOSED ADOPTION OF THE HATTEN ESOS**
- (C) THE PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT UP TO 20% UNDER THE HATTEN ESOS**
- (D) THE PROPOSED ADOPTION OF THE HATTEN PSP**
- (E) THE PROPOSED RENEWAL OF THE IPT MANDATE**

1. INTRODUCTION

1.1 Annual General Meeting

Reference is made to the Notice of Annual General Meeting, accompanying the Annual Report of the Company for the financial year ended 30 June 2017, convening the Annual General Meeting of the Company ("**AGM**") which is scheduled to be held on 26 October 2017 and the Ordinary Resolutions 7, 8, 9, 10 and 11 in relation to the (i) proposed adoption of the Share Buy-Back Mandate, (ii) the proposed adoption of the Hatten ESOS, (iii) the proposed grant of authority to offer and grant Options up to 20% discount under the Hatten ESOS, (iv) the proposed adoption of the Hatten PSP and (v) the proposed renewal of the IPT Mandate respectively, under the heading "Special Business" set out in the Notice.

LETTER TO SHAREHOLDERS

1.2 Purpose of this Appendix

The purpose of this Appendix is to provide Shareholders with details in respect of the following:

- (a) the proposed adoption of the Share Buy-Back Mandate;
- (b) the proposed adoption of the Hatten ESOS;
- (c) the proposed grant of authority to offer and grant options up to 20% discount under the Hatten ESOS;
- (d) the proposed adoption of the Hatten PSP; and
- (e) the proposed renewal of the IPT Mandate.

An application will be made by the Company, through the Sponsor, to the SGX-ST for permission to the listing and quotation of the new Shares to be allotted and issued pursuant to the Hatten ESOS and Hatten PSP on the Catalist. Shareholders are advised that, if granted, the approval-in-principle from the SGX-ST for the listing and quotation of the new Shares shall not be taken as an indication of the merits of the Hatten ESOS and Hatten PSP, the Shares, the new Shares, the Company and/or its subsidiaries.

The Sponsor and the SGX-ST take no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

2. THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE

2.1 Background

The Companies 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 Constitution. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and the Catalist Rules and such other laws and regulations as may for the time being be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares.

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting. Accordingly, the Company is seeking approval from Shareholders at the AGM for the proposed adoption of the Share Buy-Back Mandate.

If approved by Shareholders at the AGM, the authority conferred by the Share Buy-Back Mandate will continue to be in force until the conclusion of the next AGM of the Company or the date by which such an AGM is required by law to be held (whereupon it will lapse, unless renewed at such meeting) or the date on which Share Buy-backs have been carried out to the full extent mandated or until the said mandate is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM), whichever is the earliest.

LETTER TO SHAREHOLDERS

2.2 Rationale for the Share Buy-Back Mandate

The Share Buy-Back Mandate would give the Company the flexibility to undertake buy-backs of the Shares at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force. A Share Buy-Back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Further, amongst others, a Share Buy-Back provides 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 Directors also expect that Share Buy-Backs may help mitigate against short term volatility of the Company's share price and offset the effects of short term speculation. Share Buy-Backs will also allow the Directors greater control over the Company's share capital structure, dividend payout and cash reserves.

The buy-back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share of the Company and the Group.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will only be made when the Directors believe that such purchases or acquisitions would benefit the Company and its Shareholders and would not have a material adverse effect on the financial position of the Company.

2.3 Terms of the Share Buy-Back Mandate

The authority and limitations placed on purchases and acquisitions of Shares by the Company under the Share Buy-Back Mandate are summarised below:

(a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired is limited to that number of Shares representing not more than 10% of the issued shares of the Company (excluding treasury shares and subsidiary holdings), ascertained as at the date of the AGM at which the Share Buy-Back Mandate is approved ("**Approval Date**"), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the relevant term of the Share Buy-Back Mandate, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered (excluding treasury shares and subsidiary holdings that may be held by the Company from time to time). For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares and subsidiary holdings will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company of 1,378,096,353 Shares (excluding any treasury shares) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 137,809,635 Shares (representing approximately 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate.

LETTER TO SHAREHOLDERS

While the Share Buy-Back Mandate would authorise a purchase or acquisition of Shares up to the 10% of the issued Shares, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out up to the entire 10% of the issued Shares as authorised, or at all. In particular, no purchase or acquisition of the Shares would be made in circumstances which would have or may have a material adverse effect on the float, liquidity, orderly trading of the Shares and/or financial position of the Group.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earlier of:

- (i) the date on which the next AGM of the Company is held or required by law or the Constitution to be held;
- (ii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting; or
- (iii) the date on which the Share Buy-Back is carried out to the full extent mandated.

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

(c) Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of, *inter alia*:

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

The Directors may impose such terms and conditions, which are consistent with the Share Buy-Back Mandate, the Catalist Rules, the Companies Act and the Constitution, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase of issued Shares shall be made to every person who holds issued Shares to purchase the same percentage of their issued Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

LETTER TO SHAREHOLDERS

- (iii) the terms of the offers are the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provide 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 acceptances;
 - (iii) the reasons for the proposed Share Buy-Back;
 - (iv) the consequences, if any, of Share Buy-Backs by the Company that will arise under the Take-over Code or other applicable takeover rules;
 - (v) whether the Share Buy-Back, if made, would have any effect on the listing of the Shares on the SGX-ST;
 - (vi) details of any Share Buy-Backs (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme) made by the Company in the previous 12 months, giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (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, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

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

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

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For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five (5)-Market Day period;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price for Off-Market Purchase 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 the Share Buy-Back Mandate

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Companies Act. Accordingly, 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.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) 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 settlement of any such purchase or acquisition.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act.

(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 Companies Act, the Company shall be treated as having no right to vote 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 treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed.

LETTER TO SHAREHOLDERS

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 subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

In addition, under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued Shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds for Share Buy-Back

In purchasing Shares under the Share Buy-Back Mandate, 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 buy Shares on Catalist for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Catalist Rules. The buy-back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (including brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**");

LETTER TO SHAREHOLDERS

- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits available for the distribution of cash dividends by the total amount of the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits available for the distribution of cash dividends proportionately by the total amount of the Purchase Price.

The Company may use internal resources and/or external borrowings to fund purchases of Shares pursuant to the Share Buy-Back Mandate.

The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.7 Financial Effects of the Share Buy-Back Mandate

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2017 and are not necessarily representative of future financial performance of the Group. Although the proposed Share Buy-Back Mandate would authorise the Company to buy-back up to 10% of the Company's issued Shares, the Company may not necessarily buy-back or be able to buy-back 10% of the issued Shares in full.

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy-Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. The purchase price paid by the Company for the Shares (including brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buy-Back Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group. The financial effects presented in this section of the Appendix are based on the assumptions set out below:

(a) Information as at the Latest Practicable Date

The issued share capital of the Company comprised 1,378,096,353 Shares (excluding any treasury shares and subsidiary holdings). The Company does not hold any treasury shares and there are no subsidiary holdings.

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(b) Illustrative Financial Effects

Purely for illustrative purposes, on the basis of 1,378,096,353 Shares (excluding any treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of approximately 10% of its issued Shares will result in the purchase of 137,809,635 Shares. As the purchase by the Company of approximately 10% of its issued Shares will result in the Company being unable to meet the public float requirement, the Illustrative Financial Effects will reflect the purchase of 100,601,034 Shares, representing approximately 7.3% of the 1,378,096,353 Shares, such that the public float requirement is still met.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 100,601,034 Shares at the Maximum Price of RM0.66 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 100,601,034 Shares is approximately RM66.4 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 100,601,034 Shares at the Maximum Price of RM 0.75 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 100,601,034 Shares is approximately RM75.8 million.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

- (i) the Share Buy-Back Mandate had been effective on 1 July 2016;
- (ii) such Share purchases are funded solely by internal cash of the Group available as at 30 June 2017;
- (iii) the purchase of Shares pursuant to the Share Buy-Back Mandate had taken place on 1 July 2016 for the purpose of computing the financial effects on the EPS of the Group;
- (iv) the purchase of Shares pursuant to the Share Buy-Back Mandate had taken place on 30 June 2017 for the purpose of computing the financial effects on Shareholders' equity, NTA per Share and gearing of the Company and the Group; and
- (v) transaction costs incurred during the Share Buy-Back pursuant to the Share Buy-Back Mandate are assumed to be insignificant and have thus been ignored for the purpose of computing the financial effects;

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the financial effects of:

- (aa) the acquisition of 10% of the issued shares of the Company by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and held as treasury shares ("**Scenario A**"); and
- (bb) the acquisition of 10% of the issued shares of the Company by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and cancelled ("**Scenario B**"),

on the audited consolidated financial results of the Group and the Company for FY2017, are set out below:

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Scenario A – Purchases made entirely out of capital and held as treasury shares

	Group			Company		
	Before Share Purchase	After Share Purchase (Market Purchase)	After Share Purchase (Off-Market Purchase)	Before Share Purchase	After Share Purchase (Market Purchase)	After Share Purchase (Off-Market Purchase)
<u>As at 30 June 2017</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	8,722	8,722	8,722	4,839	4,839	4,839
Share Capital	250,874	250,874	250,874	1,283,378	1,283,378	1,283,378
Retained Earnings	31,244	31,244	31,244	5,793	5,793	5,793
Translation Reserve	119	119	119	–	–	–
Merger Reserve	(54,827)	(54,827)	(54,827)	–	–	–
Treasury Shares Reserve	–	(66,397)	(75,853)	–	(66,397)	(75,853)
Shareholders' Equity	227,410	161,013	151,557	1,289,171	1,222,774	1,213,318
Total Equity ⁽¹⁾	227,410	161,013	151,557	1,289,171	1,222,774	1,213,318
NTA ⁽²⁾	227,410	161,013	151,557	1,289,171	1,222,774	1,213,318
Current Assets	1,136,413	1,070,016	1,060,560	86,890	20,493	11,037
Current Liabilities	579,496	579,496	579,496	1,034	1,034	1,034
Working Capital	556,917	490,520	481,064	85,856	19,459	10,003

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	Group			Company		
	Before Share Purchase	After Share Purchase (Market Purchase)	After Share Purchase (Off-Market Purchase)	Before Share Purchase	After Share Purchase (Market Purchase)	After Share Purchase (Off-Market Purchase)
<u>As at 30 June 2017</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total borrowings	355,449	355,449	355,449	–	–	–
Cash and cash equivalents	83,625	17,228	7,772	16,473	(49,924)	(59,380)
Net Debt ⁽³⁾	271,824	338,221	347,677	–	–	–
Number of issued Shares as at 28 September 2017 ('000)	1,378,096	1,378,096	1,378,096	1,378,096	1,378,096	1,378,096
Weighted average number of Shares as at 30 June 2017 ('000)	1,261,000	1,261,000	1,261,000	1,261,000	1,261,000	1,261,000
Financial Ratios						
NTA per Share (cents) ⁽²⁾	16.50	11.70	16.50	93.50	88.70	93.50
Gearing Ratio (times) ⁽⁴⁾	1.20	2.10	1.20	–	–	–
Current Ratio (times) ⁽⁵⁾	1.96	1.85	1.96	84.03	19.82	10.67
Basic EPS (cents) ⁽⁶⁾	0.69	0.69	0.69	0.38	0.38	0.38

Notes:

- (1) Total equity equals shareholders' equity plus non-controlling interests.
- (2) NTA equals total equity less intangible assets and minority interest. NTA per Share equals NTA divided by the number of shares as at 30 June 2017.
- (3) Net debt means total borrowings less cash and cash equivalents.
- (4) Gearing ratio equals net debt divided by total equity.
- (5) Current ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals loss attributable to owners of the Company divided by the weighted average number of Shares as at 30 June 2017.

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Scenario B – Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Purchase RM'000	After Share Purchase (Market Purchase) RM'000	After Share Purchase (Off-Market Purchase) RM'000	Before Share Purchase RM'000	After Share Purchase (Market Purchase) RM'000	After Share Purchase (Off-Market Purchase) RM'000
As at 30 June 2017						
Profit attributable to owners of the Company	8,722	8,722	8,722	4,839	4,839	4,839
Share Capital	250,874	184,477	175,021	1,283,378	1,216,981	1,207,525
Retained Earnings	31,244	31,244	31,244	5,793	5,793	5,793
Translation Reserve	119	119	119	–	–	–
Merger Reserve	(54,827)	(54,827)	(54,827)	–	–	–
Shareholders' Equity	227,410	161,013	151,557	1,289,171	1,222,774	1,213,318
Total Equity ⁽¹⁾	227,410	161,013	151,557	1,289,171	1,222,774	1,213,318
NTA ⁽²⁾	227,410	161,013	151,557	1,289,171	1,222,774	1,213,318
Current Assets	1,136,413	1,070,016	1,060,560	86,889	20,492	11,036
Current Liabilities	579,496	579,496	579,496	1,034	1,034	1,034
Working Capital	556,917	490,520	481,064	85,855	19,458	10,002

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	Group			Company		
	Before Share Purchase	After Share Purchase (Market Purchase)	After Share Purchase (Off-Market Purchase)	Before Share Purchase	After Share Purchase (Market Purchase)	After Share Purchase (Off-Market Purchase)
<u>As at 30 June 2017</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total borrowings	355,449	355,449	355,449	–	–	–
Cash and cash equivalents	83,625	17,228	7,772	16,473	(49,924)	(59,380)
Net Debt ⁽³⁾	271,824	338,221	347,677	–	–	–
Number of Shares as at 30 June 2017 ('000)	1,378,096	1,277,495	1,277,495	1,378,096	1,277,495	1,277,495
Weighted average number of Shares as at 30 June 2017 ('000)	1,261,284	1,160,683	1,160,683	1,261,284	1,160,683	1,160,683
Financial Ratios						
NTA per Share (cents) ⁽²⁾	16.50	12.60	16.50	93.50	95.70	95.00
Gearing Ratio (times) ⁽⁴⁾	1.20	2.10	1.20	–	–	–
Current Ratio (times) ⁽⁵⁾	1.96	1.85	1.96	84.03	19.68	10.59
Basic EPS (cents) ⁽⁶⁾	0.69	0.75	0.75	0.38	0.13	0.42

Notes:

- (1) Total Equity equals Shareholders' Equity plus non-controlling interests.
- (2) NTA equals Total Equity less intangible assets and Minority Interest. NTA per Share equals NTA divided by the number of shares as at 30 June 2017.
- (3) Net Debt means total borrowings less cash and cash equivalents.
- (4) Gearing Ratio equals Net Debt divided by Total Equity.
- (5) Current Ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals loss attributable to owners of the company divided by the weighted average number of shares as at 30 June 2017.

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The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buy-Back Mandate will be exercised with a view to enhance the EPS and/or NAV per Share of the Group.

Shareholders should note that the financial effects set out above, based on the respective aforesaid assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Group for FY2017, and is not representative of the future financial performance of the Group.

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or otherwise acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as treasury shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share Buy-Back before execution.

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications arising from the Share Buy-Back Mandate whether in or outside Singapore, should consult their own professional advisers.

2.9 Catalyst Rules

As at the Latest Practicable Date, approximately 17.3% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 7.3%. Accordingly, the Company, in order to meet the public float requirements, may only purchase up to approximately 7.3% of the issued share capital of the Company, comprising 100,601,034 Shares.

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

Under the Catalyst Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in section 2.3 of this Appendix, conforms to this restriction.

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Additionally, the Catalist Rules also 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 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 an offer under such scheme.

The notification of such purchase or acquisition of shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

While the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two (2) weeks before the announcement of the Company’s financial statements for each of the first three quarters of its Financial Year, or one (1) month immediately preceding the announcement of the Company’s full-year results statements.

2.10 Take-Over Obligations

- (a) Obligation to make a Take-over Offer

Pursuant to the Take-over Code, an increase of a Shareholder’s proportionate interest in the voting rights of the Company resulting from a share buy-back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”).

Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company’s voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or other relevant authorities at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory take-over offer under the Take-over Code would arise by reason of any Share Buy-back by the Company.

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(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

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

- (i) 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);
- (ii) A company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (iii) A company with any of its pension funds and employee share schemes;
- (iv) A person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (v) A financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and 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;
- (vi) Directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) Partners; and
- (viii) An individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions and 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 aforesaid persons for the purchase of voting rights.

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

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(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

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

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

(d) Application of the Take-over Code

The Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholders are, or may be regarded as parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a Share Buy-Back.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the proposed Share Buy-back Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity before they acquire any Shares in the Company during the period when the proposed Share Buy-back Mandate is in force.

2.11 Details of the Shares bought by the Company in the previous 12 months

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

2.12 Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve, or renew such mandate for, the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase of Shares on Catalist or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the

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purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

3. THE PROPOSED HATTEN ESOS

The proposed Hatten ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The Hatten ESOS will form an integral and important component of a compensation plan and is designed to reward and retain Employees, Executive Directors and Non-Executive Directors whose services are vital to the Group.

3.1 Interconditionality

Shareholders should note that the passing of Ordinary Resolution 9 relating to the proposed grant of authority to offer and grant options up to 20% discount under the Hatten ESOS is conditional on the passing of Ordinary Resolution 8 relating to the proposed adoption of the Hatten ESOS. This means that if Ordinary Resolution 8 relating to the proposed adoption of the Hatten ESOS is not approved, Ordinary Resolution 9 relating to the proposed grant of authority to offer and grant options up to 20% discount under the Hatten ESOS will not be carried out by the Company.

3.2 Summary of the Hatten ESOS Rules

The Hatten ESOS Rules in their entirety are set out in Annex A to this Appendix, and a summary of the rules is set out below.

3.2.1 Eligibility of Participants

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the Hatten ESOS:

- (a) Employees;
- (b) Executive Directors; and
- (c) Non-Executive Directors,

provided that, as of the Offering Date, such persons have attained the age of 21 years and are not undischarged bankrupts.

Subject to the absolute discretion of the Committee, the Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Hatten ESOS, provided that the participation of each Controlling Shareholder or his Associate and each grant of Option(s) to any of them may only be effected with the specific prior approval of Shareholders in general meeting by a separate resolution.

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3.2.2 Entitlement of Option Holders

An Option represents the right of an Option Holder to subscribe for Shares in consideration for the Subscription Price upon the exercise of the Option.

Subject to limitations under the Hatten ESOS Rules and any other limits as may be prescribed by the SGX-ST, the number of Shares over which an Option may be granted to each Employee or Executive Director shall be determined by the Committee in its absolute discretion, taking into account factors such as his rank, performance, length of service and potential for future development. In determining the number of Shares over which an Option may be granted to a Non-Executive Director, the Committee may take into account factors such as his services and the contributions made by him to the Company, the Group and the Board.

3.2.3 Size and Duration of the Hatten ESOS

Under the Hatten ESOS Rules, the aggregate number of Shares for which Options may be granted on any date under the Hatten ESOS, when added to the number of Shares issued and/or issuable in respect of:

- (a) all Options granted under the Hatten ESOS; and
- (b) all Shares, options or awards granted under any other share option scheme or share scheme of the Company then in force (if any),

shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the day immediately preceding that date. Where the Company has more than one incentive scheme (in this case, including the Hatten PSP), the aggregate number of shares or Options available under all schemes must not exceed 15% of the total issued share capital of the Company. By way of illustration, based on an issued share capital of the Company of 1,378,096,353 Shares as at the Latest Practicable Date, the maximum number of Shares which may be issued upon the exercise of the Options in respect of all options granted under the Hatten ESOS and in respect of all options or awards granted under any other share option schemes or share schemes of the Company is 206,714,452.

Furthermore, the aggregate number of Shares over which Options may be granted under the Scheme to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Hatten ESOS, and the number of Shares over which an Option may be granted under the Hatten ESOS to each Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the Hatten ESOS.

The Hatten ESOS shall come into effect on the Adoption Date and continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Hatten ESOS is adopted by Shareholders, provided always that the Hatten ESOS may be continued for any period thereafter with the approval of the Shareholders in a general meeting and of any relevant authorities which may then be required, subject to compliance with any applicable laws and regulations. The Hatten ESOS may also be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting.

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The period for the exercise of an Executive Option shall commence on the 1st anniversary of the Date of Grant and expire on the day preceding the 5th anniversary of such Date of Grant, subject to the Hatten ESOS Rules, including but not limited to the terms under Section 3.2.4 of the Appendix.

The period for the exercise of a Non-Executive Option, shall commence on the 1st anniversary of the Date of Grant and expiring on the day preceding the 3rd anniversary of such Date of Grant, subject to the Hatten ESOS Rules, including but not limited to the terms under Section 3.2.4 of the Appendix.

3.2.4 Grant of Options at a Discounted Price

Under the Hatten ESOS, the Subscription Price of the Options granted will be determined by the Committee. The Committee has the discretion to grant Options at a discounted Subscription Price. In the event that Options are granted at a discount, the discount shall not exceed 20% of the Market Price.

The ability to offer Options at a discount to the Market Price of the Shares will give the Company flexibility in structuring the Options granted, and ensures that the Company maintains the competitiveness of its compensation strategy. The Company may utilise the Options as a means to reward Participants for their outstanding performance and to motivate them to continue to excel, as well as attract new talent for the Company. Being able to grant Options at a discount allows the Company to acknowledge a Participant's contributions where such means is more meaningful than paying a cash bonus, as these Options operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Options granted at the Market Price. This serves as an additional method available to the Company for compensating Employees rather than through salaries, salary increments and cash bonuses as it enables the Company to introduce an effective manner of motivating Participants to maximise their performance, which will in turn create better value for the Shareholders.

Further, because Options granted with a discount under the Hatten ESOS are subject to a longer vesting period (two (2) years) than those granted at the Market Price (one (1) year), holders of such Options are encouraged to have a long term view of the Company, thereby promoting staff and employee retention and reinforcing their commitment to the Company.

The Company believes that the maximum 20% discount to the Market Price of the Shares is sufficient to allow for flexibility in the Hatten ESOS, while minimising the potential dilutive effect to the Shareholders arising from the Hatten ESOS.

3.2.5 Subscription Price of Options

Subject to adjustments under the Hatten ESOS Rules, the Subscription Price for the Shares in respect of which an Option is exercisable shall be fixed by the Committee in its absolute discretion at:

- (a) the Market Price; or

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- (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price and is approved by Shareholders in a general meeting in a separate resolution.

The Company is seeking Shareholders' approval in respect of the grant of Options at a discount not exceeding the maximum discount as aforesaid at the AGM and such approval, if granted, shall be effective until revoked by Shareholders in a general meeting.

In determining whether to give a discount and the quantum of such discount in respect of the Subscription Price, the Committee may take into account factors such as the performance of the Group, years of service and individual performance of the Participant, his contribution to the success and development of the Group, and prevailing market and economic conditions.

3.2.6 Operations of the Hatten ESOS

Subject to prevailing legislation and the Catalist Rules, the Company, in its sole and absolute discretion, will deliver Shares to Option Holders in relation to an exercise of an Option, by way of either:

- (a) an issue of new Shares, deemed to be fully paid upon their issuance and allotment; or
- (b) delivering existing Shares to the Option Holder, whether such existing Shares are purchased or acquired pursuant to the Share Buy-Back Mandate or (to the extent permitted by law) held as treasury shares.

In determining whether to issue and allot new Shares or the delivery of existing Shares to the Option Holders upon the exercise of the Options, the Company and the Committee will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement.

Existing Shares procured by the Company for transfer on the exercise of an Option shall be subject to all the provisions of the Constitution, shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant exercise date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

3.2.7 Adjustments

If a variation in the issued share capital of the Company (whether by way of a capitalisation or rights issue, reduction, sub-division or consolidation) shall take place or if the Company shall make a Capital Distribution, then:

- (a) the Subscription Price;

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- (b) the class and/or the number of Shares comprised in an Option to the extent unexercised; and/or
- (c) the class and/or number of Shares over which Options and/or additional Options may be issued to the Participants,

shall be adjusted in such manner as the Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable. Such adjustments (if any) shall, where reasonable, give the Participant the same proportion of the equity capital as that to which he was previously entitled.

The following (whether singly or in combination) shall not be regarded as events requiring adjustments:

- (a) any issue of securities as consideration for an acquisition or a private placement of securities;
- (d) any increase in the number of issued Shares as a consequence of the exercise of options or other convertibles issued from time to time by the Company entitling holders thereof to subscribe for new Shares in the capital of the Company (including the exercise of any Options granted pursuant to the Hatten ESOS and any previous scheme(s)); and
- (b) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) effected on the SGX-ST pursuant to a share purchase mandate (or any renewal thereof) given by the shareholders of the Company in general meeting and for the time being in force.

Notwithstanding the foregoing provisions, in any circumstances where the Committee considers that adjustments to the Subscription Price and the number of Shares which may be acquired on the exercise of an Option should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price and the number of shares which may be acquired on the exercise of an Option should be made notwithstanding that no such adjustment is required under the said provisions, the Committee, may upon the written confirmation of the Auditors, make, modify or nullify an adjustment in such manner as the Auditors consider to be reasonable and appropriate.

Notwithstanding the foregoing provisions, no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

Upon any adjustment being made pursuant to Rule 14 of the Hatten ESOS Rules, the Company shall notify the Participant (or his duly appointed personal representative) in writing informing him of the Subscription Price thereafter in effect, the class and/or number of Shares thereafter to be issued on the exercise of the Option and the effective date of the adjustment.

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3.2.8 Modifications to the Hatten ESOS

The Hatten ESOS may be modified or altered in any respect by resolution of the Committee except that:

- (a) no alteration shall alter adversely the rights attaching to any Option granted prior to such alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in nominal value of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
- (b) the definitions of “Employee”, “Option”, “Option Period”, “Participant” and “Subscription Price” and the provisions of Rules 5, 6, 8, 11, 13, 15, 16, 17 and 19 of the Hatten ESOS Rules shall not be altered to the advantage of Participants except with the prior sanction of the Shareholders in general meeting; and
- (c) no alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities which may be necessary.

Written notice of any alteration made in accordance with Rule 19 of the Hatten ESOS Rules shall be given to all Participants.

Notwithstanding anything to the contrary contained in Rule 19(a) of the Hatten ESOS Rules, the Committee may at any time and from time to time, by resolution without other formality (save for the prior approval of the SGX-ST or such other regulatory authorities as may be necessary), amend any provision of the Hatten ESOS in any way and to the extent necessary to cause the Hatten ESOS to comply with any statutory provision or the regulations of any regulatory authority or other relevant authority or body (including the SGX-ST).

3.3 Rationale for the Hatten ESOS

The Hatten ESOS is a share incentive scheme. The purpose is to provide an opportunity for Employees and Directors to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance.

The Hatten ESOS is to acknowledge the contributions made by the Employees and Directors to the well-being and prosperity of the Group and to allow them to have a real and meaningful stake in the Company at a relatively low direct cost. The Hatten ESOS will help to achieve the following objectives:

- (a) motivation of the Employees and Directors to optimise their performance standards and efficiency and to maintain a high level of contribution;
- (b) retention and recruitment of key staff whose contribution are important to the long-term growth and profitability of the Group; and
- (c) the development of a participatory style of management that promotes greater commitment and dedication amongst the Employees and Directors and instills loyalty and a stronger sense of identification with the Group.

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3.4 Rationale for Participation by Non-Executive Directors in the Hatten ESOS

It is proposed that the Hatten ESOS be extended to Non-Executive Directors (which includes the independent Directors of the Company) who work closely with the Company and by reason of their relationships with the Company, are in a position to give input and contribute their experience, knowledge and expertise to the development and prosperity of the Group. Although the Non-Executive Directors are not involved in the day to day management of the Group, these Directors serving in a non-executive capacity bring to the Group their wealth of knowledge, business expertise and contacts in the business community. They play a crucial role in helping the Group shape the business strategy and further the business interest of the Group by allowing the Group to draw on their different backgrounds and diverse working experiences. By implementing the Hatten ESOS and giving Non-Executive Directors an opportunity to participate in the equity of the Company, their working relationships with the Company will be enhanced as it will instil in them a greater sense of involvement. The extension of the Hatten ESOS to Non-Executive Directors will also enable the Company to continue to attract capable individuals to sit on the Board as Non-Executive Directors.

Safeguards against abuse

In order to minimise any potential conflicts of interests, the Company does not intend to grant Options of significant sizes to Non-Executive Directors. In particular, in the event that any Options are granted to the Non-Executive Directors, the quantum of such Options will not be of such significance as will affect or compromise the independence of such Non-Executive Directors. In this connection, it is anticipated that the aggregate number of Options granted to Non-Executive Directors over the duration of the Hatten ESOS will not amount to more than 5% of the total number of Options available for grant under the Hatten ESOS. As a safeguard against abuse, no member of the Committee shall be involved in any deliberation in respect of Options to be granted to him.

The Board is of the view that the participation by the Non-Executive Directors in the Hatten ESOS will not compromise their independent status.

The Non-Executive Directors as at the Latest Practicable Date are Dato' Wong King Kheng, Mr Loh Weng Whye and Mr Foo Jong Han Rey.

3.5 Rationale for Eligibility of Controlling Shareholders and their Associates in the Hatten ESOS

One of the key objectives of the proposed Hatten ESOS are to motivate key executives (including Executive Directors and Employees) to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that the proposed Hatten ESOS may be more effective than cash bonuses in motivating key executives to work towards pre-determined targets and/or to put in their best efforts whilst at the same time allowing the Company to offer competitive incentives and remuneration packages.

To this end, key executives including the Controlling Shareholders and their Associates shall be treated equally as the Controlling Shareholders and their Associates are important to the development and success of the Group. As such, regardless of whether they are Controlling Shareholders or Associates of Controlling Shareholders, the Company's view is that all deserving and eligible participants should be equally entitled to take part and benefit from the Company's fair and equitable system of remuneration.

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Although the Controlling Shareholders and their Associates may already have shareholding interests in the Company, the extension of the Hatten ESOS to include them ensures that they are similarly entitled, with the other eligible Employees of the Group who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. The Directors are of the view that the Company should have a fair and equitable system to reward the eligible persons who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or their Associates.

In terms of the basis for determining the quantum of Options to be granted to each Controlling Shareholder and/or Associate of a Controlling Shareholder, factors which will be taken into account include, but are not limited to, the designation, capability, experience, skills, expertise, scope of responsibility and years of service of the Controlling Shareholder or his Associate as well as his overall past and potential contributions to the growth and development of the Group.

Safeguards against abuse

As a safeguard against abuse of the Hatten ESOS, all members of the Board (and not just members of the Committee) who are not Controlling Shareholders or their Associates will be involved in deliberations in respect of Options to be granted to or held by Controlling Shareholders and their Associates and the terms and conditions, including the performance targets and vesting periods, attached to such Options. Examples of performance targets to be set for Controlling Shareholders and their Associates include targets based on criteria such as the Group's profitability growth, return of Shareholders' funds and other financial indicators, penetration into new markets, management skills and succession planning.

Specific approval of the independent Shareholders is required for the participation of Controlling Shareholders and their Associates in Hatten ESOS, grant of Options to Controlling Shareholders and their Associates as well as the actual number of and terms of such Options. In seeking such independent Shareholders' approval, clear justification as to their participation, the number of new Shares and the terms of Options to be granted to the Controlling Shareholders and their Associates will need to be provided.

The Company is of the view that there are sufficient safeguards against abuse resulting from the eligibility of the Controlling Shareholders and their Associates in the proposed Hatten ESOS.

3.6 Role and Composition of the Committee

The remuneration committee of the Company is the designated body responsible for administering the Hatten ESOS. The members of the Committee are Mr Foo Jong Han Rey, Dato' Wong King Kheng, and Mr Loh Weng Whye as at the date of this Appendix.

In compliance with the requirements of the Catalist Rules, a Participant of the Hatten ESOS, who is a member of the Committee, shall not be involved in its deliberations in respect of Options to be granted to or held by that member of the Committee.

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3.7 Financial Effects of the Hatten ESOS

(a) Potential Costs of Options

The grant of Options under the Hatten ESOS will result in an increase in the Company's issued share capital to the extent that new Shares are issued to the Participants pursuant to the exercise of the Options. This will in turn depend on, *inter alia*, the number of Shares comprised in the Options to be issued. As such, there would be no impact on the Company's number of issued shares if the relevant Options are not exercised.

No cash outlays would be expended by the Company at the time Options are issued by it (as compared with cash bonuses). However, the Company would recognise an expense in the financial statements based on the fair value of the Option at the grant date.

Participants will receive Shares in settlement of the Options, and the Options would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Options would be recognised as a charge to the income statement over the vesting period of an Option and a corresponding credit to reserve account. For Options granted, the total amount of the charge over the vesting period is generally measured based on the fair value of each Option granted. This is normally estimated by applying the option pricing model at the Date of Grant.

Before the end of the vesting period, at each accounting year end, the estimate of the number of Options that are expected to vest by the vesting date is reviewed and revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement is made. This accounting treatment has been referred to as the "**modified grant date method**", because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest but no adjustment is made to changes in the fair value of the Shares since the Date of Grant. The amount charged to the income statement would be the same whether the Company settles the Options using treasury shares, new Shares or existing Shares.

(b) Share Capital

The Hatten ESOS will result in an increase in the Company's issued share capital when new Shares are issued to the Participants pursuant to the exercise of Options. This increase will in turn depend on, *inter alia*, the number of Shares comprised in the Options, and the prevailing market price of the Shares on the SGX-ST. However, there will be no change to the Company's issued share capital where Options (when exercised) are satisfied by treasury shares held by the Company.

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(c) Earnings per Share

The Hatten ESOS will have a dilutive effect on the Company's consolidated EPS following the increase in the Company's issued share capital to the extent that new Shares are issued to the Option Holders pursuant to the Hatten ESOS.

(d) NTA

The issue of new Shares upon the exercise of the Options under the Hatten ESOS will increase the consolidated NTA of the Company by the aggregate Subscription Price of the new Shares. On a per Share basis, the effect on the NTA of the Company is accretive if the Subscription Price is above the NTA per Share but dilutive otherwise.

4. THE PROPOSED HATTEN PSP

The proposed Hatten PSP will form an integral and important component of a compensation plan. The Hatten PSP is designed to reward Employees and Executive Directors.

Awards granted under the Hatten PSP 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. The Awards granted under this Hatten PSP will be determined at the sole discretion of the Committee, which will oversee and administer the Hatten PSP.

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.

The Hatten PSP 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 Hatten PSP will be an effective tool in motivating senior executives and key senior management to work towards stretched targets.

The Hatten PSP contemplates the award of fully-paid Shares, when and after pre-determined performance or service conditions are accomplished.

Under the Hatten PSP, 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.

Unlike the options granted under the Hatten ESOS, the Hatten PSP is designed to reward eligible participants with Awards comprising fully paid Shares, or the equivalent in cash or a combination of both. The reason for having the Hatten PSP in addition to the Hatten ESOS is to give our Company greater flexibility in structuring the compensation packages of eligible participants and providing an additional tool to motivate and retain staff members through the offering of compensation packages that are market competitive.

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4.1. Summary of the Hatten PSP Rules

The Hatten PSP Rules are set out in the Annex B to this Appendix. A summary of the rules is as follows:

4.1.1. Eligibility

Full-time Group Employees (including Executive Directors) 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 Hatten PSP. The Participant must not be an undischarged bankrupt, must not have entered into a composition with his creditors and must have been in the Company's employment for a minimum of 24 months.

Group Employees who are also Controlling Shareholders or Associates of a Controlling Shareholder who meet the above eligibility criteria are also eligible to participate in the Hatten PSP provided that the participation of and the terms of each grant and the actual number of Awards granted under the Hatten PSP to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person subject to the following:

- (a) the aggregate number of Shares comprised in Awards granted to Controlling Shareholders and Associate of a Controlling Shareholder under the Hatten PSP shall not exceed 25% of the aggregate of the total number of Shares (comprised in Awards) which may be granted under the Hatten PSP; and
- (b) the number of Shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under the Hatten PSP.

The participation of and the terms of each grant and the actual number of Awards granted under the Hatten PSP to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person subject to the limits described above.

4.1.2. 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 targets.

Shares which are allotted and issued or transferred to a Participant pursuant to the grant of an Award may 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, in its absolute discretion, may make a release of an Award, wholly or partly, in the form of cash rather than Shares.

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4.1.3. 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 Hatten PSP 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.

4.1.4. 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 target(s);
- (f) the extent to which the Shares under that Award may be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period;
- (g) Such retention period as may be determined by the Committee and notified to the Participant at the grant of the relevant Award to that Participant and
- (h) any other condition(s) which the Committee may determine in relation to that Award.

4.1.5. 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 targets and the performance period during which the prescribed performance targets are satisfied, will be sent to each Participant as soon as reasonably practicable after the making of an Award.

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4.1.6. 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 Employee, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever (other than as specified in paragraph (f) 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 Employee, 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).

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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 Hatten PSP Rules 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 Vest 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 Vest 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.

4.1.7. Size and duration of the Hatten PSP

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Hatten PSP, when added to (a) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted thereunder; and (b) all Shares issued and issuable and/or transferred and transferable in respect of all options or awards granted under any other share schemes or share plans adopted by the Company (in this case, including the Hatten ESOS) and for the time being in force, shall not exceed 15% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date of grant of Award(s).

In addition, the number of Shares available to Controlling Shareholders or Associates of a Controlling Shareholder is subject to the following:

- (a) the aggregate number of Shares comprised in Awards granted to Controlling Shareholders and Associates of Controlling Shareholders under the Hatten PSP shall not exceed 25% of the aggregate number of Shares (comprised in Awards) which may be granted under the Hatten PSP; and
- (b) the number of Shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares (comprised in Awards) available under the Hatten PSP.

The Hatten PSP shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date the Hatten PSP is adopted by the Company in general meeting, provided always that the Hatten PSP

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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 Hatten PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

4.1.8. Operation of the Hatten PSP

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 the delivery of existing Shares (including treasury shares).

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 to Participants upon vesting of the Awards are set out in Section 4.6 of this Appendix.

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 an amended performance target would be a fairer measure of performance.

The Company is seeking Shareholders' approval for the proposed Share Buy-back Mandate at the upcoming AGM. Upon Shareholders' approval for the same, the Company shall be allowed to purchase existing Shares to satisfy such Awards in accordance with the above.

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4.2. Adjustments and Alterations under the Hatten PSP

4.2.1. 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 Hatten PSP,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that any such adjustment must 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 of the Company (acting only as experts and not arbitrators) to be in their opinion, fair and reasonable.

4.2.2. Modifications or Alterations to the Hatten PSP

The Hatten PSP Rules 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 Hatten PSP.

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

4.3. Rationale for the Hatten PSP

The Directors are proposing to implement the Hatten PSP to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate Group Employees to achieve increased performance. The Directors believe that the Hatten PSP 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.

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The Hatten PSP 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 Hatten PSP. The Hatten PSP 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 objectives of the Hatten PSP are to:

- (a) foster a culture of ownership within the Group which aligns the interests of the Participants 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.

In line with the objectives of the Hatten PSP, Controlling Shareholders and their Associates shall be treated equally as the Controlling Shareholders and their Associates are important to the development and success of the Group. As such, regardless of whether they are Controlling Shareholders or Associates of Controlling Shareholders, the Company's view is that all deserving and eligible participants should be equally entitled to take part and benefit from the Company's fair and equitable system of remuneration. Notwithstanding that the Controlling Shareholders and their Associates already having shareholding interests in the Company, their inclusion in the Hatten PSP ensures that they are similarly entitled, with the other eligible Participants who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. The Directors are of the view that the Company should have a fair and equitable system to reward the eligible persons who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or their Associates.

4.4. Rationale for the eligibility of Controlling Shareholders and/or their Associates

One of the key objectives of the proposed Hatten PSP are to motivate key executives (including Executive Directors and Employees) to achieve key financial and operational goals of the Company and encourage greater dedication and loyalty to the Group. The Company believes that the proposed Hatten PSP may be more effective than cash bonuses in motivating key executives to work towards pre-determined targets and/or to put in their best efforts whilst at the same time allowing the Company to offer competitive incentives and remuneration packages.

To this end, key executives including the Controlling Shareholders and their Associates shall be treated equally as the Controlling Shareholders and their Associates are important to the development and success of the Group. As such, regardless of whether they are Controlling Shareholders or Associates of Controlling Shareholders, the Company's view is that all deserving and eligible participants should be equally entitled to take part and benefit from the Company's fair and equitable system of remuneration.

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Although the Controlling Shareholders and their Associates may already have shareholding interests in the Company, the extension of the Hatten PSP to include them ensures that they are similarly entitled, with the other eligible Employees of the Group who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. The Directors are of the view that the Company should have a fair and equitable system to reward the eligible persons who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or their Associates.

In terms of the basis for determining the Awards to be granted to each Controlling Shareholder and/or Associate of a Controlling Shareholder, factors which will be taken into account include, but are not limited to, the designation, capability, experience, skills, expertise, scope of responsibility and years of service of the Controlling Shareholder or his Associate as well as his overall past and potential contributions to the growth and development of the Group.

Safeguards against abuse

As a safeguard against abuse of the Hatten PSP, all members of the Board (and not just members of the Committee) who are not Controlling Shareholders or their Associates will be involved in deliberations in respect of Awards to be granted to or held by Controlling Shareholders and their Associates and the terms and conditions, including the performance targets and vesting periods, attached to such Awards. Examples of performance targets to be set for Controlling Shareholders and their Associates include targets based on criteria such as the Group's profitability growth, return of Shareholders' funds and other financial indicators, penetration into new markets, management skills and succession planning.

Specific approval of the independent Shareholders is required for the participation of Controlling Shareholders and their Associates in Hatten PSP, grant of Awards to Controlling Shareholders and their Associates as well as the actual number of and terms of such Awards. In seeking such independent Shareholders' approval, clear justification as to their participation, the number of new Awards, and the terms of such Awards, to be granted to the Controlling Shareholders and their Associates will need to be provided.

The Company is of the view that there are sufficient safeguards against abuse resulting from the eligibility of the Controlling Shareholders and their Associates in the proposed Hatten PSP.

4.5. Role and Composition of the Committee

The remuneration committee of the Company is responsible for administering the Hatten PSP. The members of the Committee are Mr Foo Jong Han Rey, Dato' Wong King Kheng and Mr Loh Weng Whye as at the date of the Appendix.

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4.6. Financial Effects of the Hatten PSP

Accounting treatment of the Awards would be done in accordance with the Singapore Financial Reporting Standard 102, Share-based Payment (“**FRS 102**”). The Awards if settled by way of issue of New Shares or the purchase of existing Shares would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to profit or loss over the period between the grant date and the Vesting Date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares Vested at the Vesting Date, with a corresponding credit to reserve account. Before the end of the vesting period, at each reporting year end, the estimate of the number of Awards that are expected to Vest by the Vesting Date is subject to review and revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the Vesting Date, no adjustment to the charge to profit or loss will be made. This accounting treatment has been referred to as the “modified grant date method” because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually Vest but no adjustment is made to changes in the fair value of the Shares since the grant date.

The amount charged to profit or loss would be the same whether the Company settles the Awards by issuing New Shares or by purchasing existing Shares. The amount of the charge to profit or loss also depends on whether or not the performance target attached to an Award is a “market condition”, that is, a condition which is related to the market price of the Shares. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Shares granted at the grant date, and no adjustments to amounts charged to profit or loss is made if the market condition is not met. On the other hand, if the performance target is not a market condition, the fair value per Share of the Awards granted at the grant date is used to compute the amount to be charged to profit or loss at each reporting date, based on an assessment at that date of whether and when the non-market conditions would be met to enable the Awards to Vest.

In the event the Company modifies the share-based payment award such that it will be settled in cash as opposed to shares, the Company measures the liability initially using the modification date fair value of the award taking into consideration the elapsed portion of the Vesting period. This amount is then recognised as a credit to liability and a debit to equity. Any incremental fair value of the cash-settled award over that of the equity-settled award as at the modification date will be expensed over the period from the date of modification to the date of settlement of the cash-settled award (i.e. no expense is recognised at the date of modification). The Company then re-measures the liability and does so at each subsequent reporting date and recognises any additional expense from increases in the liability. Until the liability is settled, the Company shall re-measure the fair value of the liability at each reporting date and at the date of settlement, with changes in the fair value recognised in profit or loss for the period.

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The following sets out the financial effects of the Hatten PSP:

4.6.1. Share Capital

The Hatten PSP 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. In any case, the number of new Shares to be issued under the Hatten PSP will be subject to the maximum limit of 15% of the Company's total issued Shares.

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

4.6.2. Net Tangible Assets

As described in Section 4.6.3 below, the Hatten PSP will likely 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 FRS 102. Thereafter, if new Shares are issued under the Hatten PSP, there would be no effect on the net tangible assets of the Company. 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 net tangible assets would be impacted by the cost of the Shares purchased or the cash payment, respectively.

Nevertheless, it should be noted that the Vesting of Shares will generally be contingent upon the Participants meeting prescribed performance targets and/or conditions.

4.6.3. Earnings per Share

The Hatten PSP is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with FRS 102.

Although the Hatten PSP will have a dilutive impact on the Company's consolidated earnings per Share, it should be noted that the Vesting of Shares will generally be contingent upon the Participants meeting prescribed performance targets and/or conditions.

4.6.4. Dilutive Impact

The Hatten PSP provides that the aggregate number of Shares to be issued under the said Hatten PSP will be subject to the limit of 15% of the Company's total issued Shares. Shareholders' shareholding percentages will be diluted accordingly as a result of the issue and allotment of new Shares under the Hatten PSP.

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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 Hatten ESOS and/or Hatten PSP continues in operation:

- (a) the names of the members of the Committee;
- (b) information in the table below in respect of the following Participants or Option Holders:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Option Holders (other than those in paragraphs (i) and (ii) above) who have received Options which, in aggregate, represent 5% or more of the aggregate of the total number of Options available under the Hatten ESOS;
 - (iv) the number and proportion of Options granted at a discount to the Market Price during the financial year under review as follows:
 - (A) the number and proportion of Options granted at a discount of 10% or less; and
 - (B) the number and proportion of Options granted at a discount of more than 10% but not exceeding 20%;
 - (v) Participants (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the release of Awards granted under the Hatten PSP which, in aggregate, represent 5% or more of the aggregate of the total number of Shares available under the Hatten PSP; and

For Hatten ESOS:

Name of Option Holder	Total number of Options granted during the financial year under review (including terms)	Aggregate number of Options granted since the commencement of the Hatten ESOS to the end of the financial year under review	Aggregate number of Options exercised by Option Holder since commencement of the Hatten ESOS to the end of the financial year under review	Aggregate number of Options outstanding as at the end of the financial year under review

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For Hatten PSP:

Name of Participant	Total number of Shares comprised in Awards granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of the Hatten PSP to the end of the financial year under review	Aggregate number of Shares comprised in Awards which have been issued and/or transferred since commencement of the Hatten PSP to the end of the financial year under review	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 Catalist Rules and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement would be included therein.

6. THE PROPOSED RENEWAL OF THE IPT MANDATE

On 20 January 2017, Shareholders' approval was obtained for the Group to enter into interested person transactions as set out in Section 6.5 of this Appendix. The IPT Mandate took effect from the date of completion of the acquisition of Sky Win Management Consultancy Pte. Ltd. on 24 January 2017 and shall continue to be in force until 26 October 2017, being the date of the forthcoming AGM.

Therefore, the Company wishes to seek Shareholders' approval for the renewal of the IPT Mandate pursuant to Part VIII of Chapter 9 of the Catalist Rules. Subject to Shareholders' approval, the IPT Mandate shall be effective from the date of the AGM and shall continue in force until the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

6.1. Chapter 9 of the Catalist Rules

Pursuant to Rule 920(1)(b)(viii) of the Catalist Rules, interested persons shall abstain and undertake that their associates will abstain from voting on resolutions approving interested person transactions involving themselves and the Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by Shareholders who are unrelated to such interested persons or their associates.

Pursuant to Rule 905(1) of the Catalist Rules, a listed company will be required to make an immediate announcement of any interested person transaction of a value equal to, or exceeding, three percent (3.0%) of the Group's latest audited NTA, or if the aggregate value of all transactions entered into with the same interested person during the same financial

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year amounts to three percent (3.0%) or more of the Group's latest audited NTA, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Pursuant to Rule 906(1) of the Catalist Rules, a listed company will be required to obtain shareholders' approval for any interested person transaction of a value equal to, or exceeding, five percent (5.0%) of the Group's latest audited NTA or equals to, or exceeds five percent (5.0%) of the Group's latest audited NTA when aggregated with other transactions entered into with the same interested person during the same financial year.

Rules 905 and 906(1) of the Catalist Rules do not apply to any transaction which has a value below S\$100,000 with an interested person and therefore transactions below S\$100,000 need not be covered under the IPT Mandate.

Chapter 9 of the Catalist Rules allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations.

6.2. Rationale

The Group had entered into, and will continue to enter into, in the ordinary course of business, certain transactions with certain entities within the Hatten Group. Entities within the Hatten Group owned by the Controlling Shareholders are interested persons under Chapter 9 of the Catalist Rules ("**Interested Persons**") and transactions with such entities by the Group will be considered interested person transactions under the Catalist Rules ("**Interested Person Transactions**").

In view of the time-sensitive nature of commercial transactions, and the need for smooth and efficient conduct of business which may include entering into transactions which are recurring in nature or in the ordinary course of business with certain interested persons, it would be advantageous for the Group to obtain a Shareholders' mandate to enter into certain interested person transactions in its normal course of business, provided that all such transactions are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

6.3. Benefits of the IPT Mandate

As parts of the Hatten Group's businesses are complementary to the business of the Group and vice versa, there are opportunities for the Group and the Hatten Group to leverage on each other's business, experience and resources to add value to both businesses. For example, by having access to management and support services from the Interested Persons, the Group will derive operational and financial leverage through savings in terms of reduced overheads and greater economies of scale (such as bulk discounts).

As the IPT Mandate is subject to annual renewal, this would eradicate the need for the Group to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential interested person transactions with the Interested Persons arises. The Group would be able to save substantial administrative time

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and costs in arranging for such separate general meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group. Not only would this greatly improve administrative efficacy, it would also enable the Group to dedicate its time to other matters.

The IPT Mandate is intended to facilitate the Interested Person Transactions in the ordinary course of business of the Group which the Directors envisage are likely to be transacted with some frequency from time to time with the Interested Persons, provided that they are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

6.4. Classes of Mandated Interested Persons under the IPT Mandate

The IPT Mandate will apply to the Mandated Transactions (as described in Section 6.5 below) to be carried out between the Group and the entities within the Hatten Group, namely:

- (a) Hatten Properties Sdn. Bhd.;
- (b) Hatten Retail Management Sdn. Bhd.;
- (c) Hatten Hotel International Sdn. Bhd.; and
- (d) Hatten Place Sdn. Bhd.

Additionally, the IPT Mandate will apply to transactions between the Group and Montane Construction Sdn. Bhd.. Montane Construction Sdn. Bhd. is beneficially owned by Tan Ler Choo, the aunt of the Dato' Colin Tan and Dato' Edwin Tan. On this basis, transactions between the Group and Montane Construction Sdn. Bhd. do not fall within the ambit of "interested person transactions" under Chapter 9 of the Catalist Rules. Transactions with Montane Construction Sdn. Bhd. are included as part of the IPT Mandate for prudence and good corporate governance.

The interested persons stated above shall collectively be referred to as the "**Mandated Interested Persons**".

6.5. Mandated Transactions Under the IPT Mandate

The categories of transactions which will be covered by the IPT Mandate include transactions by Group relating to the provision to, and obtaining from, the interested persons of the following products and services in the normal course of business of the Group:

- (a) the engagement of property agency management services in respect of (i) management of property agents; (ii) management of agent commission; and (iii) administrative support to property agents from Hatten Properties Sdn. Bhd.;
- (b) the engagement of mall/complex/property management services in respect of (i) estate management; (ii) building maintenance services; and (iii) building security services from Hatten Retail Management Sdn. Bhd.;

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- (c) the engagement of construction services from Montane Construction Sdn. Bhd.;
- (d) the leasing of the relevant hospitality properties under a master lease arrangement, in accordance to such processes as set out in Section 4.2.4 of the Company's circular dated 29 December 2016;
- (e) the engagement of agency services in respect of the leasing of any unsold retail units of the Group, or sold units leased-back by the Group from its customers, in accordance to such processes as set out in Section 4.2.4 of the Company's circular dated 29 December 2016;
- (f) the provision of property development management services to future property development projects which are not wholly owned by the Group, whether through joint ventures or otherwise;
- (g) the provision of administrative and logistical support (where required) in relation to the provision of, and/or obtaining of products and/or services in sub-paragraph (a) to (f) above; and
- (h) the provision and/or obtaining of management and support services in the area of professional, administrative and support services, including but not limited to, corporate events, information technology, and management information systems, intellectual property rights, and any other professional, administrative and support services that may arise from time to time. For the avoidance of doubt, services set out in this sub-section are not incidental to the products and/or services as set out in sub-sections (a) to (f) above,

(collectively, the "**Mandated Transactions**").

By having access to such services, the Group will benefit through savings in terms of reduced overheads and greater economies of scale (such as bulk discounts).

6.6. Review Procedures for Mandated Transactions with Mandated Interested Persons

The Group will establish the following procedures to ensure that the Mandated Transactions are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

6.6.1. Review Procedures in relation to Mandated Transactions other than Management and Support Services

The Audit and Risk Committee of the Group will review and approve the Mandated Transactions where applicable, and to ensure that all future Mandated Transactions are carried out on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

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The following review procedures will be implemented in relation to all Interested Person Transactions (including those that do not fall within the ambit of the IPT Mandate but other than transactions listed in Section 6.5(h) above):

- (a) all Interested Person Transactions shall be conducted in accordance with the Group's usual business practices and policies consistent or comparable with the usual margin or historical margin or costs (where applicable), rates (including commission) or prices extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms are not more favourable to the Interested Persons compared to those extended to or received from unrelated third parties after taking into account the speed of and cost for timely response and mobilisation, credit terms, quality, requirements, specification, scope, size, complexity and resources required for implementation of the projects for which Interested Persons are providing goods and services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and array of services including its specialist nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks.
- (b) when purchasing any products or obtaining any services (including the leasing of premises) from an Interested Person, in order to ensure that the interest of the Group or the minority Shareholders are not disadvantaged, comparison will be made with at least two quotations from unrelated/independent third party(ies) as a basis for comparison, from independent verifiable and reliable sources as approved by the Audit and Risk Committee from time to time ("**Approved Independent Sources**") with advice from relevant employee of the Group with management responsibilities comprising personnel from the finance department and other relevant departments. The list of Approved Independent Sources will be maintained by the Group Financial Controller (or equivalent person) and reviewed by the Audit and Risk Committee periodically. The purchase price or fee for the products or services, after taking into account factors mentioned in paragraph (a) above, shall not be higher than the most favourable price or fee of the two other quotations (wherever possible or available) from the Approved Independent Sources.
- (c) When selling any products or supplying any services (including the leasing of premises) to an Interested Person, the price or fee or profit margins and terms of two other successful transactions of a similar nature (or comparable nature) with non-Interested Persons will be used as comparison to ensure that the interests of the Group or the minority Shareholders are not disadvantaged. The price or fee or margin for the supply of products or services shall not be lower than the lowest price or fee of the two other successful transactions with non-Interested Persons, taking into account all pertinent factors, including but not limited to speed of and cost for timely response and mobilisation, quality, credit records of the customers, term of sale or supply, strategic purpose of the transaction, specifications, scope, size, complexity and resources required for implementation of the projects for Interested Persons, preferential or relatively advantageous access to assets and buyers, asset type, restrictions, array of services including its specialist nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks and other qualitative consideration; and

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- (d) In circumstances where it is impractical or impossible to obtain comparable prices of contemporaneous transactions of similar goods or services due to the nature of the goods or services to be purchased or provided, any two Directors of the Group with no interest, direct or indirect, in the proposed Interested Person Transaction will, subject to the approval thresholds as set out in Section 6.6.3 below, take such necessary steps which would include but not limited to (i) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided by the Interested Persons are fair and reasonable, and (ii) evaluate and weigh the benefits of and rationale for transacting with the Interested Persons, taking into account factors such as but not limited to, the nature of the services, track record, delivery schedules, requirements and specifications of the Group or the customer, duration of contract, quality, reliability, previous working experience taking into account mobilisation cost and timely response, specifications, scope, size, complexity and resources required for the implementation of the projects for which the Interested Persons are providing goods or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and structure of investments, array of services including its specialist nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks, project restrictions and structure or the results of and returns from the underlying projects.

6.6.2. Review Procedures in respect of Management and Support Services

For management and support services, the costs of certain administrative and support services provided to and/or by Mandated Interested Persons will be shared between the Group and the Mandated Interested Persons. Such services and fees shall be based on a cost-reimbursement basis charged to and/or by the Mandated Interested Persons based on the time cost charges of the employees involved.

6.6.3. Approval and Review Threshold

The following approval procedures will be implemented to supplement existing internal control procedures for Interested Person Transactions (including the Mandated Transactions) to ensure that such transactions are taken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders. For the avoidance of doubt, where the approving party as stipulated herein is interested in the transaction to be approved, he/she will inform the Audit and Risk Committee and such disclosures should be documented. In the event any equivalent person with the relevant experience and responsibility, as stated below for the various thresholds cannot be determined, the approving authority shall be decided by the Audit and Risk Committee.

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Individual and aggregate transactions review and approval thresholds shall be as follows:

- (a) Where the individual or aggregate value of the Interested Person Transactions is equal to or more than S\$100,000 but less than three percent (3.0%) of the Group's latest audited NTA, the Interested Person Transactions shall require the prior approval of either the Group Financial Controller (or equivalent person) or Director, who is not interested in the transaction. New Interested Person Transactions that have been approved by the Audit and Risk Committee need not be aggregated for the purpose of such approval.
- (b) Where the individual or aggregate value of the Interested Person Transactions is equal to or more than three percent (3.0%) but less than five percent (5.0%) of the Group's latest audited NTA, the Interested Person Transactions shall require the prior approval of both the Group Financial Controller (or equivalent person) and Director, who is not interested in the transaction or is a member of the Audit and Risk Committee. New Interested Person Transactions that have been approved by the Audit and Risk Committee need not to be aggregated for the purpose of such approval.
- (c) Where the individual or aggregated Interested Person Transactions is equal to or more than five percent (5.0%) of the Group's latest audited NTA, the Interested Person Transactions will be subject to the prior approval of the Audit and Risk Committee. If a member of the Audit and Risk Committee is interested in any Interested Person Transaction, he shall abstain from participating in the review of that particular transaction. New Interested Person Transactions that have been approved by the Audit and Risk Committee need not to be aggregated for the purpose of such approval. For avoidance of doubt, the Audit and Risk Committee shall be responsible for such approvals.
- (d) All approvals must strictly follow the review procedures as stipulated in this section must be documented. The documentation, including the reasons for approval where necessary, must be accompanied with supporting documents to serve as audit trails, which will be subject to internal and/or external audit.

In addition, the Group Financial Controller (or equivalent person), who is a key executive of the Group, will review (and document such review) all Interested Person Transactions (including Interested Person Transactions that are each less than S\$100,000 in value) and the Interested Person Transaction register on a quarterly basis or such other period as approved by the Audit and Risk Committee.

The threshold limits set out above are adopted by the Group taking into account among other things, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at after considering the operational efficiency for the day-to-day business operations of the Group and the internal control for Interested Person Transactions. The threshold limits act as an additional safeguard to supplement the review procedures which will be implemented by the Group for Interested Person Transactions.

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6.6.4. Other Review Procedures

The Group will also implement the following procedures for the identification of Interested Persons and the recording of all Interested Person Transactions (including the Mandated Transactions):

- (a) The finance department of the Group will prepare and maintain a register of transactions carried out with the Mandated Interested Persons pursuant to the IPT Mandate (recording and documenting the identity of the Mandated Interested Persons, basis, including the quotations and supporting evidence or records or details obtained to support such basis on which they were entered into as well as the approving authority). For avoidance of doubt, the quotations and supporting evidence or records or supporting details obtained may be kept or maintained by other relevant departments. The mandated interested person transactions register shall be monitored and reviewed on a quarterly basis, by the Group Financial Controller (or equivalent person) of the Group who is not a Mandated Interested Person. This is to ensure that they are carried out on an arm's length basis and on normal commercial terms and in accordance with the guidelines and review procedures in the IPT Mandate. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary by the Audit and Risk Committee. In addition, any exceptions or departures from the procedures shall be reported and highlighted to the Audit and Risk Committee immediately.
- (b) The Group Financial Controller (or equivalent person)/Company Secretary will obtain signed letters of confirmation from key management personnel, Controlling Shareholders and the Directors on a periodic basis (annual basis or such other period as may be determined by the Audit and Risk Committee) with respect to their interest in any transactions with the Group.
- (c) The Group Financial Controller (or equivalent person)/Company Secretary will maintain a list of the Directors and Controlling Shareholders of the Group (which is to be updated immediately if there are any changes) to enable identification of Interested Persons. The master list of Interested Persons shall be reviewed by the Audit and Risk Committee at least on an annual basis.
- (d) The Group's annual or periodic (such period as may be decided by the Audit and Risk Committee) internal audit plan shall incorporate a review of all Interested Person Transactions (where applicable), including the established procedures for monitoring of the Mandated Transactions entered into during the current financial year pursuant to the IPT Mandate and consistent with the Code of Corporate Governance 2012. The approval thresholds as stipulated herein may be delegated with the approval of the Audit and Risk Committee which will be duly documented together with the bases for such approval.
- (e) The Audit and Risk Committee shall periodically review all Interested Person Transactions, at least on a quarterly basis (or such other frequency as the Audit and Risk Committee may decide), except where Interested Person Transactions are required under the review procedures to be approved by the Audit and Risk Committee prior to the entry thereof, to ensure that they are carried out on normal commercial terms and in accordance with the guidelines and review

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procedures in the IPT Mandate. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary by the Audit and Risk Committee. The Audit and Risk Committee shall, when it deemed fit, have the right to require the appointment of independent sources, advisers, and/or valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review.

- (f) In the event that a member of the Audit and Risk Committee is interested in any Interested Person Transaction, he shall abstain from participating in the review and/or approval of that particular transaction.
- (g) The Audit and Risk Committee will conduct periodic review (of not less than half-yearly or such other period as may be determined by the Audit and Risk Committee) of the review procedures for the Interested Person Transactions. If, during these periodic review, the Audit and Risk Committee is of the view that these review procedures are no longer sufficient or appropriate to ensure that the Interested Person Transactions are transacted on normal commercial terms and will not be prejudicial to the interest of the Group and its minority shareholders, the Group will seek a fresh mandate from the Shareholders based on new review procedures for Interested Person Transactions. All new Interested Person Transactions will be reviewed and approved by the Audit and Risk Committee prior to entry while a fresh mandate is being sought from the Shareholders.
- (h) The Audit and Risk Committee will review the letters of confirmation from key management personnel, Controlling Shareholders and the Directors of the Group on periodic basis (annual basis or such other period as may be determined by the Audit and Risk Committee) and the minutes of such review and its outcome shall be taken.
- (i) For purpose of the above review and approval process, any Director who is not considered independent for purposes of the IPT Mandate and/or any new Interested Person Transaction will abstain from voting in relation to any respective resolution, and/or abstain from participating in the Audit and Risk Committee's decision during its review of the established review procedures for new Interested Person Transactions or during its review or approval of any new Interested Person Transactions.

6.6.5. Review of Other Interested Person Transactions not covered by the IPT Mandate and Review by Audit and Risk Committee

All other existing and future Interested Person Transactions not subject to the IPT Mandate will be reviewed by the Audit and Risk Committee from time to time in accordance with the requirements of Chapter 9 of the Catalist Rules, to ensure that they are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

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The Audit and Risk Committee will also review the internal audit reports to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. Further, if during these periodic reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the guidelines and procedures as stated in Section 6.6 above are not sufficient to ensure that these interested person transactions will be on an arm's length basis, on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders, the Group will (pursuant to Rule 920(1)(b)(iv) and (vii) of the Catalist Rules) obtain from Shareholders a fresh mandate based on new guidelines and procedures for transactions with Interested Persons pursuant to which additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

In the event that a member of the Board or a member of the Audit and Risk Committee has a conflict of interest in relation to any interested person transaction, he will abstain from reviewing and/or approving (as the case may be) that particular transaction. In such instances, an alternative approving authority will be responsible for reviewing and/or approving (as the case may be) the transaction. The Board will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with. The Group will also endeavour to comply with the recommendations set out in the Code of Corporate Governance 2012.

6.7. Disclosure

The Company will announce the aggregate value of transactions conducted with the Mandated Interested Persons pursuant to the IPT Mandate for each financial period on which the Company is required to report on pursuant to Rule 705 of the Catalist Rules and within the time required for the announcement of such report in accordance with Rule 920(1)(a)(ii) of the Catalist Rules.

Disclosure will also be made in the annual report of the Company of the aggregate value of Mandated Transactions pursuant to the IPT Mandate during the relevant financial period and in the annual reports for the subsequent financial years during which the IPT Mandate is in force, in the following format as stipulated under Rule 907 of the Catalist Rules:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)

6.8. Statement from the Audit and Risk Committee

The Audit and Risk Committee have reviewed the review procedures for the Interested Person Transactions with Interested Persons and the other review procedures as proposed by the Company for determining the terms of the Interested Person Transactions, and having also considered, among other things, the rationale for and benefits of the IPT

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Mandate, the classes of Mandated Interested Persons, the Audit and Risk Committee is satisfied that the review procedures for the Interested Person Transactions, as well as the quarterly reviews to be made by the Audit and Risk Committee in relation thereto, if applied strictly, are sufficient to ensure that the Mandated Transactions will be carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

The Audit and Risk Committee confirm that : (i) the methods or procedures for determining the Interested Person Transactions prices have not changed since last shareholder approval on 20 January 2017, and (ii) the methods or procedures set out in (i) are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If the Audit and Risk Committee is of the view that the established guidelines, method, procedures and/or review procedures set out above become inappropriate or insufficient to ensure that the Mandated Interested Person Transactions are carried out on normal commercial terms and may be prejudicial to the Group and its minority Shareholders, the Company will obtain a fresh mandate from Shareholders based on new internal controls and review procedures for transactions with the Interested Persons.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders of the Company as recorded in the Company's Register of Directors and the Register of Substantial Shareholders, respectively, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%(¹)	Number of Shares	%(¹)
Directors				
Tan June Teng Colin @ Chen JunTing	–	–	1,138,392,308 ⁽²⁾	82.61 ⁽²⁾
Tan Ping Huang Edwin @ Chen BingHuang	–	–	1,138,392,308 ⁽²⁾	82.61 ⁽²⁾
Wong King Kheng	–	–	–	–
Loh Weng Whye	–	–	–	–
Foo Jong Han Rey	–	–	–	–
Lee Sok Khian, John	–	–	–	–
Substantial Shareholders (excluding Directors)				
Hatten Holdings Pte Ltd	1,138,392,308	82.61	–	–

Notes:

- (1) The percentage of issued share capital is calculated on the basis of 1,378,096,353 Shares, excluding any treasury shares, as at the Latest Practicable Date.
- (2) Tan June Teng Colin @ Chen JunTing and Tan Ping Huang Edwin @ Chen BingHuang are deemed interested in the shares as they are shareholders of Hatten Holdings Pte Ltd.

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8. ABSTENTION FROM VOTING

Shareholders who are entitled to participate in the Hatten ESOS and/or the Hatten PSP (including Directors who are also Shareholders) shall abstain from voting at the AGM on Ordinary Resolutions 8, 9 and 10 as set out in the Notice of AGM, and should decline appointment as proxies for voting at the AGM in respect of the aforesaid resolutions, unless specific instructions have been given in the proxy form on how the votes are to be cast for each of the aforesaid resolutions.

Controlling Shareholders who are Shareholders shall abstain from voting and undertake to ensure that their associates will abstain from voting at the AGM on Ordinary Resolution 11 as set out in the Notice of AGM relating to the proposed renewal of the IPT Mandate. Further, the Controlling Shareholders and/or their associates shall decline appointment as proxies for voting at the AGM in respect of the aforesaid resolutions, unless specific instructions have been given in the proxy form on how the votes are to be cast for each of the aforesaid resolutions.

Where a person is required to abstain from voting on any particular resolution, and that a relevant court order has been served on the Company, the Company shall disregard any votes cast on a resolution by the person who is required to abstain from voting on a resolution.

9. DIRECTORS' RECOMMENDATIONS

9.1. The Proposed Share Buy-Back Mandate

The Directors, all of whom are independent for the purposes of the proposed Share Buy-Back Mandate, having considered, *inter alia*, the terms, the rationale and the benefits of the proposed Share Buy-Back Mandate, are of the view that the proposed Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of Ordinary Resolution 7, being the ordinary resolution relating to the proposed adoption of the Share Buy-Back Mandate, at the AGM.

9.2. The Proposed Hatten ESOS and the Proposed Grant of Authority to Offer and Grant Options up to 20% Discount under the Hatten ESOS

The Directors are eligible to participate, and are therefore interested in the Hatten ESOS and shall therefore refrain from making any recommendations in relation to the proposed adoption of the Hatten ESOS and the proposed grant of authority to offer and grant options up to 20% discount under the Hatten ESOS.

Please refer to the Hatten ESOS Rules set out in Annex A to this Appendix for the list of persons who are eligible to participate in the Hatten ESOS.

9.3. The Proposed Hatten PSP

The independent Directors of the Company, all of whom are independent for the purposes of the proposed adoption of the Hatten PSP having considered, *inter alia*, the rationale and benefits of the proposed adoption of the Hatten PSP, are of the view that the proposed adoption of the Hatten PSP is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of Ordinary Resolution 10, being the resolution relating to the proposed adoption of the Hatten PSP, at the AGM.

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Please refer to the Hatten PSP Rules set out in Annex B to this Appendix for the list of persons who are eligible to participate in the Hatten PSP.

9.4. The Proposed Renewal of the IPT Mandate

Save for Dato' Colin Tan and Dato' Edwin Tan, the Directors of the Company who are independent for the purposes of the proposed renewal of the IPT Mandate having considered, *inter alia*, the rationale and benefits of the IPT Mandate and the statement of the Audit and Risk Committee are of the view that the proposed renewal of the IPT Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of Ordinary Resolution 11, being the resolution relating to the proposed renewal of the IPT Mandate, at the AGM.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed Share Buy-Back Mandate, the proposed Hatten ESOS, the proposed grant of authority to offer and grant options up to 20% discount under the Hatten ESOS, the proposed Hatten PSP, the proposed renewal of IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix 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 Appendix in its proper form and context.

11. ADVICE TO SHAREHOLDERS

As different Shareholders would have different investment objectives and profiles with specific investment objectives, financial situation, tax position or unique needs or constraints, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

12. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) 80 Robinson Road #11-02, Singapore 068898, not later than 72 hours before the time fixed for the AGM.

The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the AGM if he subsequently wishes to do so. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to

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be revoked if the Shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time appointed for the AGM.

13. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 53 Mohamed Sultan Road #04-02 Singapore 238993 during normal business hours from the date of this Appendix to the date of the forthcoming AGM scheduled to be held on 26 October 2017:

- (i) the Constitution;
- (ii) the Annual Report 2017;
- (iii) the Hatten ESOS Rules; and
- (iv) the Hatten PSP Rules.

Yours faithfully,
For and on behalf of the Board of Directors of
Hatten Land Limited

Dato' Tan June Teng Colin @ Chen JunTing
Executive Chairman and Managing Director

ANNEX A – RULES OF THE HATTEN ESOS

1. Name of Scheme

The Scheme shall be called the “Hatten Land Limited Employees’ Share Option Scheme” (“Hatten ESOS”).

2. Definitions

Unless the context otherwise requires, the following words or expressions shall have the following meanings :

“Act”	The Companies Act, Chapter 50 of Singapore as amended or modified from time to time
“Adoption Date”	The date on which the Hatten ESOS is adopted by the Company in general meeting
“Aggregate Subscription Cost”	The total amount payable for the Shares to be subscribed for on the exercise of an Option
“Associate”	<p>in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <ul style="list-style-type: none">(a) his immediate family;(b) 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(c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; <p>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</p>
“Auditors”	The auditors for the time being of the Company
“Board”	The board of Directors of the Company
“CDP”	The Central Depository (Pte) Limited
“Committee”	The remuneration committee of the Company.

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“Company”	Hatten Land Limited, a company incorporated in Singapore
“Control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	A shareholder who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Shares held by the Company as treasury shares) (unless otherwise determined by the SGX-ST that a person who satisfies this sub-paragraph is not a controlling shareholder); or (b) in fact exercise Control over the Company
“Date of Grant”	The date on which an Option is granted to a Participant pursuant to the Hatten ESOS
“Depository Agent”	An entity registered as a depository agent with CDP for the purpose of maintaining securities sub-accounts for its own account and for the account of others
“Director”	A director for the time being of the Company
“Employee”	A confirmed full-time employee of the Group (including an Executive Director) who is selected by the Committee to participate in the Hatten ESOS in accordance with Rule 5(a)
“Executive Director”	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function
“Executive Option”	The right to subscribe for Shares granted to an Employee pursuant to the Hatten ESOS and for the time being subsisting.
“Financial Year”	Each period of 12 months at the end of which the accounts of the Company are drawn up and audited, or any period of more or less than 12 months at the end of which the accounts of the Company are drawn up and audited, for the purpose of laying the same before an annual general meeting of the Company
“Hatten ESOS Rules”	The rules of the Hatten ESOS, as may be amended or modified from time to time

ANNEX A – RULES OF THE HATTEN ESOS

“Grantee”	A person to whom an offer of an Option is made
“Group”	The Company and its subsidiaries
“Hatten ESOS” or “Scheme”	The Hatten Land Limited Employees’ Share Option Scheme, as amended or modified from time to time
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Market Price”	The average of the last dealt prices for a Share, as determined by reference to the daily Official List (as defined in the Catalist Rules) published by the SGX-ST for a period of five (5) consecutive trading days immediately preceding the Offering Date of that Option, provided always that in the case of a Market Day on which the Shares of the Company are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediate preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices
“Non-Executive Director”	A director of the Company and/or its subsidiaries, as the case may be, other than an Executive Director
“Non-Executive Option”	The right to subscribe for Shares granted to a Non-Executive Director pursuant to the Hatten ESOS and for the time being subsisting
“Offering Date”	The date on which the offer of the grant of an Option is made pursuant to Rule 9
“Option”	An Executive Option or a Non-Executive Option
“Option Period”	(a) <u>Executive Option</u> The period for the exercise of an Option, being a period commencing on the 1st anniversary of the Date of Grant and expiring on the day preceding the 5 th anniversary of such Date of Grant, subject as provided in Rules 15 and 16 and any other conditions as may be introduced by the Committee from time to time, provided that where the Subscription Price for the Shares comprised in an Option is set at a discount to the market price for a Share (as determined in accordance with Rule 8), such Option may not be exercised before the 2nd anniversary of the Date of Grant.

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(b) Non-Executive Option

The period for the exercise of an Option, being a period commencing on the 1st anniversary of the Date of Grant and expiring on the day preceding the 3rd anniversary of such Date of Grant, subject as provided in Rules 15 and 16 and any other conditions as may be introduced by the Committee from time to time, provided that where the Subscription Price for the Shares comprised in an Option is set at a discount to the market price for a Share (as determined in accordance with Rule 8), such Option may not be exercised before the 2nd anniversary of the Date of Grant.

“Option Price”	The price payable by a Grantee on the acceptance of the offer of an option, being the sum of \$1.00
“Participant”	The holder of an Option
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“Shares”	Ordinary shares in the capital of the Company
“Subscription Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option (as determined in accordance with Rule 8)
“Trading Day”	A day on which Shares are traded on the SGX-ST
“\$”	Singapore dollars
“%”	Per centum

Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act and used in these Rules shall have the meaning assigned to it under the Act.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.

Any reference to a time of day shall be a reference to Singapore time.

3. Objective of the Hatten ESOS

The Hatten ESOS is a share incentive scheme. The purpose is to provide an opportunity for employees of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance.

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The Hatten ESOS is to acknowledge the contributions made by the employees to the well-being and prosperity of the Group and to allow them to have a real and meaningful stake in the Company at a relatively low direct cost.

The Scheme will help to achieve the following objectives:

- (a) motivation of the Employees to optimise their performance standards and efficiency and to maintain a high level of contribution;
- (b) retention and recruitment of key staff whose contribution are important to the long-term growth and profitability of the Group; and
- (c) the development of a participatory style of management that promotes greater commitment and dedication amongst the employees and instills loyalty and a stronger sense of identification with the Group.

The Hatten ESOS is also extended to Non-Executive Directors (which includes the independent Directors of the Company) who work closely with the Company and by reason of their relationships with the Company, are in a position to give input and contribute their experience, knowledge and expertise to the development and prosperity of the Group. Although the Non-Executive Directors are not involved in the day to day management of the Group, these Directors serving in a non-executive capacity bring to the Group their wealth of knowledge, business expertise and contacts in the business community. They play a crucial role in helping the Group shape the business strategy and further the business interest of the Group by allowing the Group to draw on their different backgrounds and diverse working experiences. By implementing the Hatten ESOS and giving Non-Executive Directors an opportunity to participate in the equity of the Company, their working relationships with the Company will be enhanced as it will instil in them a greater sense of involvement. The extension of the Hatten ESOS to Non-Executive Directors will also enable the Company to continue to attract capable individuals to sit on the Board as Non-Executive Directors.

4. Administration of the Scheme

- (a) The Hatten ESOS shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board. No member of the Committee shall be involved in any deliberation or decision-making in respect of any Options to be offered or granted to him.
- (b) The Committee shall comprise at least three (3) members appointed by the Board. Members must be Directors of the Company and shall comprise at least two (2) Non-Executive Directors. The Committee may invite other management staff or engage external consultants to assist it in its work.
- (c) The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the Hatten ESOS) for the administration and implementation of the Hatten ESOS, as it thinks fit.
- (d) Any decision made by the Committee pursuant to any provision of the Hatten ESOS (other than a matter specifically governed by the Act, SGX-ST or other external governing bodies or in relation to any matter to be certified by the Auditors) including

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any decisions pertaining to disputes as to the interpretation of any Rule, regulation or procedure thereunder or as to any rights under the Hatten ESOS, shall be final and binding.

- (e) All decisions or actions of the Committee with respect to the interpretation, administration and/or implementation of the Hatten ESOS shall be by affirmative vote of a simple majority of the members or by a written instrument signed by a majority of the members of the Committee. ONLY in the event of a tie, the Chairman of the Committee shall be requested to make a casting vote.
- (f) The Committee will establish and maintain a register showing the particulars of the holders of Option Certificates under the Hatten ESOS and the number of Shares exercisable under the Options held by them.
- (g) A shareholder who is entitled to participate in the Scheme shall not vote at any general meeting in respect of any ordinary resolutions relating to the Hatten ESOS. The Participant shall not accept nominations or proxies or otherwise for voting at any general meeting in respect of the aforesaid resolutions unless specific instructions have been given in the proxy instrument on how the shareholder, whom the Participant is representing, wish his votes to be cast for each of the resolutions. In particular, Shareholders who are eligible to participate in the Scheme shall abstain from voting on the following resolutions, where applicable: (i) proposed adoption of the Hatten ESOS; (ii) the proposed grant of authority to offer and grant options up to 20% discount under the Hatten ESOS; and (iii) participation by and grant of Options to Controlling Shareholders and their Associates.

5. Eligibility

- (a) The following persons shall be eligible to participate in the Hatten ESOS:
 - (i) Employees who have attained the age of 21 years and above on or before the relevant Offering Date and who, in the absolute discretion of the Committee, are selected to participate in the Hatten ESOS;
 - (ii) Executive Directors who, in the absolute discretion of the Committee, are selected to participate in the Hatten ESOS;
 - (iii) Non-Executive Directors who, in the absolute discretion of the Committee, are selected to participate in the Hatten ESOS in recognition of his/her services to the Group;
 - (iv) Controlling Shareholders and their Associates who are confirmed full-time Employees who have attained the age of 21 years and above on or before the relevant Offering Date; and
 - (v) Any Employee who qualifies under 5(a)(i) above and is seconded to any associated company of the Company or to any other company outside the Group in which the Company and/or Group has an equity interest, and who, in the absolute discretion of the Committee, is selected to participate in the Hatten ESOS.

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For the purpose of 5(a)(v), the secondment of a full-time Employee to an associated company of the Company or other company outside the Group in which the Company and/or Group has an equity interest, shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time Employee.

- (b) Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 5(a) above shall be eligible to participate in the Hatten ESOS provided that:
- (i) their participation; and
 - (ii) the actual number and terms of any Options to be granted to them,

have been approved by the independent Shareholders at a general meeting in separate resolutions for each person and, in respect of each such person, in separate resolutions for each of his participation and the actual number and terms of any Options to be granted to him. No approval from independent shareholders of the Company shall be necessary for the participation in the Hatten ESOS of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant.

- (c) Subject to the prevailing laws and any regulations or directives issued by the SGX-ST, there shall be no restriction on the eligibility of any participant to participate in any other share option or share incentive schemes implemented by any other companies with the Group or otherwise.
- (d) Directors and employees of the Company's parent company and its subsidiaries and associated companies (other than the Company and the Company's subsidiaries) are not entitled to participate in the Hatten ESOS.

6. Limitations under the Hatten ESOS

The total number of Shares to be issued by the Company in respect of which Options are granted to Participants on any date, when added to the number of Shares issued and issuable in respect of all Options under the Hatten ESOS and the number of Shares issued and issuable in respect of all options or awards granted under any other share option schemes or share schemes of the Company shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings of the Company) on the day immediately preceding the Offering Date.

The aggregate number of Shares which may be issued or transferred pursuant to Options under the Hatten ESOS to Participants who are Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Hatten ESOS.

The number of Shares which may be issued or transferred pursuant to Options under the Hatten ESOS to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the Hatten ESOS.

The rationale for the above-said size limit is to provide maximum flexibility of the Company to reward Participants using a human resource incentive tool that is rapidly gaining recognition and acceptability in major economies worldwide.

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7. Shares offered under Options

- (a) The number of Shares over which Options may be offered to Grantees who are selected by the Committee to participate in the Hatten ESOS shall be determined by the Committee at its absolute discretion.
- (b) In determining the number of Shares to be offered to an Employee or an Executive Director under an Executive Option, the Committee may take into consideration factors such as (but not limited to) his rank, performance, length of service and potential for future development. In determining the number of Shares to be offered to a Non-Executive Director under a Non-Executive Option, the Committee may take into consideration factors such as his services and the contributions made by him to the Company, the Group and the Board.

8. Subscription Price

- (a) Subject to any adjustment pursuant to Rule 14, the Subscription Price for each Share in respect of which an option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee, at:
 - (i) Market Price; or
 - (ii) a price which is set at a discount to the Market Price, provided that :
 - (aa) the maximum discount shall not exceed 20% of the Market Price; and
 - (bb) the shareholders of the Company in a general meeting shall have authorised the making of offers and grants of Options under the Hatten ESOS at a discount not exceeding the maximum discount as aforesaid in a separate resolution.
- (b) In making any determination under Rule 8(a)(ii) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:
 - (i) the performance of the Company and its subsidiaries, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth;
 - (ii) the years of service and individual performance of the eligible Participant;
 - (iii) the contribution of the eligible Participant to the success and development of the Company and/or the Group; and
 - (iv) the prevailing market and economic conditions.
- (c) In the event that the Company is no longer listed on the Catalist Board of the SGX-ST or any other relevant stock exchange or trading in the Shares on the Catalist Board of the SGX-ST is suspended for any reason for 14 days or more, the Subscription Price for each Share in respect of an Option is exercisable shall be the fair market value of each such Share as determined by the Committee in good faith.

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9. Method of Offer

- (a) The Committee shall before each Offering Date determine the following:
 - (i) the Grantee to whom an offer of an Option is to be made under the Hatten ESOS;
 - (ii) the number of Shares for which an Option is to be offered to the Grantee;
 - (iii) the Subscription Price as determined in accordance to Rule 8; and
 - (iv) such other terms, if any, not inconsistent with the terms of the Hatten ESOS as the Committee may think fit to impose as terms to the offer of the Option.
- (b) Each offer of the grant of an Option shall specify the number of Shares offered under the Option, the Subscription Price and the closing date and time for accepting the offer. The Letter of Offer to grant an Option shall be in or substantially in the form set out in Appendix I (subject to modification by the Committee from time to time).
- (c) If the offer of the grant of an Option is not accepted in the manner as provided in Rule 11(a), such offer shall upon the expiration of the period for acceptance, automatically lapse and shall be null and void and of no effect.

10. Offers of Options

- (a) Offers of the grant of Options may be made by the Committee to the Grantees selected by the Committee to participate in the Hatten ESOS at any time and from time to time, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers of the grant of Options may only be made after the Market Day from the date on which the aforesaid announcement is released.
- (b) An Option is personal to the Grantee to whom it is offered and may not be transferred, charged, assigned or otherwise disposed of or encumbered, in whole or in part, without the prior approval of the Committee.
- (c) The Committee will, on the date of acceptance of an offer by a Grantee in accordance with Rule 11(a), issue to the Grantee who has accepted the offer, a certificate in relation to the Option granted (“**Option Certificate**”) under the Common Seal of the Company or in such other form as the Committee may determine. If an Option Certificate becomes worn out, defaced, destroyed or lost, the Committee will, upon the written application of the Grantee, replace it on production of such evidence as may be required to be provided by the Grantee on such terms as the Committee may determine.
- (d) Options granted under the Hatten ESOS will not be listed on the SGX-ST.

11. Acceptance of Offers

- (a) To accept an offer of the grant of an Option made under Rule 9, the Grantee must complete, sign and return an Acceptance Form not later than the relevant closing date/time for the acceptance of the offer, as set out in the Letter of Offer, accompanied by payment of the Option Price as consideration. The relevant closing date shall not be

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shorter than 21 calendar days from the Offering Date of that Option. The Acceptance Form shall be in or substantially in the form set out in Appendix II (subject to modification by the Committee from time to time).

- (b) Any Grantee who fails to return a duly completed Acceptance Form with the Option Price on or before the closing date/time as set out in the Letter of Offer issued pursuant to Rule 9 shall be deemed to have rejected the offer, and an Acceptance Form received after the closing date and time specified in the Letter of Offer shall not be valid.

12. Exercise of Options

- (a) An Option may not normally be exercised before the commencement of the Option Period relating to that Option, and no Option shall be capable of exercise after the expiration of the Option Period relating to that Option. Subject as aforesaid, and as may be otherwise provided in these Rules, an Option shall be exercisable by a Participant at any time during the Option Period applicable to that Option.
- (b) To exercise an Option, a Participant must give notice of exercise (“**Exercise Notice**”) in writing to the Company. The Exercise Notice must be accompanied by the Option Certificate, full payment of the Aggregate Subscription Cost, the CDP charges (if applicable) referred to in Rule 24 and such other documentation as the Committee may in its absolute discretion require. The Exercise Notice shall be in or substantially in the form set out in Appendix III (subject to modification by the Committee from time to time).
- (c) Subject as otherwise provided in these Rules, an Option shall be treated as validly exercised upon receipt by the Company of the duly completed and signed Exercise Notice, the remittance of the Aggregate Subscription Cost, the relevant CDP charges (if applicable) and the other documentation (if any) required by the Committee.

13. Rights on Exercise of Option

- (a) The Company shall, as soon as practicable after the exercise of an Option, allot and issue the relevant Shares and apply to the SGX-ST and any other stock exchange on which the Shares are quoted, for permission to deal in and for quotation of such Shares. Shares which are allotted on the exercise of an Option by a Participant shall be issued (at the election of the Participant) in the name of CDP or its nominees for credit to the Participant’s securities account with CDP or sub-account maintained with a Depository Agent. In the event that the Shares are not listed on the SGX-ST, the Shares will be allotted and issued in the name of the Participant.
- (b) If a Participant exercises an Option partially and the number of Shares in respect of which an Option Certificate has been lodged with the Company exceeds the number of Shares which are the subject of the Exercise Notice, the Committee will issue a new Option Certificate to the Participant for the balance of the Shares which have not been exercised under such Option Certificate.
- (c) Subject to such consents or other required action of any competent authority under regulations or enactments for the time being in force as may be necessary and subject to compliance with these Rules, the Company shall within 10 market days after the

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exercise of the Option allot the Shares and within five (5) market days from the date of such allotment, issue and despatch to CDP, certificates in respect of the Shares by ordinary post (or such other mode as the Committee may deem fit).

- (d) Shares which are allotted upon the exercise of an Option will upon issue rank *pari passu* in all respects with the then existing issued Shares except that the new Shares shall not be entitled to any dividend or other distribution the record date for which precedes the date of exercise of the Option. “**Record date**” means the date fixed by the Company for the purposes of determining the entitlements to dividends or other distributions to or rights of holders of Shares.
- (e) Shares arising on the exercise of an Option shall, on allotment, be subject to the provisions of the Constitution of the Company.

14. Adjustments

- (a) If a variation in the issued share capital of the Company (whether by way of a capitalisation or rights issue, reduction, sub-division or consolidation) shall take place or if the Company shall make a Capital Distribution (as hereafter defined), then:
 - (i) the Subscription Price;
 - (ii) the class and/or the number of Shares comprised in an Option to the extent unexercised; and/or
 - (iii) the class and/or number of Shares over which Options and/or additional Options may be issued to the Participants,

shall be adjusted in such manner as the Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable. Such adjustments (if any) shall, where reasonable, give the Participant the same proportion of the equity capital as that to which he was previously entitled.

- (b) The following (whether singly or in combination) shall not be regarded as events requiring adjustments:
 - (i) any issue of securities as consideration for an acquisition or a private placement of securities;
 - (ii) any increase in the number of issued Shares as a consequence of the exercise of options or other convertibles issued from time to time by the Company entitling holders thereof to subscribe for new Shares in the capital of the Company (including the exercise of any Options granted pursuant to the Hatten ESOS and any previous scheme(s)); and
 - (iii) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) effected on the SGX-ST pursuant to a share purchase mandate (or any renewal thereof) given by the shareholders of the Company in general meeting and for the time being in force.

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- (c) Notwithstanding the foregoing provisions of this Rule 14, in any circumstances where the Committee considers that adjustments to the Subscription Price and the number of Shares which may be acquired on the exercise of an Option should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price and the number of shares which may be acquired on the exercise of an Option should be made notwithstanding that no such adjustment is required under the said provisions, the Committee, may upon the written confirmation of the Auditors, make, modify or nullify an adjustment in such manner as the Auditors consider to be reasonable and appropriate.
- (d) Notwithstanding the foregoing provisions of this Rule 14, no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.
- (e) Upon any adjustment being made pursuant to this Rule 14, the Company shall notify the Participant (or his duly appointed personal representative) in writing informing him of the Subscription Price thereafter in effect, the class and/or number of Shares thereafter to be issued on the exercise of the Option and the effective date of the adjustment.
- (f) For the purposes of this Rule 14, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves. Any distribution out of profits or reserves shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries.

15. Take-over and Winding-up of the Company

- (a) In the event of a take-over offer being made for the Shares, a Participant (including a Participant holding Options which are not then exercisable pursuant to the provisions of Rule 12 above) shall be entitled to exercise in full or in part any Option held by him and as yet unexercised, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:
 - (i) the expiry of six (6) months thereafter, unless prior to the expiration of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiration date is extended to a later date (being a date falling not later than the expiration of the Option Period relating thereto); or
 - (ii) the date of the expiration of the Option Period relating thereto,whereupon the Option then remaining unexercised shall lapse and become null and void.

Provided that if during such period the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Period relating thereto, whichever is earlier. Any

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Option not so exercised shall lapse provided that the rights of acquisition or obligations acquire shall have been exercised or performed, the Option shall, subject to Rule 16, remain exercisable until the expiry of the Option Period relating thereto.

- (b) If 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, each Participant shall be entitled, subject to Rule 16(b), to exercise any Option then held by him during the period commencing with the date upon which the compromise or arrangement is sanctioned by the Court and ending either on the expiry of 60 days thereafter or the date upon which it becomes effective, whichever is later (but not after the expiration of the Option Period relating thereto), whereupon the Option shall lapse and become null and void.
- (c) In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction) of the Company, the Participants shall be entitled within 30 days of the passing of the resolution in respect of such winding-up (but not after the expiration of the Option Period relating thereto), to exercise in full any unexercised Options, after which such unexercised Options shall lapse and become null and void.
- (d) If an order or an effective resolution is passed for the winding-up of the Company on the basis of insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- (e) If in connection with the making of a take-over offer referred to in Rule 15(a) or the scheme referred to in Rule 15(b), or a winding-up referred to in Rule 15(c), arrangements are made (which are confirmed in writing by the Auditors to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.
- (f) To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

16. Termination of Options

- (a) Subject as provided in Rule 15, an Option may be exercised in whole or in part at any time during the Option Period applicable thereto. In the event that an Option is exercised in part only, the Option shall be capable of further exercise in accordance with these Rules until such time that the Option shall lapse or terminate pursuant to these Rules.
- (b) An Option shall, to the extent unexercised, immediately lapse without any claim against the Company:
 - (i) subject to Rules 16(c), (d) and (e), upon the Participant ceasing to be in the full-time employment of the Group for any reason whatsoever;
 - (ii) upon 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 such Options;

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(iii) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion; or

(iv) in the event of the Participant breaching any of the terms of his Option.

For the purpose of Rule 16(b)(i), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date. For the avoidance of doubt, no Option shall lapse in the event any transfer of employment of a Participant within the Group or upon the cessation of employment of a Executive Director who shall continue to serve as a Non-executive Director.

(c) If a Participant ceases to be employed within the Group by reason of ill-health, injury, disability (in each case evidenced to the satisfaction of the Committee), redundancy, retirement or for any other reason approved in writing by the Committee, he may exercise any Option then remaining unexercised within such period falling within the Option Period applicable to the Option as the Committee may in its absolute discretion determine, and upon expiry of such period, that Option shall lapse and become null and void.

(d) If a Participant ceases to be employed within the Group:

(i) by reason of the company in which he is employed 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; or

(ii) for any other reason provided the Committee gives its consent in writing,

he may, at the absolute discretion of the Committee, exercise any Option then remaining unexercised within such period during the Option Period as may be determined by the Committee in its absolute discretion, and upon expiry of such period, that Option shall lapse and become null and void.

(e) If a Participant dies while he is in the employment of the Group and at the date of his death held any unexercised Option, such Option may be exercised by the duly appointed personal representative of the Participant within the Option Period applicable to that Option, and upon expiry of such period, that Option shall lapse and become null and void.

(f) If a Participant who is a Non-Executive Director ceases to be a Director for any reason whatsoever, any Non-executive Option then held by him shall to the extent unexercised, immediately lapse unless otherwise determined by the Committee in its absolute discretion. In exercising such discretion, the Committee may also determine the period during which such Option may continue to be exercisable, provided that such period may not in any event exceed the Option Period applicable thereto, and upon expiry of such period, that Option shall lapse and become null and void.

17. Non-Assignability of Options

Any Option shall be personal to the Participant to whom it is granted and save as provided in Rule 16, the Participant shall not transfer or assign to any other person, or create any charge, lien or other encumbrance whatsoever on or over the Option or any part thereof.

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18. Notices

- (a) Any notice requiring to be given by a Grantee or a Participant to the Company shall be sent to the registered office of the Company or such other address as may be notified by the Company to him in writing.
- (b) Any notice or document required to be given by the Company to a Grantee or a Participant shall be delivered to him by hand or sent to him at his home address according to the records of the Company and if sent by post, shall be deemed to have been given on the day following the date of posting.

19. Modifications to the Hatten ESOS

- (a) The Hatten ESOS may be modified or altered in any respect by resolution of the Committee except that:
 - (i) no alteration shall alter adversely the rights attaching to any Option granted prior to such alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in nominal value of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
 - (ii) the definitions of “Employee”, “Option”, “Option Period”, “Participant” and “Subscription Price” and the provisions of Rules 5, 6, 8, 11, 13, 15, 16, 17 and this Rule 19 shall not be altered to the advantage of Participants except with the prior sanction of the Shareholders in general meeting; and
 - (iii) no alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities which may be necessary.
- (b) Written notice of any alteration made in accordance with this Rule 19 shall be given to all Participants.
- (c) Notwithstanding anything to the contrary contained in Rule 19(a), the Committee may at any time and from time to time, by resolution without other formality (save for the prior approval of the SGX-ST or such other regulatory authorities as may be necessary), amend any provision of the Hatten ESOS in any way and to the extent necessary to cause the Hatten ESOS to comply with any statutory provision or the regulations of any regulatory authority or other relevant authority or body (including the SGX-ST).

20. Duration of the Hatten ESOS

- (a) The Hatten ESOS shall come into effect on the Adoption Date and continue in force at the discretion of the Committee, subject to a maximum period of 10 years, provided always that the Hatten ESOS may be continued for any period thereafter with the approval of the Company in a general meeting and of any relevant authorities which may then be required.
- (b) The Hatten ESOS may be terminated by resolution of the Committee or by the Company in general meeting (subject to such other relevant approvals which may be required)

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and if the Hatten ESOS is so terminated, no further offers of the grant of Options shall be made or purported to be made under the Hatten ESOS, but the provisions of the Hatten ESOS shall, in relation to Options then subsisting, remain in full force and effect.

21. Terms of Employment Unaffected

The terms of employment of a Participant shall not be affected by his participation in the Hatten ESOS 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.

22. Condition of Option

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

23. Taxes

All taxes (including income tax) arising from the grant or exercise of any Option under the Hatten ESOS shall be borne by the Participant.

24. Costs and Expenses

- (a) Save for the taxes referred to in Rule 23, all fees, costs and expenses incurred by the Company in relation to the Hatten ESOS, including but not limited to the fees, costs and expenses relating to the issue and allotment of Shares pursuant to the exercise of any Option, shall be borne by the Company.
- (b) The Participant shall be responsible for all sums payable to CDP (or to the order of CDP) by way of fees or charges in connection with the credit of Shares to his securities account or sub-account in respect of the Shares pursuant to the exercise by the Participant of any Option under the Hatten ESOS.

25. Disclaimer of Liability

Notwithstanding any provisions herein contained and subject to the Act, the Board, 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 allotting Shares or in applying for or procuring the listing of the Shares on the SGX-ST (and/or any other stock exchange on which the Shares are quoted or listed).

26. Disclosure in Annual Reports

The Company shall make the following disclosure in its annual reports:

- (a) the names of the members of the Committee;

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(b) the information required in the table below for the following Participants (which for the avoidance of doubt, include Participants who have exercised all their Options in any particular financial year) :

- (i) Directors of the Company;
- (ii) Participants, other than those in Rule 26(b)(i) above, who receive five per cent (5%) or more of the total number of Options available under the Hatten ESOS; and
- (iii) Participants who are Controlling Shareholders and their Associates

Name of Option Holder	Total number of Options granted during the financial year under review (including terms)	Aggregate number of Options granted since commencement of the Hatten ESOS to the end of the financial year under review	Aggregate number of Options exercised since commencement of the Hatten ESOS to the end of the financial year under review	Aggregate number of Options outstanding as at the end of the financial year under review

(c) the number and proportion of Options granted at a discount to the Market Price during the financial year under review as follows:

- (i) the number and proportion of Options granted at a discount of 10% or less; and
- (ii) the number and proportion of Options granted at a discount of more than 10% but not exceeding 20%; and

(d) such other information as may be required by the Listing Rules and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

27. Disputes

Any disputes or differences of any nature arising hereunder (other than a matter to be certified by the Auditors) shall be referred to the Committee and its decision shall be final and binding in all respects.

28. Governing Law

The Hatten ESOS shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the Hatten ESOS, and the Company, irrevocably agree to submit to the exclusive jurisdiction of the Courts of Singapore.

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29. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

No person other than the Company or any member of the Group or a Participant shall have any right to enforce any provision of the Hatten ESOS or any Option by virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

ANNEX B – RULES OF THE HATTEN PSP

1. NAME OF THE PLAN

This share scheme shall be called the “Hatten Performance Share Plan”.

2. DEFINITIONS

2.1 Unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Associate”	:	Shall have the meaning assigned to it in the Catalist Rules
“Associated Company”	:	A company in which at least 20% but not more than 50% of its issued shares are held by the Company or the Group and over which the Company has Control
“Auditors”	:	The auditors of the Company for the time being
“Award”	:	A contingent award of fully paid Shares granted under the Plan
“Award Date”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 6
“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
“Catalist Rules”	:	The Listing Manual, Section B: Rules of Catalist issued by the SGX-ST, as may be amended, supplemented or revised from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	The remuneration committee of the Company
“Company”	:	Hatten Land Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company

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“Controlling Shareholder”	:	A shareholder who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Shares held by the Company as treasury shares) (unless otherwise determined by the SGX-ST that a person who satisfies this sub-paragraph is not a controlling shareholder); or (b) in fact exercises Control over the Company
“Director”	:	A person holding office as a director for the time being of the Company
“Executive Director”	:	A director of the Company, its subsidiaries and/or Associated Companies who performs an executive function
“Group”	:	The Company and its subsidiaries(as they may exist from time to time)
“Group Employee”	:	Any employee of the Group (including any Executive Director who meets the relevant criteria and who shall be regarded as a Group Employee for the purposes of the Plan) selected by the Committee to participate in the Plan in accordance with Rule 4
“Listing Manual”	:	The SGX-ST Listing Manual, as amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Participant”	:	A Group Employee who has been granted an Award
“Performance Condition”	:	In relation to an Award, a condition prescribed by the Committee to be fulfilled by the Participant during the Performance Period
“Performance Period”	:	The period, as may be determined by the Committee at its discretion, during which the Performance Condition is to be satisfied
“Plan”	:	The Hatten Performance Share Plan, as the same may be modified from time to time

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- “Release”** : In relation to an Award, the release at the end of the Performance Period of all or some of the Shares to which that Award relates in accordance with Rule 9 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 9, the Award in relation to those Shares shall lapse and *“Released”* shall be construed accordingly
- “Release Date”** : Shall have the meaning assigned to it in Rule 9.4
- “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 Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period
- “Retention Period”** : Such retention period as may be determined by the Committee and notified to the Participant at the grant of the relevant Award to that Participant
- “Shares”** : Ordinary shares in the capital of the Company
- “SGX-ST”** : Singapore Exchange Securities Trading Limited
- “Vest”** : The absolute entitlement to all or some of the Shares which are the subject of an Award and **“Vesting”** and **“Vested”** shall be construed accordingly
- “Vesting Date”** : The date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 9
- “Vesting Period”** : The period during which an Award may Vest, if any
- “Shareholders”** : Shareholders of the Company from time to time
- “S\$”** : Singapore dollars
- 2.2 The terms **“Depositor”**, **“Depository”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act.
- 2.3 Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.
- 2.4 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory

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modification thereof and used in the Plan shall, where applicable, have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

- 2.5 Any reference in the Plan to a time of a day shall be a reference to Singapore time unless otherwise stated.

3. OBJECTIVES OF THE PLAN

3.1 The Plan has been proposed in order to:

- (a) foster an ownership culture within the Group which aligns the interests of Participants with the interests of shareholders;
- (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business units;
- (c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and
- (d) make total employee remuneration sufficiently competitive to recruit and retain staff with skills commensurate to the Company's ambitions.

3.2 The Plan contemplates the award of fully paid Shares when and after:

- (a) pre-determined measurable Performance Conditions are accomplished within the Performance Period;
- (b) due recognition is given to any good work performance; and/or
- (c) significant contribution is made to the Group.

4. ELIGIBILITY OF PARTICIPANTS

4.1 Group Employees shall be eligible to participate in the Plan at the absolute discretion of the Committee provided that, as of the Award Date, such persons:

- (a) have attained the age of twenty-one (21) years;
- (b) are not undischarged bankrupts and have not entered into a composition with their respective creditors; and
- (c) have been in the employment of the Company for at least 24 months.

4.2 Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 4.1 above shall be eligible to participate in the Plan provided that:

- (d) their participation; and
- (e) the actual number of Shares and terms of any Awards to be granted to them,

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have been approved by independent shareholders of the Company at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual number of Shares and terms of any Awards to be granted to him. Independent approval from shareholders of the Company shall not be necessary for the participation in the Plan of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant.

- 4.3 Save as prescribed by the Catalist Rules, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme implemented or to be implemented by the Company or any other company 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 Plan may be amended from time to time at the absolute discretion of the Committee.

5. LIMITATION ON THE SIZE OF THE PLAN

- 5.1 The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of:

- (a) all Awards granted under the Plan; and
- (b) the number of Shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of the Company,

shall not exceed fifteen 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares and subsidiary holdings) on the day immediately preceding that date.

- 5.2 The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan to Participants who are Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Plan.
- 5.3 The number of Shares which may be issued or transferred pursuant to Awards under the Plan to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the Plan.

6. DATE OF GRANT

The Committee may grant Awards at any time during the period when the Plan is in force, provided that:

- (a) no Awards may be granted during the Company's closed periods commencing two (2) weeks before the announcement of the Group's quarterly results and one (1) month before the announcement of the Group's full year results, as the case may be, up to and including the date of announcement of the relevant results or during such other revised closed periods of the Company as may be approved by the Directors from time to time; and

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- (b) in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be Vested, and hence any Shares comprised in such Awards may only be delivered, on or after the second Market Day from the date on which the aforesaid announcement is made.

7. GRANT OF AWARDS

7.1 Subject to Rule 4 and Rule 5, the number of Shares which are the subject of each Award to be granted to a Participant under the Plan shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the Participant's rank, responsibilities, past performance, length of service, contribution to the success and development of the Group, potential for future development of the Participant and the prevailing market and economic conditions.

7.2 The Committee shall, in its absolute discretion, determine 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 Performance Condition(s);
- (f) the Release Schedule;
- (g) the Retention Period(s), if any; and
- (h) any other condition which the Committee may determine in relation to that Award.

7.3 The Committee may amend or waive the Performance Period, the Performance Conditions 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 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 Performance Period, Performance Condition and/or Release Schedule would be a fairer measure of performance and would be no less difficult to satisfy; or
 - (ii) the Performance Period, Performance Condition and/or Release Schedule should be waived,

the Committee shall as soon as practicable, notify the Participants of such change or waiver.

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- 7.4 As soon as reasonably practicable after an Award is finalised by the Committee, the Committee shall send an Award Letter to the Participant confirming the Award and specifying in relation to the Award:
- (a) the Award Date;
 - (b) the number of Shares which are the subject of the Award;
 - (c) the Performance Condition(s);
 - (d) the Performance Period;
 - (e) the Release Schedule;
 - (f) the Retention Period(s), if any; and
 - (g) any other condition which the Committee may determine in relation to that Award.
- 7.5 Participants are not required to furnish any consideration (including making any payment) for the grant of the Award or the issue or transfer of Shares upon the Vesting of an Award.
- 7.6 Awards are personal to the Participant to whom they are given and shall not be transferred (other than to a Participant's personal representative on the death of the former), charged, assigned, pledged or otherwise disposed of, unless 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, that award shall immediately lapse.

8. EVENTS PRIOR TO THE VESTING OF AWARDS

- 8.1 Notwithstanding that a Participant may have fulfilled all Performance Conditions, to the extent not yet Released, an Award shall 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 8.2(c), where a Participant is a Group Employee, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
 - (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 8.1(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 8.2 If any of the following events occur, the Committee may, in its absolute discretion, preserve all or any part of any Award or declare that an Award has lapsed, in which case the Participant shall have no claim against the Company. If the Committee preserves all or any part of any Award, it shall and decide as soon as reasonably practicable following the

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occurrence of such event either to Vest all or some 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 Vesting Period and subject to the provisions of the Plan:

- (a) the death of a Participant;
- (b) 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;
- (c) the Participant ceasing 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, as the case may be; or
 - (vi) any other reason approved in writing by the Committee; or
- (d) any other event approved by the Committee,

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 Performance Condition(s) has been satisfied.

8.3 Without prejudice to the provisions of Rule 7.2, 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 8.1(c) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Vest 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 Vest 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 elapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Vest, the

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Committee will, as soon as practicable after the Awards have been Vested, procure the allotment and/or transfer to each Participant of the number of Shares so determined, such allotment and/or transfer to be made in accordance with Rule 9.

9. RELEASE OF AWARDS

9.1 Review of Performance Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition(s) specified in respect of each Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied (whether fully or partially).
- (b) If the Committee determines in its sole discretion that the Performance Condition(s) has not been satisfied or (subject to Rule 8) if the relevant Participant has not continued to be a Group Employee from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value.
- (c) The Committee shall have the discretion to determine whether the Performance Condition(s) 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 Performance Condition(s) if the Committee decides that a changed performance target would be a fairer measure of performance.
- (d) If the Committee determines in its sole discretion that the Performance Condition(s) has been satisfied (whether fully or partially), and provided that the relevant Participant has continued to be a Group Employee from the Award Date up to the end of the relevant Performance Period or, it may Vest in that Participant:
 - (i) in the case where it is determined that the Performance Condition(s) has been fully satisfied, the number of Shares to which that Award relates in accordance with the Release Schedule specified in respect of that Award on the Vesting Date; or
 - (ii) in all other cases, such number of Shares as may be determined by the Committee in its absolute discretion.

9.2 Subject to the Committee having determined that the prescribed Performance Condition(s) or such other conditions applicable to an Award have been satisfied and (subject to Rule 8) provided that the Participant has continued to be a Group Employee from the Award Date up to the end of the relevant Performance Period, upon the expiry of the relevant Performance Period, the Committee will Vest the Award in the Participant and Release to the Participant the Shares to which that Award relates on the Release Date, subject to the terms of the Award.

9.3 Subject to the Act and the Catalist Rules, the Company shall have the flexibility to deliver Shares to Participants upon the Release of their Awards by way of:

- (a) an allotment of new Shares; and/or

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- (b) the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

In determining whether to issue new Shares or to deliver existing Shares to Participants upon the Release of their Awards, the Company will 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.

- 9.4 Shares which are the subject of a Vested Award shall be Released to a Participant on the release date, which shall be a Market Day falling as soon as practicable after the determination by the Committee referred to in Rule 9.2 and the Vesting Date (“**Release Date**”). On the Release Date, the Committee will procure the allotment and/or transfer to each Participant of the number of Shares so determined.
- 9.5 Where new Shares are allotted upon the Release of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.
- 9.6 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.
- 9.7 New Shares allotted and issued, 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; 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 Release Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

For the purposes of this Rule 9.7, “**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.

- 9.8 Shares which are allotted and issued 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(s) (if any), 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.
- 9.9 The Committee shall have the flexibility to approve the Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Release Date, in lieu of all or part of the Shares which would otherwise have been allotted and issued or transferred to him on the Release of his Award, the aggregate value of the relevant number of Shares in cash, with the value of each Share being for this

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purpose (i) the average of the closing market price of the Shares, as determined by reference to the daily Official List published by the SGX-ST for the five (5) consecutive Market Days immediately preceding the Release Date or (ii) if the Committee is of the opinion that such market value is not representative of the value of a Share, such price as the Committee may determine, after consultation with the Auditors or such other professional advisors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

In determining whether to Release an Award, wholly or partly, in the form of cash rather than Shares, the Committee 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. In considering the cost factor, the Committee will take into account relevant factors such as taxation issues arising from the issue of new Shares and/or purchase of existing Shares and the payment of cash, the availability of cash for payment and the cost of funding the cash payment, if necessary

10. ADJUSTMENT EVENTS

10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise) should take place, then:

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

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators) that, in their opinion, such adjustment is fair and reasonable.

10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made

- (a) if as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (b) unless the Committee after considering all relevant circumstances considers it equitable to do so.

10.3 Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be recognised as events requiring adjustments:

- (a) any issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities;
- (b) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants issued from time to time by the Company enabling holders thereof to acquire new Shares; or

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- (c) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Catalist Rules, undertaken by the Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force.

10.4 Upon any adjustment required to be made, the Company shall notify each Participant (or, where applicable, his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Release of an Award. Any adjustment shall take effect upon such written notification being given.

11. ADMINISTRATION OF THE PLAN

11.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.

11.2 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 Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Committee.

11.3 Neither the Plan nor the grant of Awards under the Plan 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 Plan; (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or (c) any decision or determination of the Committee made pursuant to any provision of the Plan.

11.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (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 Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

11.5 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Awards to be granted to him.

12. MODIFICATIONS TO THE PLAN

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

- (a) any modification or alteration which shall alter adversely the rights attaching to any Award granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Award granted prior to such modification or alteration, may only be made with the consent in writing of such number of Participants who, if their Awards were Released to them in full, would

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thereby become entitled to not less than three-quarters ($\frac{3}{4}$) in number of all the Shares which would fall to be issued and allotted or transferred upon the Release of all outstanding Awards;

- (b) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of Shareholders at a 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 alter 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 Plan 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 any other formality save for the prior approval of the SGX-ST and such other regulatory authorities as may be necessary) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provisions 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. DURATION OF THE PLAN

13.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the Plan is adopted by Shareholders in general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the Plan may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

13.2 The Plan may be terminated at any time by the Committee or by resolution of the Company at a general meeting, subject to all relevant approvals which may be required. If the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.

13.3 The expiry or termination of the Plan 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.

14. NOTICES

14.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.

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14.2 Any notice or documents given by the Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

15. TERMS OF EMPLOYMENT UNAFFECTED

15.1 The Plan or any Award shall not form part of any contract of employment between the Company, any subsidiary or Associated Company (as the case may be) and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the Plan or any right which he may have to participate in it or any Award which he may hold and the Plan or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

15.2 The Award shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company, any subsidiary and/or Associated Company directly or indirectly or give rise to any cause of action at law or in equity against the Company, any subsidiary or Associated Company.

16. TAXES

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

17. COSTS AND EXPENSES OF THE PLAN

17.1 Each Participant shall be responsible for all fees of CDP or his Depository Agent 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 his Depository Agent and all taxes referred to in Rule 16 which shall be payable by the relevant Participant.

17.2 Save for such costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the issue and allotment or transfer of the Shares pursuant to the Release of any Award shall be borne by the Company.

18. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages (including any interest arising thereof) whatsoever and howsoever arising in respect of any matter under or in connection with the Plan including but not limited to the Company's delay or failure in issuing, or procuring the transfer of, the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

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19. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Plan are to abstain from voting on any shareholders' resolution relating to the Plan and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, all Shareholders who are eligible to participate in the Plan shall abstain from voting on the following resolutions, where applicable: (a) proposed adoption of the Plan; and (b) participation by and grant of Awards to Controlling Shareholders and their Associates.

20. DISPUTES

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

21. CONDITION OF AWARD

Every Award shall be subject to the condition that no Shares shall be issued or transferred pursuant to the Release of an Award if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

22. DISCLOSURE IN ANNUAL REPORT

The Company shall, for as long as the Plan continues in operation, make the following disclosure in its annual report:

- (a) the names of the members of the Committee;
- (b) information in the table below in respect of the following Participants:
 - (i) Participants who are Directors of the Company;
 - (ii) Participants who are Controlling Shareholders and their Associates; and
 - (iii) Participants, other than those in (i) and (ii) above, who receive 5% or more of the total number of Shares available under the Plan; and

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Name of Participant	Total number of Shares comprised in Awards granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of the Plan to the end of the financial year under review	Aggregate number of Shares comprised in Awards which have been issued and/or transferred since commencement of the Plan to the end of the financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review
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(c) such other information as may be required by the Catalist Rules and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

24. GOVERNING LAW

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

