

Letter to Shareholders dated 7 October 2022 (“Letter”)

This Letter is important and requires your immediate attention. Please read it carefully.

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

This Letter may be accessed at the Company’s website at the URL <https://www.alliancehealthcare.com.sg/investor-relations/> and are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of this Letter will NOT be sent to shareholders of the Company (“Shareholders”).

If you have sold or transferred all your ordinary shares in the share capital of Alliance Healthcare Group Limited (the “Company”), you should immediately forward this Letter together with the Notice of Annual General Meeting and the Proxy Form to the purchaser or the transferee or to the bank, the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Letter has been reviewed by the Company’s sponsor, RHB Bank Berhad (the “Sponsor”) in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst. This Letter has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Letter, including the correctness of any of the statements or opinions made or reports contained in this Letter.

The contact person for the Sponsor is Mr Alvin Soh, Head, Corporate Finance, RHB Bank Berhad, Singapore branch, at 90 Cecil Street, #04-00, RHB Bank Building, Singapore 069531, Telephone: +65 6320 0627.



Alliance Healthcare Group Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 200608233K)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING 2022

LETTER TO SHAREHOLDERS

in relation to

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

and

THE PROPOSED ADOPTION OF ALLIANCE PERFORMANCE SHARE PLAN

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	24 October 2022 at 2.30 p.m.
Date and time of Annual General Meeting	:	27 October 2022 at 2:30 p.m.
Place of Annual General Meeting	:	By electronic means

DEFINITIONS

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DEFINITIONS

In this Letter, the following definitions apply throughout unless the context requires otherwise or unless otherwise stated:

- “Acceptance Form” : A letter in such form as the Committee shall approve, from a Participant to the Committee confirming the Participant’s acceptance of an Award, and substantially in the form as set out in **Schedule B** of the Plan
- “ACRA” : The Accounting and Corporate Regulatory Authority of Singapore
- “AGM” : The annual general meeting for the financial year ended 30 June 2022 of the Company to be held on Thursday, 27 October 2022 at 2:30 p.m. (Singapore Time)
- “Alliance PSP” or “Alliance Performance Share Plan” or “Plan” : The proposed performance share plan to be adopted by the Company at the AGM, rules of which are set out in Appendix A to this Letter
- “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; or
- (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
- “Associated Company” : A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
- “Associated Company Director/Employee” : A director and/or employee of an Associated Company selected by the Committee to participate in the Plan in accordance with Rule 4 of the Plan
- “Average Closing Price” : Has the meaning ascribed to it in **Paragraph 2.3(d)** of this Letter
- “Auditors” : The auditors of the Company from time to time
- “Award” : An award of Shares granted under Rule 5 of the Plan

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“Award Date”	:	In relation to an Award, the date on which the Award was granted pursuant to Rule 5 of the Plan
“Award Letter”	:	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee of the Plan, and substantially in the form as set out in Schedule A of the Plan
“Board”	:	The board of Directors of the Company as at the date of this Letter or from time to time, as the case may be
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, supplemented or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Commencement Date”	:	The date on which the Plan is adopted by the Company in general meeting
“Committee”	:	The Nominating Committee and the Remuneration Committee duly authorised and appointed by the Board to jointly administer the Plan
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended or modified from time to time
“Company”	:	Alliance Healthcare Group Limited
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Constitution”	:	The constitution of the Company, as amended or modified from time to time
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting shares in a 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
“Directors”	:	The directors of the Company as at the Latest Practicable Date or from time to time, as the case may be
“EPS”	:	Earnings per Share
“FY”	:	Financial year of the Company ended or ending 30 June, as the case may be
“FY2022”	:	The financial year ended 30 June 2022
“Group”	:	The Company and its subsidiaries collectively

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“Group Employee”	:	A full-time or part-time employee of the Group who may be talented physicians/medical professionals (including a Group Executive Director who is not a Controlling Shareholder) selected by the Committee to participate in the Plan in accordance with Rule 4 of the Plan
“Group Non-Executive Director”	:	A director of the Company and/or its subsidiaries, as the case may be, selected by the Committee to participate in the Plan in accordance with Rule 4 of the Plan, other than a Group Executive Director
“immediate family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Latest Practicable Date”	:	16 September 2022, being the latest practicable date prior to the issue of this Letter
“Letter”	:	This letter to Shareholders dated 7 October 2022 in respect of the Proposed Renewal of the Share Buyback Mandate and the Proposed Adoption of the Alliance PSP
“Market Day”	:	A day on which the SGX-ST is open for securities trading
“Maximum Price”	:	Has the meaning ascribed to it in Paragraph 2.3(d) of this Letter to Shareholders
“Market Value”	:	In relation to a Share, on any day: (a) the average price of a Share on the Singapore Exchange over the five immediately preceding Trading Days on which Shares were traded; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with paragraph (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable
“Nominating Committee”	:	The nominating committee of the Company as at the date of this Letter or from time to time, as the case may be
“Notice of AGM”	:	The notice of AGM of the Company dated 7 October 2022 convening the AGM to be held on Thursday, 27 October 2022
“NAV”	:	Net asset value
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in Paragraph 2.3(c)(ii) of this Letter to Shareholders
“On-Market Purchase”	:	Has the meaning ascribed to it in Paragraph 2.3(c)(i) of this Letter to Shareholders
“Ordinary Resolution 8”	:	The ordinary resolution in relation to the Proposed Renewal of the Share Buyback Mandate

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- “Ordinary Resolution 9” : The ordinary resolution in relation to the Proposed Adoption of the Alliance PSP as set out in the Notice of AGM
- “Other Exchange” : Has the meaning ascribed to it in **Paragraph 2.3(c)(i)** of this Letter to Shareholders
- “Participant” : A Group Employee, Group Non-Executive Director, Associated Company Director/Employee who has been granted an Award (including duly appointed personal representatives of such Group Employee, Group Non-Executive Director, Associated Company Director/Employee, where applicable)
- “Performance Condition” : The condition specified on the Award Date in relation to that Award
- “Performance Period” : A period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition(s) is (are) to be satisfied
- “Proposed Adoption of the Alliance PSP” : The proposed adoption of the Alliance PSP
- “Proposed Renewal of the Share Buyback Mandate” : The proposed renewal of the Share Buyback Mandate
- “Record Date” : The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to, or rights of, shareholders of the Company
- “Release” : In relation to an Award, the release of all or some of the Shares to which the Award relates in accordance with the Plan and, to the extent that any Shares which are the subject of the Award are not released pursuant to the Plan, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
- “Release Schedule” : In relation to an Award, a schedule (if any) in such form as the Committee shall approve, in accordance with which Shares which are the subject of that Award shall be Released
- “Release Award” : An Award which has been released in full or in part in accordance with Rule 7 of the Plan
- “Relevant Intermediary” : Has the meaning ascribed to it under the Companies Act
- “Relevant Period” : Has the meaning ascribed to it in **Paragraph 2.3(b)** of this Letter to Shareholders
- “Register of Members” : The register of members of the Company
- “Remuneration Committee” : The remuneration committee of the Company as at the date of this Letter or from time to time, as the case may be
- “Securities Accounts” : A securities account maintained by a Depositor with CDP but does not include a securities account maintained with a Depository Agent
- “SFA” : The Securities and Futures Act 2001 of Singapore, as may be amended or modified from time to time

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“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: The registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “ <i>Shareholders</i> ” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shares”	: Ordinary shares in the capital of the Company
“Share Purchase” or “Share Buyback”	: The purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate
“Share Buyback Mandate”	: The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire Shares in accordance with the rules and regulations set forth in the Companies Act and the Catalist Rules
“Share Buy-Back Guidance Note”	: The share buy-back guidance note as set out in Appendix 2 to the Take-over Code
“SIC”	: The Securities Industry Council of Singapore
“subsidiary holdings”	: Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
“Substantial Shareholder”	: A person who has an interest or interests in voting Shares in the Company representing not less than 5% of all the voting Shares
“Take-over Code”	: The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
“Trading Day”	: A day on which Shares are traded on the Singapore Exchange
“Treasury Shares”	: Has the meaning ascribed to it in Section 4 of the Companies Act
“Vesting”	: In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award, and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	: In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7 of the Plan
“Vesting Period”	: In relation to an Award, each period (if any), the duration of which is to be determined by the Committee on the Award Date, after the expiry of which the relevant number of Shares which are subject to the applicable period shall be Vested to the relevant Participant on the relevant Vesting Date, subject to Rule 7 of the Plan
“%”	: Per centum or percentage
“S\$” and “cents”	: Singapore dollars and cents respectively, the lawful currency of Singapore

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The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA. The terms “subsidiary”, “substantial shareholder” and “treasury shares” shall have the meanings ascribed to them in Section 5, Section 81 and Section 76H of the Companies Act respectively.

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

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Letter shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless the context requires otherwise.

Any reference to a time of day or date in this Letter shall be a reference to Singapore time and dates, unless otherwise stated.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

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

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

LETTER TO SHAREHOLDERS

Alliance Healthcare Group Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 200608233K)

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Board of Directors:

Dr. Barry Thng Lip Mong (Executive Chairman and Chief Executive Officer)
Dr. Mok Kan Hwei, Paul (Executive Director)
Mr. Wong Hin Sun, Eugene (Lead Independent Director)
Mr. Lim Heng Chong Benny (Independent Director)
Dr. Leong Peng Kheong Adrian Francis (Independent Director)

Registered Office:

25 Bukit Batok Crescent
#07-12
The Elitist
Singapore 658066

7 October 2022

To: The Shareholders of Alliance Healthcare Group Limited (the “**Company**”)

Dear Sir/Madam,

1. INTRODUCTION

1.1 Letter to Shareholders

The Board wish to refer Shareholders to:

- (a) Ordinary Resolution 8 of the Notice of AGM to be proposed at the AGM to seek Shareholders’ approval for the Proposed Renewal of the Share Buyback Mandate; and
- (b) Ordinary Resolution 9 of the Notice of AGM to be proposed at the AGM to seek Shareholders’ approval for the Proposed Adoption of the Alliance PSP

The purpose of this Letter is to provide Shareholders with information relating to, and to seek Shareholders’ approval for the Proposed Renewal of the Share Buyback Mandate and the Proposed Adoption of the Alliance PSP. Shareholders’ approval will be sought at the AGM to be held on Thursday, 27 October 2022 at 2:30 p.m. (Singapore Time).

1.2 Legal Adviser

Shook Lin & Bok LLP is the legal adviser to the Company as to Singapore law in relation to the Proposed Renewal of the Share Buyback Mandate and Proposed Adoption of the Alliance PSP.

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2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Introduction

The adoption of a Share Buyback Mandate was first obtained at an extraordinary general meeting of the Company held on 28 October 2020. At the annual general meeting of the Company held on 21 October 2021 (the “**2021 AGM**”), Shareholders had approved the renewal of the Share Buyback Mandate (the “**2021 Share Buy Back Mandate**”). The 2021 Share Buy Back Mandate was expressed to take effect on the date of the passing of ordinary resolution approving the Share Buyback Mandate at the 2021 AGM, and will expire on the date of the forthcoming AGM. The Directors propose that the Share Buyback Mandate be renewed at the AGM to authorise the Company to purchase or acquire Shares in the capital of the Company. The Share Buyback Mandate is set out as Ordinary Resolution 8 in the Notice of AGM.

If approved, the renewed Share Buyback Mandate will take effect from the date of the AGM and continue to be in force until the date of the next annual general meeting of the Company or such date of the next annual general meeting is required by law or by its Constitution, unless prior thereto, Share Buybacks are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in a general meeting. The Share Buyback Mandate will be put to Shareholders for renewal at each subsequent annual general meeting of the Company.

It is a requirement under the Companies Act that a company that wishes to purchase or otherwise acquire its own shares should obtain shareholders’ approval to do so at a general meeting. In addition, Rule 866 of the Catalist Rules states that an issuer may purchase its own shares if it has obtained the prior specific approval of shareholders in general meeting. Accordingly, Shareholders’ approval is being sought at the AGM for the Proposed Renewal of the Share Buyback Mandate.

2.2 Rationale for the Proposed Renewal of the Share Buyback Mandate

The rationale for undertaking the Proposed Renewal of the Share Buyback Mandate are as follows:-

- (a) Directors are constantly seeking to increase Shareholders’ value and to improve, *inter alia*, the return on equity of the Group. Among other alternative corporate actions, Share Buybacks at the appropriate price level are one of the ways through which the return on equity of the Company may be enhanced;
- (b) the Share Buyback Mandate will give the Directors the flexibility to purchase or acquire Shares as and when circumstances permit;
- (c) the Share Buyback Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Buyback Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner; and
- (d) the Directors further believe that a Share Buyback by the Company may help mitigate short-term market or price volatility, offset the effects of short-term share speculation or demand and bolster Shareholders’ confidence.

As and when circumstances permit, the Directors will decide whether to carry out the Share Buyback via On-Market Purchases or Off-Market Purchases, after taking into consideration relevant factors such as the amount of surplus cash available, working capital requirements, prevailing market conditions and the most cost effective and efficient approach.

The Share Buyback will only be undertaken as and when the Directors consider it to be in the best interests of the Company and its Shareholders. The Directors do not propose to carry out Share Purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial condition of the Group, cause illiquidity or affect orderly trading of the Shares, or result in the Company being delisted from the SGX-ST.

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Shareholders should note that the Share Buyback pursuant to the Share Buyback Mandate may not be carried out to the full extent mandated.

2.3 Authority and Limits of the Share Buyback Mandate

The authority and limits placed on Share Buyback by the Company under the Share Buyback Mandate, if renewed at the AGM, are the same as previously approved by Shareholders under the 2021 Share Buy Back Mandate and are summarised below:

(a) Maximum number of Shares

Only Shares that are issued and fully paid-up may be purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate.

Pursuant to Rule 867 of the Catalist Rules, the maximum number of Shares which can be purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate during the Relevant Period (as defined herein) is limited to that number of issued Shares representing not more than 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at date of the AGM at which the Ordinary Resolution 8 is approved.

Purely for illustration purposes only, based on the total number of issued Shares as at the Latest Practicable Date, comprising 205,748,352 Shares (excluding Treasury Shares and subsidiary holdings), and assuming no further Shares are issued, or purchased or otherwise acquired and held as Treasury Shares, and no Share is held as subsidiary holdings on or prior to the AGM, not more than 20,574,835 Shares (representing 10% of the total number of issued Shares excluding Treasury Shares and subsidiary holdings) as at the Latest Practice Date may be purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate if renewed during the period referred to in paragraph 2.3.(b) below.

(b) Duration of authority

If the Proposed Renewal of the Share Buyback Mandate is approved by Shareholders at the AGM, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the AGM, at which the Ordinary Resolution 8 is approved up to the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the date by which the next annual general meeting of the Company is required by law to be held;
- (iii) the date on which the Share Purchases are carried out pursuant to the Share Buyback Mandate to the full extent mandated; or
- (iv) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied

(the "**Relevant Period**").

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next AGM or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM.

(c) Manner of Share Purchases

A Share Purchase may be made by way of:

- (i) on-market purchases on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"),

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through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buyback (“**On-Market Purchases**”); and/or

- (ii) off-market purchases (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by Section 76C of the Companies Act (“**Off-Market Purchases**”).

The Directors may impose such terms and conditions, which are not inconsistent with the Companies Act, the Catalist Rules, the Constitution, the Share Buyback Mandate and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s).

Under Section 76C(6) of the Companies Act, an Off-Market Purchase must satisfy all the following conditions:

- (i) offers for Share Buyback shall be made to every person who holds Shares to purchase or otherwise acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offer made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:
 - a. differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - b. differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - c. differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, Rule 870 of the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

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

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shares; and

(viii) any other information required under the Companies Act.

(d) Purchase Price

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

(i) in the case of an On-Market Purchase, 105% of the Average Closing Price (as defined herein) of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares, (the "**Maximum Price**").

For the above purposes of determining the Maximum Price:-

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the date of the On-Market Purchase by the Company or, as the case may be, the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Day period and the day on which the purchases are made.

"**date of making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an 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

Any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition unless such Share is held by the Company as Treasury Share to the extent permitted under Section 76K of the Companies Act.

(a) Treasury Shares

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

(i) Maximum holdings

The aggregate number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares at that time. In the event that the Company exceeds the 10% threshold, the Company must dispose of or cancel these excess Treasury Shares in accordance with Section 76K of the Companies Act within six (6) months beginning with the day on which that contravention occurs, or such further period as the ACRA may allow.

(ii) Voting and other rights

The Company must not exercise any right in respect of Treasury Shares. In particular, the Company must not 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.

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In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of Treasury Shares. However, the allotment and issue of Shares as fully paid bonus Shares in respect of Treasury Shares is allowed.

A subdivision or consolidation of any Treasury Share into Treasury Shares of a greater or smaller number is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as the total value of the Treasury Shares before the subdivision or consolidation, as the case may be.

(iii) Disposal and cancellation

Pursuant to Section 76K of the Companies Act, where Shares are held as Treasury Shares, the Company may at any time but subject always to the Take-over Code:

- a. sell the Treasury Shares (or any of them) for cash;
- b. transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, performance share plan or share incentive scheme of the Company then in force, whether for its employees, directors or other persons;
- c. transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- d. cancel the Treasury Shares (or any of them); or
- e. sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister under the Companies Act.

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 (in each case, the "**Usage**"). Such announcement must include details such as the date of the Usage, the purpose of the Usage, the number of Treasury Shares comprised in the Usage, the number of Treasury Shares before and after the usage, the percentage of the number of Treasury Shares comprised in the Usage against the total number of shares outstanding in a class that is listed before and after the usage and the value of the Treasury Shares comprised in the Usage.

2.5 Source of funds

In undertaking Share Purchases, the Company may only apply funds legally available for such Share Purchases in accordance with the Constitution and the applicable laws and regulations enacted or prescribed by the relevant competent authorities in Singapore. The Company may not purchase its Shares for a consideration other than cash or, in the case of an On-Market Purchase, for settlement other than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, the Company may purchase or otherwise acquire its own Shares out of profits and/or capital so long as the Company is solvent. It is an offence for a Director or an officer of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to Section 76F(4) of the Companies Act, a Company is solvent if:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if:
 - (i) it is intended to commence winding up of the Company within the period of twelve (12) months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of

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the winding up; or

- (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of Shares become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance purchases or acquisitions of its Shares pursuant to the Share Buyback Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. However, in considering the option of external financing, the Board will consider particularly the prevailing gearing level of the Group.

The purchase or acquisition of Shares under the Share Buyback Mandate will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the financial position and liquidity (for example, share trading volume) of the Company or the Group.

2.6 Financial effects of the Share Buyback Mandate

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the Company and Group's NTA and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or otherwise acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares purchased or otherwise acquired are cancelled or held as Treasury Shares.

2.6.1 Key Assumptions

Purely for illustrative purposes only, the financial effects on the Company and the Group arising from its purchase or acquisition of issued Shares pursuant to the Share Buyback Mandate have been prepared based on the audited consolidated financial statements of the Company and the Group for FY2022, and on, *inter alia*, the following assumptions:

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

Pursuant to the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of Shares by the Company may be made out of the Company's capital or profits, so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (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.

Where the consideration (including brokerage, stamp duties, applicable goods and services tax and other related expenses) paid by the Company for the purchase or acquisition of Shares is made out of capital, this will not reduce the amount available for the distribution of cash dividends by the Company.

In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations of assets or estimates of liabilities. In determining the value of the contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any

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counter-claims by the Company.

(b) Number of Shares Purchased or Acquired

The Share Purchases comprised 20,574,835 Shares (representing 10.0% of the total number of issued Shares excluding Treasury shares and subsidiary holdings, and assuming no further Shares are issued, or purchased or otherwise acquired and held as Treasury shares, and no Shares are held as subsidiary holdings on or prior to the AGM) (“**Maximum Buyback Shares**”).

(c) Aggregate Consideration Paid for Maximum Buyback Shares

Assuming that the Company purchases or acquires or made an offer to purchase the Maximum Buyback Shares, the maximum amount of funds (excluding related expenses of the purchase or acquisition) required for the purchase or acquisition of the 20,574,835 Shares;

- (i) in the case of On-Market Purchases, the Maximum Price was S\$0.184 per Share (being 105.0% of the Average Closing Price of the Shares over the last five (5) Market Days on which the Shares are transacted on the SGX-ST immediately preceding the Latest Practicable Date) and accordingly the maximum amount of funds required for effecting such On-Market Purchases (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses), would amount to approximately S\$3,785,770;
- (ii) in the case of Off-Market Purchases, the Maximum Price was S\$0.21 per Share (being 120% of the Average Closing Price of the Shares over the last five (5) Market Days on which Shares are transacted on the SGX-ST immediately preceding the Latest Practicable Date) and accordingly the maximum amount of funds required for effecting such Off-Market Purchases (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses), would amount to approximately S\$4,320,715.

2.6.2 Illustrative Financial Effects

The financial effects of the purchases and acquisitions of Shares as set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2022 and are not necessarily representative of future financial performance of the Group.

On the basis of the key assumptions set out in the paragraph 2.6.1 above and assuming the following:-

- (a) the purchase or acquisition of Shares is financed by a combination of internal sources of funds and external borrowings;
- (b) transaction and finance costs are disregarded;
- (c) the Share Buyback Mandate had been effective on 1 July 2021; and
- (d) the Company had purchased or acquired Maximum Buyback Shares (representing 10% of its issued Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date) on 1 July 2021,

the financial effects of the purchase or acquisition of 20,574,835 Shares by the Company pursuant to the Share Buyback Mandate on the audited financial statements of the Company and the Group for FY2022 are set out below:-

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(a) **On-Market Purchases of 10% of issued Shares made entirely out of capital**

	GROUP			COMPANY		
	Before Share Buyback	After Purchase		Before Share Buyback	After Purchase	
		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 30 June 2022						
Total equity	23,912	20,126	20,126	16,173	12,387	12,387
Treasury shares	(199)	(199)	(3,985)	(199)	(199)	(3,985)
NTA attributable to Shareholders ⁽¹⁾	16,493	12,707	12,707	16,173	12,387	12,387
Current assets	35,604	34,814	34,814	12,440	11,650	11,650
Current liabilities	22,051	25,051	25,051	3,747	6,747	6,747
Working capital	13,553	9,763	9,763	8,693	4,903	4,903
Total borrowings	5,965	8,965	8,965	2,634	5,634	5,634
Cash and cash equivalents	20,715	19,925	19,925	893	103	103
Net profit attributable to Shareholders	3,112	3,112	3,112	762	762	762
Number of Shares ('000)						
Treasury shares	1,140	1,140	21,715	1,140	1,140	21,715
Total outstanding number of Shares (excluding Treasury Shares)	206,748	186,173	186,173	206,748	186,173	186,173
Weighted average number of Shares (excluding Treasury Shares)	207,633	187,058	187,058	207,633	187,058	187,058
Financial Ratios						
NTA per Share ⁽²⁾ (cents)	7.98	6.83	6.83	7.82	6.65	6.65
Gearing ratio ⁽³⁾ (times)	0.25	0.45	0.45	0.16	0.45	0.45
Current ratio (times)	1.61	1.39	1.39	3.32	1.73	1.73
EPS ⁽⁴⁾ (cents)	1.50	1.66	1.66	0.37	0.41	0.41

Notes:-

- (1) NTA attributable to Shareholders is calculated based on NTA less non-controlling interests.
- (2) NTA per Share is calculated based on NTA attributable to Shareholders divided by the number of Shares outstanding (excluding Treasury Shares) as at 30 June 2022.
- (3) Gearing ratio represents total borrowings divided by total equity (issued share capital, retained earnings and reserves less Treasury Shares).
- (4) EPS is calculated based on net profit attributable to Shareholders and weighted average number of outstanding Shares (excluding Treasury Shares).

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(b) Off-Market Purchases of 10% of issued Shares made entirely out of capital

	GROUP			COMPANY		
	Before Share Buyback	After Purchase		Before Share Buyback	After Purchase	
	S\$'000	Purchased Shares Cancelled S\$'000	Purchased Shares held as Treasury Shares S\$'000	S\$'000	Purchased Shares Cancelled S\$'000	Purchased Shares held as Treasury Shares S\$'000
As at 30 June 2022						
Total equity	23,912	19,591	19,591	16,173	11,852	11,852
Treasury shares	(199)	(199)	(4,520)	(199)	(199)	(4,520)
NTA attributable to Shareholders ⁽¹⁾	16,493	12,172	12,172	16,173	11,852	11,852
Current assets	35,604	34,814	34,814	12,440	11,650	11,650
Current liabilities	22,051	25,582	25,582	3,747	7,278	7,278
Working capital	13,553	9,232	9,232	8,693	4,372	4,372
Total borrowings	5,965	9,496	9,496	2,634	6,165	6,165
Cash and cash equivalents	20,715	19,925	19,925	893	103	103
Net Profit attributable to Shareholders	3,112	3,112	3,112	762	762	762
Number of Shares ('000)						
Treasury shares	1,140	1,140	21,715	1,140	1,140	21,715
Total outstanding number of Shares (excluding Treasury Shares)	206,748	186,173	186,173	206,748	186,173	186,173
Weighted average number of Shares (excluding Treasury Shares)	207,633	187,058	187,058	207,633	187,058	187,058
Financial Ratios						
NTA per Share ⁽²⁾ (cents)	7.98	6.54	6.54	7.82	6.37	6.37
Gearing ratio ⁽³⁾ (times)	0.25	0.48	0.48	0.16	0.52	0.52
Current ratio (times)	1.61	1.36	1.36	3.32	1.60	1.60
EPS ⁽⁴⁾ (cents)	1.50	1.66	1.66	0.37	0.41	0.41

Notes:-

- (1) NTA attributable to Shareholders is calculated based on NTA less non-controlling interests.
- (2) NTA per Share is calculated based on NTA attributable to Shareholders divided by the number of Shares outstanding (excluding Treasury Shares) as at 30 June 2022.
- (3) Gearing ratio represents total borrowings divided by total equity (issued share capital, retained earnings and reserves less Treasury Shares).
- (4) EPS is calculated based on net profit attributable to Shareholders and weighted average number of outstanding Shares (excluding Treasury Shares).

As illustrated above, the buying back of Shares by the Company will:

- (a) reduce the number of Shares of the Company if the Shares bought back are cancelled;
- (b) decrease the consolidated Net Tangible Assets per Share of the Group; and
- (c) increase the consolidated Basic Earnings per Share of the Group.

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The actual impact will depend on the number and price of the Shares bought back. The Share Purchases will only be undertaken as and when the Directors consider it to be in the best interests of the Company and its Shareholders. The Directors do not propose to carry out Share Purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial condition of the Group.

The Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirements) and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share Buyback before execution.

Shareholders should note that the financial effects set out above are based on the respective aforementioned assumptions, and are for illustration purposes only. In particular, Shareholders should note that the financial effects set out above are based on the audited consolidated financial statements of the Company and the Group for FY2022, and are not necessarily representative of the future financial performance of the Company and the Group.

Although the Share Buyback Mandate authorises the Company to purchase or acquire up to 10.0% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings), the Company may not necessarily purchase or acquire issued Shares, or be able to carry out purchases or acquisitions of issued Shares to the full extent mandated. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired.

2.7 Tax implications

Shareholders who are in any doubt as to their respective tax positions or the tax implications of the Share Purchases by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.8 Application of the Take-over Code

Appendix 2 to the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition of issued Shares by the Company are set out below.

(a) Obligation to make a take-over offer

Paragraph 1 of the Share Buy-Back Guidance Note states that when a company buys back its shares, any resulting increase in the percentage of voting rights held by a shareholder and persons acting in concert with him will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code. Consequently, a shareholder or group of shareholders acting in concert could obtain or consolidate effective control of the company and become obliged to make an offer under Rule 14 of the Take-over Code.

(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), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Without prejudice to the general application of the definition above, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (i) the following companies:
 - (A) a company;
 - (B) the parent company of (A);

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- (C) the subsidiaries of (A);
 - (D) the fellow subsidiaries of (A);
 - (E) the associated companies of any of (A), (B), (C) or (D);
 - (F) companies whose associated companies include any of (A), (B), (C), (D) or (E); and
 - (G) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.
- (ii) 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);
 - (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 whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
 - (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
 - (vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
 - (vii) partners; and
 - (viii) the following persons and entities:
 - (A) an individual;
 - (B) the close relatives of (A);
 - (C) the related trusts of (A);
 - (D) any person who is accustomed to act in accordance with the instructions of (A);
 - (E) companies controlled by any of (A), (B), (C) or (D); and
 - (F) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

In this **Paragraph 2.8(b)** of this Letter to Shareholders:

- (I) “associated company”: 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; and
- (II) “close relatives” include immediate family (i.e. parents, siblings, spouse and children), siblings of parents (i.e. uncles and aunts) as well as their children (i.e. cousins), and children of siblings (i.e. nephews and nieces).

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(c) Effect of Rule 14 of the Take-over Code and the Share Buy-Back Guidance Note

Rule 14.1 of the Take-over Code states that except with the SIC's consent, where:

- (i) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (ii) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately, on the basis set out in Rule 14 of the Take-over Code, to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In addition, paragraph 2 of the Share Buy-Back Guidance Note states that a shareholder, who is not acting in concert with the directors, will not be required to make an offer under Rule 14 of the Take-over Code if, as a result of a company buying back its own shares, the voting rights of the shareholder in the company would increase to 30% or more, or, if the shareholder holds between 30% and 50% of the company's voting rights, would increase by more than 1% in any period of six (6) months, as a result of the company buying back its shares. Such a shareholder need not abstain from voting on the resolution to authorise the share buy-back, unless so required under the Companies Act.

As at the Latest Practicable Date, Alpine Investment Holdings Pte. Ltd. holds 64.86% of the issued share capital of the Company for which Dr. Barry Thng Lip Mong is also deemed interested. As such, Alpine Investment Holdings Pte. Ltd. and Dr. Barry Thng Lip Mong are deemed parties acting in concert with each other under the Take-over Code.

As Alpine Investment Holdings Pte. Ltd., Dr. Barry Thng Lip Mong and persons presumed to be acting in concert with Alpine Investment Holdings Pte. Ltd. and Dr. Barry Thng Lip Mong under the Take-over Code have an aggregate shareholding interest of more than 50% in the Company, the increase in the shareholding, in the event that the Company purchases the maximum number of Shares permissible under the Share Buyback Mandate, will not require a general offer to be made under Rule 14 of the Take-over Code.

The statements in this Paragraph 2.8 of this Letter to Shareholders do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their own professional advisers and/or the SIC at the earliest opportunity as to whether an obligation to make an offer would arise as a result of the Company purchasing or acquiring issued Shares pursuant to the Share Buyback Mandate.

Save as disclosed above, to the best of the Directors' knowledge, there are no other persons who may incur an obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate. **Members are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate as the case may be.**

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2.9 Details of Previous Share Purchases

During the 12-month period immediately preceding the Latest Practicable Date, the Company had purchased and/or acquired an aggregate of 2,140,000 Shares by way of On-Market Purchase pursuant to the 2021 Share Buy Back Mandate. The highest and lowest price paid was S\$0.175 and S\$0.171 per Share respectively. The total consideration paid for all of the purchases and/or acquisitions of Shares was S\$373,361 (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses). The Shares purchased by the Company were kept as Treasury Shares upon purchase.

2.10 Reporting Requirements

Within thirty (30) days after the passing of the Shareholders' resolution in relation to the Proposed Renewal of the Share Buyback Mandate, the Directors shall lodge a copy of the Shareholders' resolution with ACRA.

The Directors shall lodge with ACRA a notice of share purchase within thirty (30) days after a Share Purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Treasury Shares held, the Company's issued share capital before and after the Share Purchase, the amount of consideration paid by the Company for the purchase of the Shares, whether the Shares were purchased out of the profits or the capital of the Company and such other particulars as may be required in the prescribed form.

Within thirty (30) days after the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form.

Catalist Rules

Rule 871 of the Catalist Rules states that an issuer must notify the SGX-ST of any Share Purchase as follows:

- (a) in the case of an On-Market Purchase, by 9.00 a.m. on the Market Day following the day on which it purchased shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, by 9.00 a.m. on the second Market Day after the close of acceptances of the offer.

Such notification must be made in the form of Appendix 8D to the Catalist Rules and must include, *inter alia*, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as Treasury Shares, the price paid per Share or the highest price per Share and lowest price per Share, and the total consideration (including stamp duties, clearing charges, etc.) paid or payable for the Shares.

Timing of Purchases

While the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buyback 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. In particular, in compliance with Rule 1204(19)(c) of the Catalist Rules, the Company will not deal in Shares during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or one (1) month before the announcement of the Company's half-year and full year financial statements (if the Company does not announce its quarterly financial statements).

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2.11 Listing status on the Catalist Board of the SGX-ST

Rule 723 of the Catalist Rules states that an issuer must ensure that at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and Treasury Shares) in a class that is listed is at all times held by the public.

The expression “**public**” is defined under the Catalist Rules as persons other than (a) the directors, chief executive officer, substantial shareholders or controlling shareholders of a company and its subsidiaries and (b) the associates (as defined in the Catalist Rules) of the persons described in paragraph (a).

As at the Latest Practicable Date, approximately 13.77% of issued Shares (excluding Treasury Shares and subsidiary holdings) are held in the hands of the public. Assuming that the Company carries out purchases or acquisitions of issued Shares to the full extent mandated i.e. up to 10.0% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date from members of the public, the percentage of issued Shares (excluding Treasury Shares and subsidiary holdings) held in the hands of the public would be approximately 4.19%.

As there is an insufficient number of Shares held by public shareholders, the Company is unable to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the proposed Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST. Accordingly, the Company shall ensure that the number of Shares it purchases or acquires subsequently pursuant to the Share Buyback Mandate will not result in the number of Shares remaining in the hands of the public to fall below 10% of the total number of issued Shares of the Company (excluding Treasury Shares, preference shares and convertible equity securities) or to such a level as to cause trading illiquidity or to affect orderly trading.

As at the Latest Practicable Date, the Company has no securities apart from its Shares listed on the SGX-ST.

3. THE PROPOSED ADOPTION OF THE ALLIANCE PSP

3.1 Introduction

The Company is proposing to adopt a new share incentive scheme, namely, the Alliance PSP. The Company does not have any existing share incentive scheme.

An application will be made by the Company’s sponsor, RHB Bank Berhad, through its Singapore branch, to the SGX-ST for permission to deal in and for the listing of and quotation for the new Shares to be issued upon the vesting of an award granted to a participant under the Alliance PSP. An announcement will be made by the Company upon receipt of the listing and quotation notice from the SGX-ST to notify Shareholders of the receipt of such notice and the conditions on which the grant of such notice by the SGX-ST is subject to.

3.2 Rationale

3.2.1 General

The Alliance PSP is a share incentive scheme. The Alliance PSP will also enable grants of fully paid Shares to be made to Group Non-Executive Directors as part of their remuneration in respect of their office as such in lieu of cash or, where the Committee deems appropriate, to give recognition to the contributions made or to be made by Group Non-Executive Directors to the success and development of the Group. The Alliance PSP is proposed on the basis that it is important to retain Group Employees and Associated Company Directors/Employees whose contributions are essential to the long-term growth and profitability of the Group, and to give recognition to outstanding Group Employees and Associated Company Directors/Employees who have contributed to the success and development of the Group.

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The Alliance PSP will give Group Employees, Associated Company Directors/Employees and/or Group Non-Executive Directors an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

- (a) the motivation of Group Employees and Associated Company Directors/Employees to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group and Associated Companies;
- (b) the retention of key Group Employees and Associated Company Directors/Employees whose contributions are essential to the long-term growth and profitability of the Group and Associated Companies;
- (c) to instil loyalty to, and a stronger identification by Group Employees and Associated Company Directors/Employees with the long-term growth and profitability of, the Company;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for Shareholders; and
- (e) to foster a greater ownership culture within the Group and Associated Companies by aligning the interests of Group Employees, Associated Company Directors/Employees and Group Non-Executive Directors with the interests of Shareholders.

3.2.2 Participation by Associated Company Directors/Employees

Associated Company Directors/Employees are persons who are in a position to provide valuable support and inputs to the Company through their close working relationship and/or business association with the Group. They provide assistance and support to the Group on a continuing basis in the development and implementation of business strategies, investments and projects in which the Group has interests. The Company recognises that the continued support of these persons is important to its growth and development, well-being and stability. The inclusion of such persons under the Plan would provide the Company with the flexibility to explore and determine the most appropriate method to acknowledge contributions or special efforts made by them over periods of time.

It is currently contemplated that the Associated Company Directors/Employees will constitute less than 5% of the total number of Participants eligible to participate in the Plan. In deciding whether to grant Award(s) to Associated Company Directors/Employees, the Committee will consider, *inter alia*, the contributions of such individuals to the success and development of the Group before selecting them for participation in the Plan.

3.2.3 Participation by Group Non-Executive Directors

The extension of the Alliance PSP to the Group Non-Executive Directors of the Group allows the Company to have a fair and equitable system that recognises and benefits not only persons who are in the direct employment of the Group but also persons who are not employed but nevertheless work closely with the Group and/or are in the position to contribute their experience, knowledge and expertise to the development and success of the Group. Although the Group Non-Executive Directors are not involved in the day-to-day running of the Group, they are nonetheless in a position to provide valuable support, input and business contacts and to contribute their experience, knowledge and expertise, and/or to provide the Company with strategic business alliances and opportunities.

By granting the Company the ability to supplement the current cash-based remuneration of a fixed amount per annum by way of Director's fees to the Group Non-Executive Directors for their services, the Company will be able to remain competitive in the total remuneration of the Group Non-Executive Directors when other listed companies also offer share options to their Group Non-Executive Directors. This will help enhance the growth and long-term profitability of the business. However, as the services and contributions from the Group Non-Executive Directors are incomparable to those of the employees of the Group, any Awards granted to the Group Non-Executive Directors would be intended as a token of the Company's appreciation. As such, the grant of such Awards will comprise of only a relatively small percentage of the total Awards that would be granted to Participants of the Alliance PSP, being principally, the employees of the Group. In addition, by including Group Non-Executive Directors of the Group in the Alliance PSP, the Company will be given the flexibility to consider, in the future,

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compensating Group Non-Executive Directors for their services in cash or share awards. Before granting any Awards to a Group Non-Executive Director, the Committee will take into consideration, *inter alia*, his performance and contributions to the success and development of the Group.

The Group Non-Executive Directors may be appointed as members of the Committee for the administration of the Alliance PSP from time to time. However, the Alliance PSP provides that no member of the Committee administering the Alliance PSP shall participate in any deliberation or decision in respect of Awards to be granted to him or held by him. The Board intends to grant Awards to Group Non-Executive Directors a relatively small percentage of the total Awards that would be granted to Participants of the Alliance PSP as to minimise the potential conflict of interests and not to compromise the independence of the Group Non-Executive Directors. It is currently contemplated that the Group Non-Executive Directors shall not be entitled to an Award comprising more than 20% of the total number of Shares which may be issued and/or transferred under the Plan.

It is not the intention of the Board that Group Non-Executive Directors, who are also the Independent Directors, to be over-compensated under the Alliance PSP to the extent that their independence will be compromised. Notwithstanding the eligibility of Independent Directors to participate in the Alliance PSP, the Board (excluding the Independent Directors of the Company) is of the view that the participation of the Independent Directors will not compromise their independence for the following reasons:

- (a) the Independent Directors will continue to be remunerated for their services by way of directors' fees payable in cash and the participation of the Independent Directors in the Alliance PSP and any grant of Awards under the Alliance PSP is in addition to the directors' fees payable in cash to the Independent Directors;
- (b) each Independent Director will abstain from voting as a member of the Committee, when the grant of Awards to him is being considered; and
- (c) it is not the intention of the Board that Independent Directors be granted Awards of significant sizes such that it could interfere, or be reasonably perceived to interfere, with the exercise of the Independent Director's independent business judgement in the best interests of the Group.

Accordingly, the Board is of the view that the Alliance PSP will not compromise the objectivity and independence of the Independent Directors.

3.3 Summary of the Rules of the Alliance PSP

The rules of the Alliance PSP are set out in **Appendix A** to this Letter.

The following is a summary of the rules of the Alliance PSP and should be read by Shareholders in conjunction with, and in the full context of, the full text of the rules of the Alliance PSP set out in **Appendix A** to this Letter.

3.3.1 Eligibility

Group Employees and Associated Company Directors/Employees shall be eligible to participate in the Plan, at the absolute discretion of the Committee, provided that such person must:

- (a) be a full-time or part-time employee whose employment with the Group or its Associated Company (as the case may be) has been confirmed;
- (b) have attained the age of 21 years on or before the Award Date;
- (c) not be an undischarged bankrupt and must not have entered into a composition with his creditors;
- (d) not be a Controlling Shareholder or its Associates; and
- (e) not be a director and/or an employee of the Company's parent company and such parent company's other subsidiaries.

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A Group Non-Executive Director shall be eligible to participate in the Plan, at the absolute discretion of the Committee, provided that such person satisfies the eligibility requirements in paragraphs (b), (c), (d) and (e) above.

3.3.2 Grant of Awards

Subject to the Plan and the Catalist Rules, the Committee may grant Awards to Group Employees, Associated Company Directors/Employees and/or Group Non-Executive Directors, in each case, as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force.

The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account such criteria as it considers fit, including but not limited to:

- (a) in the case of an Award to be granted to a Group Employee or an Associated Company Director/Employee, the difficulty with which the Performance Condition(s) may be achieved within the Performance Period, his rank, job performance, year(s) of service, potential for future development, and his contribution to the success and development of the Group; and
- (b) in the case of a Group Non-Executive Director, his board and board committee appointments and attendance, and his contribution to the success and development of the Group with reference to the performance framework proposed by the Committee.

3.3.3 Acceptance of Award

The grant of an Award must be accepted within 30 days from the Award Date of that Award, and in any event, not later than 5.00 p.m. on the 30th day from such Award Date. The Participant must return the duly completed and signed Acceptance Form to the Company.

3.3.4 Lapse of Awards

(a) Lapsing of Awards

An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company, the Group and/or an Associated Company:

- (i) where the Participant is a Group Employee or an Associated Company Director/Employee, upon the Participant ceasing to be in the employment of any company within the Group or the Associated Company, for any reason whatsoever;
- (ii) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of an Award;
- (iii) in the event of misconduct on the part of the Participant as determined by the Committee in its absolute discretion; or
- (iv) in the event that an order is made or a resolution is passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

(b) Preservation of Awards

In any of the following events, namely:

- (i) where the Participant, being a Group Employee or an Associated Company Director/Employee, ceases to be in the employment of any company within the Group or an Associated Company by reason of:

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- a. ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- b. ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- c. redundancy;
- d. retirement at or after the legal retirement age;
- e. retirement before the legal retirement age with the consent of the Committee;
- f. the company by which he is employed ceasing to be a company within the Group or an Associated Company or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or an Associated Company; or
- g. any other event approved by the Committee;

then the Committee may, in its absolute discretion but shall not be obliged to, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period (if any) and/or each Vesting Period (if any), subject to the provisions of the Plan.

3.3.5 Review of Awards

In relation to each Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the Performance Condition(s) specified in respect of that Award and determine:

- (a) whether it (they) has (have) been satisfied and, if so, the extent to which it (they) has (have) been satisfied; and
- (b) the number of Shares (if any) comprised in that Award to be Released to the relevant Participant.

If the Committee determines, in its absolute discretion, that the Performance Condition(s) has (have) not been satisfied (whether fully or partially) or if the relevant Participant has not continued to be a Group Employee or an Associated Company Director/Employee from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions relating to Vesting of Award, Release of Award, ranking of Shares and cash awards shall be of no effect.

3.3.6 Vesting of Award

Subject to the Committee having determined that the Performance Condition(s) has (have) been satisfied and provided, in relation to all Awards, that the relevant Participant has continued to be a Group Employee or an Associated Company Director/Employee, as the case may be, from the Award Date up to the end of the relevant Vesting Period (if any) and provided further that, in the opinion of the Committee, the job performance and the contributions of the Participant (where applicable) of the relevant Participant has been satisfactory, upon the expiry of each Vesting Period in relation to an Award (if any), the Company shall Release to the relevant Participant the relevant number of Shares to which his Award relates in accordance with the Release Schedule (if any) specified in respect of his Award on the relevant Vesting Date(s).

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3.3.7 Rights of Shares

Shares which are allotted and issued or Treasury Shares which are transferred 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 Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

3.3.8 Cash Awards

The Committee, in its absolute discretion, may determine to make a Release of an Award (other than an Award granted to a Group Non-Executive Director as part of his directors' remuneration in lieu of cash), wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date, in lieu of all or part of the Shares which would otherwise have been issued or transferred to him on Release of his Award, the aggregate Market Value of such Shares on such Vesting Date. In determining whether to Release an Award, wholly or partly, in the form of cash rather than Shares, the Committee will take into account, *inter alia*, taxation issues arising from the issue of Shares and/or purchase of existing Shares, the availability of cash for payment and the cost of funding the cash payment, if necessary.

3.3.9 Operation of the Plan

Subject to prevailing legislation and rules of the SGX-ST, the Company will have the flexibility to deliver Shares to Participants upon Vesting of their Awards by the following means as it deems fit in its sole and absolute discretion:

- (a) the allotment and issue to each Participant of the number of Shares, deemed to be fully paid or credited upon their allotment and issuance;
- (b) delivering existing Shares to the Participant, whether such existing Shares are acquired pursuant to a share purchase mandate or (to the extent permitted by law) held as Treasury Shares or otherwise; and/or
- (c) subject to the approval of the Committee and the Committee's absolute discretion, payment of the Market Value of the Shares in cash (after deduction of applicable taxes) to the Participant, in lieu of issuing or delivering all or some of the Shares to be allotted or delivered to the Participant.

In determining whether to issue new Shares, to deliver existing Shares and/or pay the aggregate Market Value in cash to Participants upon release of their Awards, the Company shall 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 Value of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

3.3.10 Limitation on Size of the Plan

The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the Plan and in respect of all other share incentive scheme(s) implemented by the Company then in force, if any, shall not exceed 15% of the total number of Shares (excluding Treasury Shares and subsidiary holdings) on the date preceding the Award Date.

As at the Latest Practicable Date, the Company does not have other share-based incentive schemes.

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3.3.11 Variation of Capital

(a) Adjustment of Shares

If a variation in the issued share capital of the Company (whether by way of a bonus or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then the Committee may, in its absolute discretion, determine whether:

- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
- (ii) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted and if so, the manner in which such adjustments should be made, provided that the rights of a Participant will be changed to the extent necessary to comply with the Catalist Rules that apply at the time of the event, including the Catalist Rules that apply to a reorganisation of capital at that time.

(b) Circumstance requiring adjustment

Unless the Committee considers an adjustment to be appropriate:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) 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 Singapore Exchange during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force; or
- (iii) the issue of securities by the Company upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants,

shall not normally be regarded as a circumstance requiring adjustment.

(c) Requirements for adjustment

Notwithstanding the provisions relating to adjustment events:

- (i) the adjustment must be made in such a way that a Participant will not receive a benefit that a shareholder of the Company does not receive; and
- (ii) any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable.

(d) Notification of adjustment

Upon any adjustment required to be made, the Company shall notify the Participant (or his duly appointed personal representatives, where applicable) in writing and deliver to him (or his duly appointed personal representatives, where applicable) a statement setting forth the class and/or number of Shares which are the subject of the adjusted Award. Any adjustment shall take effect upon such written notification being given or on such date as may be specified in such written notification.

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3.3.12 Administration of the Plan

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

3.3.13 Modifications to the Plan

Any or all the provisions of the Plan may be amended and/or modified at any time and from time to time by resolution of the Committee, in its absolute discretion, except that:

- (a) no amendment or modification shall adversely alter the rights attached to any Award granted prior to such amendment or modification except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would become entitled to not less than 75% of the Shares which would fall to be Vested upon Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;
- (b) the provisions of the Plan shall not be amended or modified to the advantage of the Participants except with the prior approval of shareholders of the Company in general meeting; and
- (c) no amendment or modification shall be made without the prior approval of the Singapore Exchange and such other regulatory authorities as may be necessary.

No modifications and/or alterations shall be made to the Plan if, as a result, the Participant receives a benefit that a Shareholder does not receive.

The opinion of the Committee as to whether any amendment or modification would adversely alter the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing shall affect the right of the Committee under any other provision of the Plan to amend or adjust any Award.

3.3.14 Duration of the Plan

The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Commencement Date, provided always that, subject to compliance with the Catalist Rules or any other applicable laws, the Plan may continue beyond the above stipulated period with the approval of shareholders of the Company by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Plan may be terminated or suspended:

- (a) at any time by the Committee in its absolute discretion; or
- (b) if required under the Catalist Rules or any applicable rules and regulations governing the Company at the relevant time, at the discretion of the Committee, by ordinary resolution approved by shareholders of the Company in general meeting, subject to all relevant approvals which may be required,

and if the Plan is so terminated or suspended, no further Awards shall be granted by the Committee hereunder.

For the avoidance of doubt, the suspension of the Plan shall not extend the duration of the Plan. Accordingly, the duration of the Plan shall be a maximum of 10 years commencing on the Commencement Date regardless of any suspension of the Plan, unless such extension of the duration of the Plan has been approved by shareholders of the Company in general meeting.

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

3.3.15 Disclosures in annual report

The following disclosures or appropriate negative statements (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation and for so long as such disclosures are required to be made by the Catalist Rules or any other applicable laws:

- (a) the names of the members of the Committee administering the Alliance PSP;
- (b) in respect of the following Participants:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders of the Company and their Associates; and
 - (iii) Participants, other than those in paragraphs (i) and (ii) above, who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent 5% or more of the total number of Shares available under the Plan,

the following information:

Name of the Participant	The aggregate number of Shares comprised in Awards granted under the Plan during the financial year under review (including terms)	The aggregate number of Shares comprised in Awards granted under the Plan since the commencement of the Plan to the end of the financial year under review	The aggregate number of Shares comprised in Awards granted under the Plan which have been Released since the commencement of the Plan to the end of the financial year under review	The aggregate number of Shares comprised in Awards granted under the Plan which have not been Released as at the end of the financial year under review

3.4 **Shareholders' Approval for the Proposed Adoption of the Alliance PSP**

Pursuant to Catalist Rule 842(3), the approval of an issuer's shareholders must be obtained for any share option scheme or share scheme implemented by the issuer. Accordingly, the Board proposes to table the Ordinary Resolution 9 at the upcoming AGM to seek Shareholders' approval for the Proposed Adoption of the Alliance PSP.

3.5 **Financial Effects of the Alliance PSP**

3.5.1 Share capital

The Alliance PSP will result in an increase in the issued share capital of the Company only if new Shares are issued upon the vesting of an award granted to a participant. This will in turn depend on, *inter alia*, the number of Shares which are the subject of that award and the prevailing market price of the Shares on the SGX-ST. However, if Treasury Shares are transferred to the Participant in lieu of issuing new Shares, the Alliance PSP will have no impact on in the issued share capital of the Company.

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3.5.2 NTA

The issue of new Shares upon the vesting of an award granted to a participant under the Alliance PSP will not have an impact on the NTA of the Group. However, if Treasury Shares are transferred to the Participant in lieu of issuing new Shares, the NTA of the Group will decrease by the cost at which such Treasury Shares were purchased.

3.5.3 EPS

The Alliance PSP is likely to have a dilutive impact on the EPS of the Group if new Shares are issued upon the vesting of an award granted to a participant resulting in an increase in the number of Shares in the issued share capital of the Company. The Alliance PSP will result in a charge to earnings equivalent to the market value at which the existing Shares are purchased, or the market value on the date at which new Shares are issued pursuant to the Vesting of Awards, as the case may be.

3.5.4 Cost of Awards

The grant of awards under the Alliance PSP is considered a share-based payment that falls under the scope of the Singapore Financial Reporting Standards (International) 2 (“**SFRS(I) 2**”) or such other accounting standards that are currently in force.

Under SFRS(I) 2, if the vesting of an award granted to a participant is settled by way of issuing of new Shares or transferring of Treasury Shares in lieu thereof, that award would be accounted for as an equity-settled share-based payment transaction as described below.

- (a) The grant of Awards under the Alliance PSP would be recognised as a charge of the Group’s income statements equivalent to the fair value of such awards over the period from the award date to the vesting date. The total amount of charge to the Group’s income statements over the Vesting Period is determined by reference to the fair value of each Award as at the Award date and the number of Shares issued and/or Treasury Shares transferred as at the vesting date, with a corresponding credit to the reserve account. Before the end of the Vesting Period, at each financial year end, the estimate number of Shares that are expected to be issued and/or the number of Treasury Shares that are expected to be transferred are revised, and the impact on the revised estimate is recognised in the Group’s income statements, with a corresponding adjustment to the reserve account. No adjustment to the charge to the Group’s income statements is made after the vesting date.
- (b) The total amount of charge to the Group’s income statements also depends on whether or not the Performance Condition(s) specified in relation to an Award granted under the Alliance PSP is measured by reference to the market price of the Shares. This is known as a market condition. If the Performance Condition is a market condition, the probability of that Performance Condition being met is taken into account in estimating the fair value of the Award as at the Award Date and no adjustment to the total amount charged to the Group’s income statements is made whether or not the market condition is met. However, if the Performance Condition is not a market condition, the total amount of charge to the Group’s income statements, at the end of each financial year, is determined by reference to the fair value of the Award as at the Award Date and the estimated number of Shares that are expected to be issued and/or the estimated number of Treasury Shares that are expected to be transferred as at the vesting date, with a corresponding credit to the reserve account. Therefore, where the Performance Condition is not a market condition, there is no charge to the Group’s income statements if the award does not ultimately vest.

LETTER TO SHAREHOLDERS

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1 Interest in Shares

The interests of the Directors and substantial shareholders in the Shares as at (a) the Latest Practicable Date, and (b) for illustration purposes, after the Share Buyback pursuant to the Share Buyback Mandate, assuming (i) the Company purchases the Maximum Buyback Shares; and (ii) there is no change in the number of Shares (whether direct or deemed) held by the Directors and Substantial Shareholders, are set out in the table below.

	As at the Latest Practicable Date ⁽¹⁾						After the Share Buyback ⁽²⁾	
	Direct Interest		Deemed Interest		Total Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	%	
Directors								
Dr. Barry Thng Lip Mong ⁽²⁾	8,578,223	4.17	133,450,000	64.86	142,028,223	69.03	76.70	
Dr. Mok Kan Hwei, Paul	6,598,960	3.21	-	-	6,598,960	3.21	3.56	
Mr. Wong Hin Sun, Eugene	100,000	0.05	-	-	100,000	0.05	0.05	
Mr. Lim Heng Chong Benny	100,000	0.05	-	-	100,000	0.05	0.05	
Dr. Leong Peng Kheong Adrian Francis	741,370	0.36	-	-	741,370	0.36	0.40	
Substantial Shareholders (other than Directors)								
Alpine Investment Holdings Pte. Ltd.	133,450,000	64.86	-	-	133,450,000	64.86	72.07	

Notes:

- (1) Based on 205,748,352 issued Shares (excluding Treasury Shares and subsidiary holdings) of the Company as at the Latest Practicable Date.
- (2) Assuming the Company purchases or acquires the Maximum Buyback Shares, being 20,574,835 Shares pursuant to the Share Buyback Mandate, the percentage after the Share buyback is calculated based on 185,173,517 Shares.
- (3) Dr. Barry Thng Lip Mong is deemed interested in 133,450,000 Shares held by Alpine Investment Holdings Pte. Ltd. by virtue of his holding more than 20% of the total issued shares in Alpine Investment Holdings Pte. Ltd.

4.2 Interests in the Proposed Renewal of the Share Buyback Mandate and the Proposed Adoption of the Alliance PSP

None of the Directors or the substantial shareholders has any interest, direct or indirect, in the Proposed Renewal of the Share Buyback Mandate and Proposed Adoption of the Alliance PSP other than through their respective shareholdings, direct or deemed, in the Company as disclosed in **Paragraph 4.1** of this Letter.

5. DIRECTORS' RECOMMENDATIONS

5.1 The Proposed Renewal of the Share Buyback Mandate

The Directors, having considered, *inter alia*, the rationale and information relating to the Proposed Renewal of the Share Buyback Mandate, are of the opinion that the Proposed Renewal of the Share Buyback Mandate is in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution 8 relating to the Proposed Renewal of the Share Buyback Mandate at the AGM.

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5.2 The Proposed Adoption of the Alliance PSP

All Directors (except for Dr. Barry Thng, who is a Controlling Shareholder) are eligible to participate in the Alliance PSP. Accordingly, the Directors (except for Dr. Barry Thng) have abstained from making any recommendation as to how Shareholders should vote in respect of Ordinary Resolution 9 as set out in the Notice of AGM.

Having considered, *inter alia*, the rationale and information relating to the Proposed Adoption of the Alliance PSP as set out in **Paragraph 3.2** of this Letter, Dr. Barry Thng, is of the view that the Proposed Adoption of the Alliance PSP is in the interests of the Company. Accordingly, Dr. Barry Thng recommends that Shareholders vote in favour of the Ordinary Resolution 9 as set out in the Notice of AGM.

6. ABSTENTION FROM VOTING

6.1 The Proposed Adoption of the Alliance PSP

Pursuant to Catalist Rule 858, shareholders who are eligible to participate in the scheme must abstain from voting on any resolution relating to the scheme (other than a resolution relating to the participation of, or grant of options to, directors and employees of the issuer's parent company and its subsidiaries (in the case of the Company, the parent company's other subsidiaries)) ("**Eligible Shareholders**").

Accordingly, Eligible Shareholders shall abstain from voting on Ordinary Resolution 9 and shall not accept appointments as proxies unless specific instructions as to voting are given.

The Company will disregard any votes cast on Ordinary Resolution 9 by Eligible Shareholders in accordance with Catalist Rule 858.

The Company will announce the following:

- (a) the names of the directors who are required to abstain from voting on the resolutions pursuant to Rule 858, the individual resolutions which they are required to abstain from voting and the number of shares held by each of them; and
- (b) all shareholders who are eligible to participate in the Plan have abstained from voting on all the resolutions relating to the Plan.

7. ANNUAL GENERAL MEETING

The AGM will be held by electronic means on Thursday, 27 October 2022, at 2:30 p.m. (Singapore Time) for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolution 8 and Ordinary Resolution 9 as set out in the Notice of AGM in relation to the Proposed Renewal of the Share Buyback Mandate and the Proposed Adoption of the Alliance PSP, respectively. Shareholders should refer to the Notice of AGM for details of how to participate in the AGM.

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8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposed Renewal of the Share Buyback Mandate and the Proposed Adoption of the Alliance PSP, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in this Letter 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 Letter in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

This Letter and the Constitution of the Company are available for inspection at the registered office of the Company at 25 Bukit Batok Crescent, #07-12, The Elitist, Singapore 658066, during normal business hours from the date of this Letter up to and including the date of the AGM.

Shareholders who wish to inspect these documents at the registered office of the Company are required to send a written request via email to the Company at investor.relations@alliancehealthcare.com.sg to make an appointment in advance. The Company will allocate the date and the time when each Shareholder may come to the registered office of the Company to inspect the documents to limit the number of people who are present at the registered office of the Company at any one point in time. Such arrangements are subject to the prevailing regulations, orders advisories and guidelines relating to safe distancing, vaccination status and testing requirements which may be implemented by the relevant authorities from time to time.

Yours faithfully,

For and on behalf of the Board of Directors of
Alliance Healthcare Group Limited

Dr. Barry Thng Lip Mong
Executive Chairman and Chief Executive Officer

APPENDIX A - RULES OF THE ALLIANCE PSP

1. **NAME OF THE PLAN**

This Plan shall be called the “**Alliance PSP**”.

2. **DEFINITIONS**

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

- “Acceptance Form” : A letter in such form as the Committee shall approve, from a Participant to the Committee confirming the Participant’s acceptance of an Award, and substantially in the form as set out in **Schedule B** of the Plan
- “Acceptance Period” : The period within which a grant of Award may be accepted, as described in Rule 10.1
- “Associate” : Has the same meaning ascribed to it in the Catalist Rules
- “Alliance PSP” : The proposed Alliance Healthcare Group Performance Share Plan 2022, as the same may be amended, modified or altered from time to time
- “Associated Company” : Has the same meaning ascribed to it in the Catalist Rules and a company in which the Company or the Group has significant influence over
- “Associated Company Director/Employee” : A director and/or employee of an Associated Company selected by the Committee to participate in the Plan in accordance with Rule 4
- “Auditors” : The auditors of the Company from time to time
- “Award” : An award of Shares granted under Rule 5
- “Award Date” : In relation to an Award, the date on which the Award was granted pursuant to Rule 5
- “Award Letter” : A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee, and substantially in the form as set out in **Schedule A**
- “Board” : The board of Directors of the Company
- “Catalist Rules” : The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
- “CDP” : The Central Depository (Pte) Limited
- “Commencement Date” : The date on which the Plan is adopted by the Company in general meeting
- “Committee” : The Nominating Committee and the Remuneration Committee duly authorised and appointed by the Board of Directors of the Company to jointly administer the Plan

APPENDIX A - RULES OF THE ALLIANCE PSP

“Companies Act”	:	The Companies Act 1967 of Singapore, as amended or modified from time to time
“Company”	:	Alliance Healthcare Group Limited
“control”	:	Has the same meaning ascribed to it in the Catalist Rules
“Controlling Shareholder”	:	Has the same meaning ascribed to it in the Catalist Rules
“CPF”	:	Central Provident Fund
“Depository Agent”	:	Has the meaning ascribed to it in the SFA
“Directors”	:	The directors of the Company from time to time
“Group”	:	The Company and its subsidiaries collectively
“Group Employee”	:	A full-time or part-time employee of the Group who may be talented physicians/medical professionals (including a Group Executive Director who is not a Controlling Shareholder) selected by the Committee to participate in the Plan in accordance with Rule 4
“Group Non-Executive Director”	:	A director of the Company and/or its subsidiaries, as the case may be, selected by the Committee to participate in the Plan in accordance with Rule 4, other than a Group Executive Director
“Market Value”	:	In relation to a Share, on any day: <ul style="list-style-type: none">(a) the average price of a Share on the Singapore Exchange over the five immediately preceding Trading Days on which Shares were traded; or(b) if the Committee is of the opinion that the Market Value as determined in accordance with paragraph (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable
“Nominating Committee”	:	The nominating committee of the Company from time to time
“Participant”	:	A Group Employee, Group Non-Executive Director, Associated Company Director/Employee who has been granted an Award (including duly appointed personal representatives of such Group Employee, Group Non-Executive Director, Associated Company Director/Employee, where applicable)
“Performance Condition”	:	In relation to an Award, the condition specified on the Award Date in relation to that Award
“Performance Period”	:	In relation to an Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition(s) is (are) to be satisfied
“Plan”	:	This Alliance PSP, as may be amended or modified from time to time

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“Record Date”	: The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to, or rights of, shareholders of the Company
“Release”	: In relation to an Award, the release of all or some of the Shares to which the Award relates in accordance with the Plan and, to the extent that any Shares which are the subject of the Award are not released pursuant to the Plan, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Release Schedule”	: In relation to an Award, a schedule (if any) in such form as the Committee shall approve, in accordance with which Shares which are the subject of that Award shall be Released
“Release Award”	: An Award which has been released in full or in part in accordance with Rule 7
“Remuneration Committee”	: The remuneration committee of the Company from time to time
“Securities Accounts”	: The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
“SFA”	: The Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
“Shares”	: Ordinary shares in the capital of the Company
“Singapore Exchange”	: Singapore Exchange Securities Trading Limited
“subsidiary”	: Has the meaning ascribed to it in the Companies Act
“subsidiary holdings”	: Has the meaning ascribed to it in the Catalist Rules
“Trading Day”	: A day on which Shares are traded on the Singapore Exchange
“treasury shares”	: Has the meaning ascribed to it in the Companies Act
“Vesting”	: In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award, and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	: In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7
“Vesting Period”	: In relation to an Award, each period (if any), the duration of which is to be determined by the Committee on the Award Date, after the expiry of which the relevant number of Shares which are subject to the applicable period shall be Vested to the relevant Participant on the relevant Vesting Date, subject to Rule 7
“%”	: Per centum or percentage

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- 2.2 Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.
- 2.3 Any reference in the Plan to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and not otherwise defined in the Plan shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise stated.
- 2.4 Any reference to a time of day and to dates in the Plan shall be a reference to Singapore time and dates, unless otherwise stated.
3. **OBJECTIVES OF THE PLAN**
- 3.1 The Plan is a share incentive scheme. The Plan is proposed on the basis that it is important to retain Group Employees and Associated Company Directors/Employees whose contributions are essential to the long-term growth and profitability of the Group, and to give recognition to outstanding Group Employees and Associated Company Directors/Employees who have contributed to the success and development of the Group. The Plan will also enable grants of fully paid Shares to be made to Group Non-Executive Directors as part of their remuneration in respect of their office as such in lieu of cash or, where the Committee deems appropriate, to give recognition to the contributions made or to be made by Group Non-Executive Directors to the success and development of the Group.
- 3.2 The Plan will give Participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:
- (a) the motivation of Group Employees and Associated Company Directors/Employees to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
 - (b) the retention of key Group Employees and Associated Company Directors/Employees whose contributions are essential to the long-term growth and profitability of the Group;
 - (c) to instil loyalty to, and a stronger identification by Group Employees and Associated Company Directors/Employees with the long-term growth and profitability of, the Company;
 - (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders of the Company; and
 - (e) to align the interests of Group Employees, Associated Company Directors/Employees and Group Non-Executive Directors with the interests of the shareholders of the Company.

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4. ELIGIBILITY

- 4.1 Group Employees and Associated Company Directors/Employees shall be eligible to participate in the Plan, at the absolute discretion of the Committee, provided that such person must:
- (a) be a full-time or part-time employee whose employment with the Group or its Associated Company (as the case may be) has been confirmed;
 - (b) have attained the age of 21 years on or before the Award Date;
 - (c) not be an undischarged bankrupt and must not have entered into a composition with his creditors;
 - (d) not be a Controlling Shareholder or its Associates; and
 - (e) not be a director and/or an employee of the Company's parent company and such parent company's other subsidiaries.
- 4.2 A Group Non-Executive Director shall be eligible to participate in the Plan, at the absolute discretion of the Committee, provided that such person satisfies the eligibility requirements in Rules 4.1(b) (c), (d) and (e).
- 4.3 Subject to the Catalist Rules or any other applicable laws, the eligibility requirements to participate in the Plan may be amended or modified by from time to time at the absolute discretion of the Committee.

5. GRANT OF AWARDS

- 5.1 Subject as provided in Rule 8 and the Catalist Rules, the Committee may grant Awards to Group Employees, Associated Company Director/Employee and/or Group Non-Executive Directors, in each case, as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force.
- 5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account such criteria as it considers fit, including but not limited to:
- (a) in the case of an Award to be granted to a Group Employee or an Associated Company Director/Employee, the difficulty with which the Performance Condition(s) may be achieved within the Performance Period, his rank, job performance, year(s) of service, potential for future development, and his contribution to the success and development of the Group; and
 - (b) in the case of a Group Non-Executive Director, his board and board committee appointments and attendance, and his contribution to the success and development of the Group.
- 5.3 The Committee, in its absolute discretion, shall decide in relation to an Award:
- (a) the Participant;
 - (b) the Award Date;
 - (c) the number of Shares which are the subject of the Award;
 - (d) the acceptance period of an Award, if any;
 - (e) the Performance Period;
 - (f) the Performance Condition(s);
 - (g) 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;

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- (h) the Vesting Period(s), if any;
 - (i) the Release Schedule, if any;
 - (j) the moratorium on the Shares issued upon Vesting of the Awards, if any; and
 - (k) any other condition which the Committee may determine in relation to that Award.
- 5.4 The Committee may amend or waive the Vesting Period(s), the Release Schedule and/or any condition applicable to an Award and, in the case of an Award, the Performance Period and/or the Performance Condition(s) and/or 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 in respect of that Award:
- (a) in the event of a take-over offer being made for the Shares or if, under the Companies Act, 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 is approved by shareholders of the Company and/or sanctioned by the court or in the event of an order being made or a resolution passed for the winding-up of the Company (other than as provided in Rule 6.1(d) or for reconstruction or amalgamation) or in the event of a proposal to sell all or substantially all of the assets of the Company;
 - (b) in the case of an Award, if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) a Performance Condition should be waived,
- and shall notify the Participants of such amendment or waiver.
- 5.5 As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying the details in Rule 5.3(b) to 5.3(k), where applicable, in relation to the Award.
- 5.6 Participants are not required to pay for the grant of Awards.
- 5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the issue and/or transfer of the Shares to which the Released Award relates, shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.
- 6. LAPSE OF AWARDS**
- 6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company, the Group and/or an Associated Company:
- (a) subject to Rule 6.2(a), where the Participant is a Group Employee or an Associated Company Director/Employee, upon the Participant ceasing to be in the employment of any company within the Group or the Associated Company, for any reason whatsoever;
 - (b) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of an Award;
 - (c) in the event of misconduct on the part of the Participant as determined by the Committee in its absolute discretion; or

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- (d) in the event that an order is made or a resolution is passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(a), the Participant shall be deemed to have ceased to be so employed on 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.

6.2 In any of the following events, namely:

- (a) where the Participant, being a Group Employee or an Associated Company Director/Employee, ceases to be in the employment of any company within the Group or an Associated Company 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 ceasing to be a company within the Group or an Associated Company or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group; or
 - (vi) any other event approved by the Committee;
- (b) where the Participant, being a Group Non-Executive Director, ceases to be a director of the Company or the relevant subsidiary of the Company, for any reason whatsoever;
- (c) the death of the Participant; or
- (d) any other event approved by the Committee,

then the Committee may, in its absolute discretion but shall not be obliged to, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period (if any) and/or each Vesting Period (if any), subject to the provisions of the Plan.

6.3 **Take-Over and Winding-Up**

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

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

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the Committee will consider, at its discretion, whether or not to Release any Award. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will (if applicable) have regard to the proportion of the Vesting Period(s) which has (have) elapsed and, in the case of an Award, the extent to which the Performance Condition(s) has (have) been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the issue or transfer to each Participant of the number of Shares so determined, such issue or transfer to be made in accordance with Rule 7. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.

7. RELEASE OF AWARDS

7.1 Review of Performance Condition(s) in relation to Awards

7.1.1 In relation to each Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the Performance Condition(s) specified in respect of that Award and determine:

(a) whether it (they) has (have) been satisfied and, if so, the extent to which it (they) has (have) been satisfied; and

(b) the number of Shares (if any) comprised in that Award to be Released to the relevant Participant.

7.1.2 If the Committee determines, in its absolute discretion, that the Performance Condition(s) has (have) not been satisfied (whether fully or partially) or (subject to Rule 6) if the relevant Participant has not continued to be a Group Employee or an Associated Company Director/Employee from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.5 shall be of no effect.

7.1.3 The Committee shall have the discretion to determine whether the Performance Condition(s) has (have) 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, 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.

7.2 Vesting of Award

7.2.1 Subject, in relation to an Award, to the Committee having determined that the Performance Condition(s) has (have) been satisfied and provided, in relation to all Awards, that the relevant Participant has continued to be a Group Employee, Group Non-Executive Director or an Associated Company Director/Employee, as the case may be, from the Award Date up to the end of the relevant Vesting Period (if any) and provided further that, in the opinion of the Committee, the job performance of the relevant Participant has been satisfactory, upon the expiry of each Vesting Period in relation to an Award (if any), the Company shall Release to the relevant Participant the relevant number of Shares to which his Award relates in accordance with the Release Schedule (if any) specified in respect of his Award on the relevant Vesting Date(s).

7.2.2 Shares which are the subject of a Released Award shall be Vested to a Participant on the relevant Vesting Date(s), which shall be:

(a) in the case of an Award which is subject to a Vesting Period or Vesting Periods, a Trading Day falling as soon as practicable after the last day of the relevant Vesting Period; and

(b) in the case of an Award which is not subject to any Vesting Period, a Trading Day falling as soon as practicable after the last day of the relevant Performance Period;

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and, on the relevant Vesting Date(s), the Committee will procure the issue or transfer to each Participant of the number of Shares (which may, in the case of a transfer of Shares and to the extent permitted by law, include Shares held by the Company as treasury shares) so determined. For the avoidance of doubt, no Shares shall be issued pursuant to the Release of an Award 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 having jurisdiction in relation to the issue of Shares.

7.2.3 Where new Shares are issued upon the Vesting of any Award, the Company shall, as soon as practicable after such issuance, apply to the Singapore Exchange for permission to list such Shares.

7.3 Release of Award

Shares which are to be issued 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 either:

- (a) the securities account of that Participant maintained with CDP;
- (b) the securities sub-account of that Participant maintained with a Depository Agent; or
- (c) the CPF investment account of that Participant maintained with a CPF agent bank,

in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.

7.4 Rights of Shares

Shares which are allotted and issued, or treasury shares which are transferred 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 Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

7.5 Cash Awards

The Committee, in its absolute discretion, may determine to make a Release of an Award (other than an Award granted to a Group Non-Executive Director as part of his directors' remuneration in lieu of cash), wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date, in lieu of all or part of the Shares which would otherwise have been issued or transferred to him on Release of his Award, the aggregate Market Value of such Shares on such Vesting Date.

7.6 Operation of the Plan

Subject to legislation and rules of the Singapore Exchange such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of this Plan and the constitution of the Company, the Company will have the flexibility to deliver Shares to Participants upon Vesting of their Awards by the following means as it deems fit in its sole and absolute discretion:-

- (a) the allotment and issue to each Participant of the number of Shares, deemed to be fully paid or credited upon their allotment and issuance;

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- (b) delivering existing Shares to the Participants, whether such existing Shares are acquired pursuant to a share purchase mandate or (to the extent permitted by law) held as treasury shares or otherwise; and/or
- (c) payment of the aggregate Market Value of the Shares in cash in lieu of allotment or transfer.

In determining whether to issue new Shares, or to purchase existing Shares to satisfy Awards, the Committee 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 Value of the Shares and the cost to the Company of either issuing new Shares or purchasing existing 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.

8. **LIMITATION ON THE SIZE OF THE PLAN**

- 8.1 The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the Plan and in respect of all other share incentive scheme(s) implemented by the Company and for the time being in force, if any, shall not exceed 15% of the total number of Shares (excluding treasury shares and subsidiary holdings) on the date preceding the Award Date.
- 8.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.

9. **AWARD LETTER**

- 9.1 The Award Letter to grant the Shares shall be in, or substantially in, the form set out in Schedule A, subject to such modifications as the Committee may from time to time determine.
- 9.2 For the avoidance of doubt, Participants are not required to pay for the grant of Awards.

10. **ACCEPTANCE OF AWARDS**

- 10.1 The grant of an Award under this Plan shall be accepted within thirty (30) days from the relevant Award Date, and in any event, not later than 5.00 p.m. on the 30th day from such Award Date by completing, signing and returning the Acceptance Form in, or substantially in, the form set out in Schedule B, subject to such modifications as the Committee may from time to time determine. The Award is deemed not accepted until actual receipt by the Company of the duly signed and completed Acceptance Form.
- 10.2 The Company shall be entitled at its absolute discretion to reject any purported acceptance of the grant of an Award made pursuant to this Rule 10 which does not strictly comply with the terms and conditions of this Plan.
- 10.3 An Award shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's duly appointed legal personal representative on the death of that Participant, or to such other Participant as may be directed by the Committee), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the 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 without the approval of the Committee, that Award shall immediately lapse.
- 10.4 In the event that the grant of an Award results in a contravention of any applicable law, subsidiary legislation or other regulation, such grant shall be null, void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 10.5 Unless the Committee determines otherwise, the grant of an Award shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:

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- (a) it is not accepted in the manner as provided in Rule 10.1 within the Acceptance Period;
- (b) the Participant dies prior to his acceptance of the Award;
- (c) the Participant is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Award;
- (d) the Participant ceases to be in the employment of the Group or Associated Company (as the case may be), or in the case of a Participant who is an Executive Director or Non-Executive Director, ceases to be a director of such company, in each case, for any reason whatsoever prior to his acceptance of the Award; or
- (e) the Company is liquidated or wound up prior to the Participant's acceptance of the Award.

11. VARIATION OF CAPITAL

11.1 If a variation in the issued share capital of the Company (whether by way of a bonus or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then the Committee may, in its absolute discretion, determine whether:

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

shall be adjusted and if so, the manner in which such adjustments should be made, provided that the rights of a Participant will be changed to the extent necessary to comply with the Catalist Rules that apply at the time of the event, including the Catalist Rules that apply to a reorganisation of capital at that time.

11.2 Unless the Committee considers an adjustment to be appropriate:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) 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 Singapore Exchange during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force; or
- (c) the issue of securities by the Company upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants,

shall not normally be regarded as a circumstance requiring adjustment.

11.3 Notwithstanding the provisions of Rule 11:

- (a) the adjustment must be made in such a way that a Participant will not receive a benefit that a shareholder of the Company does not receive; and
- (b) any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable.

11.4 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives, where applicable) in writing and deliver to him (or his duly appointed personal representatives, where applicable) a statement setting forth the class and/or number of Shares which are the subject of the adjusted Award. Any adjustment shall take effect upon such written notification being given or on such date as may be specified in such written notification.

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12. ADMINISTRATION OF THE PLAN

- 12.1 The Plan shall be administered by the Committee, in consultation with the management, and in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors of the Company, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards to be granted to him or held by him.
- 12.2 The Committee, in its absolute discretion, 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, 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 hereunder or any rights under the Plan shall be determined by the Committee. The Committee may amend or waive any condition applicable to an Award in its absolute discretion and shall notify the relevant Participant of such change or waiver.
- 12.3 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.
- 12.4 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.

13. NOTICES AND COMMUNICATIONS

- 13.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, as may be notified by the Company to him in writing, and marked for the attention of the Committee.
- 13.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 13.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any notice or other communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 13.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

14. MODIFICATIONS TO THE PLAN

- 14.1 Any or all the provisions of the Plan may be amended and/or modified at any time and from time to time by resolution of the Committee, in its absolute discretion, except that:
- (a) no amendment or modification shall adversely alter the rights attached to any Award granted prior to such amendment or modification except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would become entitled to not less than 75% of the Shares

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which would fall to be Vested upon Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;

- (b) the provisions of the Plan shall not be amended or modified to the advantage of the Participants except with the prior approval of shareholders of the Company in general meeting;
- (c) no amendment or modification shall be made without the prior approval of the Singapore Exchange and such other regulatory authorities as may be necessary; and
- (d) no modifications and/or alterations shall be made if, as a result, the Participant receives a benefit that a Shareholder does not receive.

For the purposes of Rule 14.1(a), the opinion of the Committee as to whether any amendment or modification would adversely alter the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 14.1 shall affect the right of the Committee under any other provision of the Plan to amend or adjust any Award.

- 14.2 Notwithstanding anything to the contrary contained in Rule 14.1, the Committee, in its absolute discretion, may at any time by resolution (and without other formality, save for the prior approval of the Singapore Exchange) amend or modify the Plan in any way to the extent necessary to cause the Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including any amendment or modification to the Companies Act), or the provisions or the regulations of any regulatory or other relevant authority or body (including the Singapore Exchange).
- 14.3 Written notice of any amendment or modification made in accordance with this Rule 14 shall be given to all Participants.

15. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant (being a Group Employee or an Associated Company Director/Employee) shall not be affected by his participation in the Plan, 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. The Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Group and/or Associated Company directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

16. DURATION OF THE PLAN

- 16.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Commencement Date, provided always that, subject to compliance with the Catalist Rules or any other applicable laws, the Plan may continue beyond the above stipulated period with the approval of shareholders of the Company by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 16.2 The Plan may be terminated or suspended:
 - (a) at any time by the Committee in its absolute discretion; or
 - (b) if required under the Catalist Rules or any applicable rules and regulations governing the Company at the relevant time, at the discretion of the Committee, by ordinary resolution approved by shareholders of the Company in general meeting, subject to all relevant approvals which may be required,

and if the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.

For the avoidance of doubt, the suspension of the Plan shall not extend the duration of the Plan. Accordingly, the duration of the Plan shall be a maximum of 10 years commencing on the Commencement Date regardless of any suspension of the Plan, unless such extension of the duration of the Plan has been approved by shareholders of the Company in general meeting.

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

17. TAXES

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

18. COSTS AND EXPENSES OF THE PLAN

18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank.

18.2 Save for the taxes referred to in Rule 17 and such other 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 or transfer of Shares pursuant to the Release of any Award, shall be borne by the Company.

19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee, the Company and its directors and employees shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for, or procuring the listing of, new Shares on the Singapore Exchange in accordance with Rule 7.2.3.

20. DISCLOSURE IN ANNUAL REPORTS

The following disclosures or appropriate negative statements (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation and for so long as such disclosures are required to be made by the Catalist Rules or any other applicable laws:

- (a) the names of the members of the Committee administering the Alliance PSP;
- (b) in respect of the following Participants:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders of the Company and their Associates; and
 - (iii) Participants, other than those in paragraphs (i) and (ii) above, who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent 5% or more of the total number of Shares available under the Plan,

the following information:

Name of the Participant	The aggregate number of Shares comprised in Awards granted under the Plan during the financial year under review (including terms)	The aggregate number of Shares comprised in Awards granted under the Plan since the commencement of the Plan to the end of the financial year under review	The aggregate number of Shares comprised in Awards granted under the Plan which have been Released since the commencement of the Plan to the end of the financial year under review	The aggregate number of Shares comprised in Awards granted under the Plan which have not been Released as at the end of the financial year under review

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21. **DISPUTES**

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

22. **GOVERNING LAW**

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

23. **EXCLUSION OF THE 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 virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

24. **COLLECTION, USE AND DISCLOSURE OF PERSONAL DATA**

For the purposes of implementing and administering the Plan, and in order to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines, the Company will collect, use and disclose the personal data of the Participants, as contained in each Award Letter and/or any other notice or communication given or received pursuant to the Plan, and/or which is otherwise collected from the Participants (or their authorised representatives). By participating in the Plan, each Participant consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the Company and/or third parties who provide services to the Company (whether within or outside Singapore), and to the collection, use and further disclosure by such parties for such purposes. Each Participant also warrants that where he discloses the personal data of third parties to the Company in connection with the Plan, he has obtained the prior consent of such third parties for the Company to collect, use and disclose their personal data for the abovementioned purposes, in accordance with any applicable laws, regulations and/or guidelines. Each Participant shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Participant's breach of this warranty.

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Schedule A

AWARD LETTER

Serial No. _____

[Date]

To: [Name]
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam,

We have the pleasure of informing you that you have been nominated by the Board of Directors of Alliance Healthcare Group Limited (the "**Company**") to participate in the Alliance Performance Share Plan (the "**Alliance PSP**"). Terms as defined in the Alliance PSP shall have the same meaning when used in this letter.

Accordingly, you are hereby awarded _____ Shares ("**Award**") for no consideration as at the date of this letter, which Shares shall be allotted and issued to you as fully paid.

The Award is personal to you and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered by you, in whole or in part or in any way whatsoever, except with the prior written approval of the Committee comprising the Nominating Committee and the Remuneration Committee duly authorised and appointed by the Board to jointly administer the Plan.

The Award shall be subject to the terms and conditions of the Award Letter (including those stipulated at the end of this Award Letter) and the Rules of the Alliance PSP (as the same may be amended from time to time pursuant to the terms and conditions of the Alliance PSP), a copy of which can be downloaded from the Company's website.

If you wish to accept the Award, please sign and return the enclosed Acceptance Form not later than 5.00 p.m. on _____ (Closing Date), failing which this Award will lapse.

Yours faithfully,
For and on behalf of
Alliance Healthcare Group Limited

Name:

Conditions (if any) will be determined by the Committee at its absolute discretion.

Enc.

APPENDIX A - RULES OF THE ALLIANCE PSP

Schedule B

ACCEPTANCE FORM

Serial No. _____

To: The Committee, Alliance Performance Share Plan (**Alliance PSP**)
25 Bukit Batok Crescent
#07-12
The Elitist
Singapore 658066

Attention: The Committee

Closing Date and Time for Acceptance of Award : _____

Number of Shares Awarded : _____

I have read your Award Letter dated _____ (Date of Grant) and agree to be bound by the terms of the Award Letter and the Alliance PSP referred to therein. Terms defined in your Award Letter shall have the same meanings when used in this Acceptance Form.

I hereby accept the above Award.

I understand that I am not obliged to accept the Award.

I also understand that I shall be responsible for all the fees of CDP (if applicable) relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificate(s) with CDP, my securities account with CDP, or my securities sub-account with a depository agent or my CPF investment account with a CPF agent bank (as the case may be) (collectively, the "**CDP charges**").

I confirm that:

- (a) you have not made any representation to induce me to accept the Award;
- (b) the terms of the Award Letter and this Acceptance Form (including those stipulated at the end of these documents) constitute the entire agreement between us relating to the Acceptance of Award; and
- (c) as at the date hereof, I am at least twenty-one (21) years of age and I am not an undischarged bankrupt.

I agree to keep all information pertaining to the Award of Shares to me strictly confidential.

Please print in block letters

Name in Full	:	_____	Designation	:	_____
*NRIC/Passport No.	:	_____	Nationality	:	_____
Address	:	_____			
Email Address	:	_____	Contact Number:	:	_____
Signature	:	_____	Date	:	_____

* Delete accordingly.

Notes:

1. The Acceptance Form must be forwarded to the Committee in an envelope marked "Private and Confidential"; and
2. The Participant shall be informed by the Company of the relevant CDP charges payable.