

CIRCULAR DATED 26 JULY 2023

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

**This circular is issued by Southern Archipelago Ltd. (“Company”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other independent professional adviser immediately.**

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The SGX-ST assumes no responsibility for any statements made, opinions expressed, or reports contained in this Circular. Approval in-principle granted by the SGX-ST for the listing and quotation of the New Shares (as defined herein) on the Official List of the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Southern Archipelago Employee Share Option Scheme 2023, the Southern Archipelago Performance Share Plan 2023, the New Shares, the Company and/or its subsidiaries.

This Circular has been made available on SGXNET ([www.sgx.com](http://www.sgx.com)). A printed copy of this Circular will NOT be despatched to Shareholders. Please refer to Section 11 (Action to be taken by Shareholders) of this Circular for further information, including the steps to be taken by Shareholders to participate at the EGM. The EGM will be held in person at Level 2 Room Nautica III Republic of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887.



**SOUTHERN ARCHIPELAGO LTD.**

*(Formally known as Blumont Group Ltd.)*  
(Company Registration No. 199302554G)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS**

in relation to

- (1) THE PROPOSED ADOPTION OF THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023 (“SAL ESOS 2023”);**
- (2) THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE SAL ESOS 2023;**
- (3) THE PROPOSED ADOPTION OF THE SOUTHERN ARCHIPELAGO PERFORMANCE SHARE PLAN 2023 (“SAL PSP 2023”); AND**
- (4) THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS TO INCLUDE THE NEW BUSINESSES (“PROPOSED DIVERSIFICATION”)**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	7 August 2023 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	10 August 2023 at 9:30 a.m.
Place of Extraordinary General Meeting	:	Level 2 Room Nautica III Republic of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887



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## TABLE OF CONTENTS

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<b>CIRCULAR TO SHAREHOLDERS</b> .....	8
<b>1. INTRODUCTION</b> .....	8
<b>2. PROPOSED ADOPTION OF SAL ESOS 2023 AND SAL PSP 2023</b> .....	9
<b>3. THE PROPOSED ADOPTION OF THE SAL ESOS 2023</b> .....	13
<b>4. THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE SAL ESOS 2023</b> .....	25
<b>5. THE PROPOSED ADOPTION OF THE SOUTHERN ARCHIPELAGO PERFORMANCE SHARE PLAN 2023</b> .....	26
<b>6. THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE THE NEW BUSINESSES</b> .....	38
<b>7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST</b> .....	63
<b>8. DIRECTORS' RECOMMENDATIONS</b> .....	64
<b>9. ABSTENTION FROM VOTING</b> .....	64
<b>10. EXTRAORDINARY GENERAL MEETING</b> .....	64
<b>11. ACTION TO BE TAKEN BY SHAREHOLDERS</b> .....	65
<b>12. DIRECTORS' RESPONSIBILITY STATEMENT</b> .....	65
<b>13. CONSENT</b> .....	65
<b>14. DOCUMENTS AVAILABLE FOR INSPECTION</b> .....	66
<b>APPENDIX I: RULES OF THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023</b> .....	67
<b>APPENDIX II: RULES OF THE SOUTHERN ARCHIPELAGO PERFORMANCE SHARE PLAN 2023</b> .....	100
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	N-1
<b>PROXY FORM</b>	

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## DEFINITIONS

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Unless otherwise stated, the following definitions will apply throughout this Circular:

### **General**

- “Act” or “Companies Act”** : Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
- “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 thirty per cent. (30%) or more; and
- b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
- “Associated Company”** : A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company or the Group and which the Company has Control over
- “Audit Committee”** : The Audit Committee of the Company as at the date of this Circular, comprising Mr Ng Keok Chai (Chairman), Mr Tan Gim Kang, Arran, and Mr Aris Muhammad Rizal
- “Auditors”** : The auditors of the Company for the time being
- “Award”** : A contingent award of Shares granted under the SAL PSP 2023
- “Board”** : The board of Directors of the Company for the time being
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 26 July 2023

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## DEFINITIONS

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<b>“Committee”</b>	:	The compensation committee, being a committee comprising Directors of the Company as may be duly authorised and appointed by the Board to administer each of the SAL ESOS 2023 and the SAL PSP 2023, which will be overseen by the Remuneration Committee
<b>“Company”</b>	:	Southern Archipelago Ltd.
<b>“Constitution”</b>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<b>“Control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<b>“Controlling Shareholder”</b>	:	A person who:  a) holds directly or indirectly fifteen per cent. (15%) or more of the total voting shares in the Company, unless determined by SGX-ST that such person is not a controlling shareholder; or  b) in fact exercises Control over the Company
<b>“CPF”</b>	:	Central Provident Fund
<b>“Date of Grant”</b>	:	the date on which an Option is granted to a Scheme Participant, or the date on which an Award is granted to a Plan Participant, as the case may be
<b>“Director”</b>	:	A person holding office as a director of the Company for the time being
<b>“Discount Option”</b>	:	The right to subscribe for Shares to be granted pursuant to the SAL ESOS 2023 and in respect of which, the Exercise Price is set at a discount to the Market Price
<b>“EGM”</b>	:	The extraordinary general meeting of the Company, notice of which is set out on pages N-1 to N-6 of this Circular
<b>“EPS”</b>	:	Earnings per Share
<b>“ESOS 2013”</b>	:	The share option scheme of the Company known as the “Blumont Employee Share Option Scheme 2013”, which was adopted at the extraordinary general meeting of the Company held on 22 April 2013 and had expired on 21 April 2023

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## DEFINITIONS

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<b>“Exercise Period”</b>	:	The period during which an Option is exercisable being:  a) in the case of a Market Price Option any time after the 1st anniversary of the Date of Grant and before the 10th anniversary of such Date of Grant; and  b) in the case of a Discount Option any time after the 2nd anniversary of the Date of Grant and before the 10th anniversary of such Date of Grant,  subject as provided in Rules 11 and 15 of the SAL ESOS 2023 and any other conditions as may be introduced by the Committee from time to time
<b>“Exercise Price”</b>	:	The price at which a Scheme Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with the Rules of the SAL ESOS 2023
<b>“Existing Business”</b>	:	Has the meaning ascribed to it under Section 6.1 of this Circular
<b>“Group”</b>	:	The Company, its Subsidiaries and associated companies
<b>“Group Employee”</b>	:	A confirmed full-time employee of the Company, any of its Subsidiaries and/or any Associated Company (including any Group Executive Director) selected by the Committee to participate in the SAL ESOS 2023 and/or SAL PSP 2023
<b>“Group Executive Director”</b>	:	A director of the Company, any of its Subsidiaries and/or any Associated Company, as the case may be, who performs an executive function within the Group
<b>“Group Non-Executive Director”</b>	:	A director of the Company, any of its Subsidiaries and/or any Associated Company, as the case may be, other than Group Executive Directors and including the Independent Directors, who does not perform an executive function within the Group
<b>“Hospitality Business”</b>	:	The business of owning, leasing, operating and managing hotels and related business activities. For details of the activities under the Hospitality Business, please refer to Section 6.2(a) of this Circular
<b>“Independent Director”</b>	:	An independent director of the Company
<b>“Latest Practicable Date”</b>	:	17 July 2023, being the latest practicable date prior to the issue of this Circular

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## DEFINITIONS

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<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST and its relevant rules, as amended, modified or supplemented from time to time
<b>“Market Day”</b>	:	A day on which SGX-ST is open for trading in securities
<b>“Market Price”</b>	:	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the three (3) consecutive Market Days immediately preceding the Date of Grant of an Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest third decimal place in the event of fractional prices, provided that in the case of a Market Day on which the Shares were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded
<b>“Market Price Option”</b>	:	The right to subscribe for Shares to be granted pursuant to the SAL ESOS 2023 and in respect of which the Exercise Price is a price equal to the Market Price
<b>“New Businesses”</b>	:	The Hospitality Business and the Wellness Business
<b>“New Shares”</b>	:	New Shares to be issued by the Company pursuant to the exercise of Option under the SAL ESOS 2023, or new Shares to be issued by the Company pursuant to the vesting of the Award under the SAL PSP 2023, as the case may be
<b>“Notice of EGM”</b>	:	The notice of EGM as set out on pages N-1 to N-6 of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“Option”</b>	:	Market Price Option and/or a Discount Option, as the case may be
<b>“Plan Participant”</b>	:	A person who is selected by the Committee to participate in the SAL PSP 2023 in accordance with the terms and conditions as set out in the Rules of the SAL PSP 2023
<b>“Proposed Diversification”</b>	:	The proposed diversification of the Group’s business to include the New Businesses
<b>“Proposed Transactions”</b>	:	Shall have the meaning as set out in Section 1.1 of this Circular



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## DEFINITIONS

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<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM, as set out in this Circular
<b>“PSP 2013”</b>	:	The performance share plan of the Company known as the “Blumont Performance Share Plan”, which was adopted at the extraordinary general meeting of the Company held on 22 April 2013 and had expired on 21 April 2023
<b>“Record Date”</b>	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
<b>“Remuneration Committee”</b>	:	The remuneration committee of the Company from time to time
<b>“Rules”</b>	:	The rules of the SAL ESOS 2023 or the SAL PSP 2023, as may be amended, modified or supplemented from time to time and any reference to a particular Rule shall be construed accordingly
<b>“SAL ESOS 2023”</b>	:	The proposed employee share option scheme of the Company known as the “Southern Archipelago Employee Share Option Scheme 2023”, as amended, modified or supplemented from time to time
<b>“SAL PSP 2023”</b>	:	The proposed performance share plan of the Company known as the “Southern Archipelago Performance Share Plan 2023”, as amended, modified and supplemented from time to time
<b>“Scheme Participant”</b>	:	Participants of the SAL ESOS 2023
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a Depository Agent
<b>“SFA”</b>	:	The Securities and Futures Act 2001 of Singapore as amended, modified or supplemented from time to time
<b>“SFRS(I)(2)”</b>	:	Singapore Financial Reporting Standards (International) 2
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited

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## DEFINITIONS

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<b>“Shareholders”</b>	:	The registered holders of Shares in the Company’s register of members, except that, where the registered holder of any Shares is the CDP, the term <b>“Shareholders”</b> shall mean, in relation to such Shares, the persons whose direct Securities Accounts as maintained with CDP have been credited with such Shares, and any reference to Shares held by the Shareholders shall include Shares standing to the credit of such Securities Accounts
<b>“Shares”</b>	:	Ordinary shares in the issued share capital of the Company
<b>“Subsidiary”</b>	:	Has the meaning ascribed to it in Section 5 of the Companies Act
<b>“Substantial Shareholder”</b>	:	A person who has an interest in the voting Shares (excluding Treasury Shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than five per cent. (5%) of all the voting Shares
<b>“Treasury Shares”</b>	:	Issued shares of the Company which were purchased by the Company and held by the Company in accordance with the applicable provisions of the Companies Act
<b>“Vesting Period”</b>	:	In relation to an Award, the period(s) during which an Award may vest, the duration of which is to be determined by the Committee at the Date of Grant
<b>“Wellness Business”</b>	:	The provision of services to promote good mental, physical and spiritual health. For details of the activities under the Wellness Business, please refer to Section 6.2(b) of this Circular
<b>“%” or “per cent.”</b>	:	Per centum or percentage

### **Currencies**

<b>“S\$” and “cents”</b>	:	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 meanings ascribed to them respectively in Section 81SF of the SFA.

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

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

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## **DEFINITIONS**

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Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA, the Listing Manual or any statutory modification thereof (as the case may be) unless otherwise provided.

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

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. All discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

CNPLaw LLP is the legal adviser to the Company in respect of this Circular.

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## CIRCULAR TO SHAREHOLDERS

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### **SOUTHERN ARCHIPELAGO LTD.**

(Formerly known as Blumont Group Ltd.)  
(Company Registration No. 199302554G)  
(Incorporated in the Republic of Singapore)

#### **Directors:**

Mr. Siaw Lu Howe (Non-Executive Chairman)  
Mr. John Lee Yow Meng (Executive Director)  
Mr. Alan Chin Yu (Executive Director)  
Mr. Ng Keok Chai (Lead Independent Non-Executive Director)  
Mr. Tan Gim Kang, Arran (Independent Non-Executive Director)  
Mr Aris Muhammad Rizal (Independent Non-Executive Director)

#### **Registered Office**

Apex @ Henderson  
201 Henderson Road  
#05-19  
Singapore 159545

26 July 2023

To: The Shareholders of Southern Archipelago Ltd.

Dear Shareholders,

- (1) **THE PROPOSED ADOPTION OF THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023 (“SAL ESOS 2023”)**
- (2) **THE PROPOSED GRANT OPTIONS AT A DISCOUNT UNDER THE SAL ESOS 2023**
- (3) **THE PROPOSED ADOPTION OF THE SOUTHERN ARCHIPELAGO PERFORMANCE SHARE PLAN 2023 (“SAL PSP 2023”)**
- (4) **THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS TO INCLUDE THE NEW BUSINESSES**

#### **1. INTRODUCTION**

##### **1.1 Extraordinary General Meeting**

The Directors are convening an EGM to seek Shareholders’ approval in relation to the following proposed transactions (collectively, the “**Proposed Transactions**”):

- (a) the proposed adoption of the SAL ESOS 2023 (Resolution 1);
- (b) the proposed grant of options at a discount under the SAL ESOS 2023 (Resolution 2);
- (c) the proposed adoption of the SAL PSP 2023 (Resolution 3); and
- (d) the proposed diversification of the Group’s business to include the New Businesses (Resolution 4).

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## CIRCULAR TO SHAREHOLDERS

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Resolution 2 shall be conditional upon the passing of Resolution 1. In the event that Resolution 1 is not passed, Resolution 2 will not be carried.

### 1.2 Circular

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval of, the Proposed Transactions. The ordinary resolutions relating to the Proposed Transactions shall be tabled at the EGM. Notice of EGM is set out on pages N-1 to N-6 of this Circular.

The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Circular. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant, or other professional adviser immediately.

### 1.3 Approval In-Principle from the SGX-ST

On 14 June 2023, the Company received the approval in-principle from the SGX-ST for the listing and quotation of the New Shares to be allotted and issued pursuant to the exercise of Options under SAL ESOS 2023 and the vesting of Awards under the SAL PSP 2023, as the case may be, on the Official List of the Main Board of the SGX-ST, subject to the following conditions:

- (a) independent Shareholders' approval for the SAL ESOS 2023 and the SAL PSP 2023 being obtained; and
- (b) the Company's compliance with the SGX-ST's listing requirements and guidelines.

Shareholders should note that the approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the SAL ESOS 2023, the SAL PSP 2023, the New Shares, the Company, and/or its subsidiaries.

## 2. PROPOSED ADOPTION OF SAL ESOS 2023 AND SAL PSP 2023

### 2.1 Background

- 2.1.1 The Company previously had in place a share option scheme known as the "Blumont Employee Share Option Scheme 2013" ("**ESOS 2013**") and a performance share plan known as the "Blumont Performance Share Plan" ("**PSP 2013**"). The ESOS 2013 and PSP 2013 were adopted by Shareholders on 22 April 2013, prior to the change of name of the Company from "Blumont Group Ltd." to "Southern Archipelago Ltd." on 14 March 2022. The duration of the ESOS 2013 and PSP 2013 is ten (10) years respectively, commencing on the date of adoption by the Company in general meeting. The ESOS 2013 and PSP 2013 accordingly had expired on 21 April 2023.

## CIRCULAR TO SHAREHOLDERS

### 2.2 Options granted under the ESOS 2013

2.2.1 Details of the options granted to, and the number of Shares reserved and allotted upon the exercise of options by, the participants under the ESOS 2013 up to the Latest Practicable Date are as follows:

Date of grant of options	Number of Shares offered under the options granted	Number of Shares reserved and allotted upon exercise of options	Number of participants who were granted options	Number of Shares for which there are outstanding options	Number of options cancelled/lapsed
17 June 2021 <sup>(1)</sup>	1,160,000,000 <sup>(2)</sup>	–	10	1,160,000,000	–

**Notes:**

- (1) Please refer to the Company's announcement dated 17 June 2021 on the SGXNET for more details.  
(2) 580,000,000 options were granted as market price options and 580,000,000 were granted as discount options.

All options granted under the ESOS 2013 are subject to the conditions set out in the rules of the ESOS 2013.

2.2.2 Details of the options granted to, and the number of Shares allotted upon the exercise of options by, the Directors under the ESOS 2013 up to the Latest Practicable Date are as follows:

Name	Date of grant of options	Number of Shares offered under the options granted	Number of Shares allotted upon exercise of options	Number of options remaining unexercised
Alan Chin Yu	17 June 2021	147,000,000	–	147,000,000
John Lee Yow Meng	17 June 2021	147,000,000	–	147,000,000
Siaw Lu Howe	17 June 2021	100,000,000	–	100,000,000
Tan Gim Kang, Arran	17 June 2021	65,000,000	–	65,000,000
Aris Muhammad Rizal	17 June 2021	40,000,000	–	40,000,000
Ng Keok Chai	17 June 2021	60,000,000	–	60,000,000

No options were granted to any Controlling Shareholders and their Associates under the ESOS 2013.

The terms of the expiring ESOS 2013 will continue to apply to the outstanding ESOS 2013 options. For the avoidance of doubt, the expiration of the ESOS 2013 is without prejudice to the rights of the holders of the options under the ESOS 2013 in respect of whom options thereunder have been made and accepted.

The rules of the expiring ESOS 2013 are set out in Appendix I of the Company's circular to Shareholders dated 30 March 2013 which is available on the Company's website.

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## CIRCULAR TO SHAREHOLDERS

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### 2.3 Awards granted under the PSP 2013

2.3.1 Details of the awards granted to, and the number of Shares reserved and allotted pursuant to the release of awards granted under the PSP 2013 and the number of participants up to the Latest Practicable Date are as follows:

<b>Date of grant of awards</b>	<b>Number of Shares reserved and allotted pursuant to the awards granted</b>	<b>Number of participants who were granted awards</b>
15 December 2015 <sup>(1)</sup>	215,000,000	11
13 June 2017	45,000,000 <sup>(2)</sup>	2

**Notes:**

- (1) Please refer to the Company's announcements dated 15 December 2015 and 16 December 2015 relating to the grant of share awards on the SGXNET for more details.
- (2) Awards in respect of 4,120,000,000 shares have been awarded to 10 participants, as announced by the Company on 13 June 2017 (please refer to announcement relating to the grant of share awards released on the SGXNET). As this issuance, when aggregated with the previous issuance of shares announced on 15 December 2015 ("**Previous Issuance**"), caused the total number of award shares issued to exceed the maximum cap under the then performance share plan, the Company applied to the High Court of the Republic of Singapore ("**HC**") (i) to seek a declaration that the allotment and issuance of 4,075,000,000 award shares (which have not been traded on-market) is void, and (ii) to validate and confirm the allotment and issuance of the 45,000,000 award shares which have been sold on-market ("**Traded Award Shares**") in the interests of ensuring an orderly market in the trading of the Company's Shares. The over-allotment of shares was due to the Previous Issuance which was inadvertently not taken into account in calculating the permitted number of shares which could be issued and allotted under the PSP 2013. Subsequently, the court declared that the purported allotment of 4,075,000,000 share awards which have not been traded on-market was void, whereas the allotment of 45,000,000 Traded Award Shares was validated and confirmed – please refer to the Company's announcement dated 1 December 2017 relating to the application to the HC and the Company's announcement dated 26 January 2018 on the result of application.

To prevent recurrence of any over-allotment of Shares under the SAL PSP 2023 or the SAL ESOS 2023, the Remuneration Committee will oversee the Committee in the administration of the SAL ESOS 2023 and SAL PSP 2023 and ensure that its exercise of power is in compliance with the terms of the SAL ESOS 2023 and the SAL PSP 2023. In this regard, the Remuneration Committee will keep track of all issuances of shares under the (i) the SAL ESOS 2023, (ii) the SAL PSP 2023 and (iii) any other share-based incentive schemes of the Company, before recommending any grant of Options or Awards under the SAL ESOS 2023 and the SAL PSP 2023, in order to ensure that the 15% limit as set out under Section 3.2.3 and Section 5.2.4 will not be exceeded.

All awards granted under the PSP 2013 are subject to the conditions set out in the rules of the PSP 2013.

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## CIRCULAR TO SHAREHOLDERS

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**2.3.2** Details of the awards granted to the Directors and the number of Shares allotted pursuant to the release of awards granted under the PSP 2013 up to the Latest Practicable Date are as follows:

<b>Name</b>	<b>Date of grant of awards</b>	<b>Number of Shares allotted pursuant to the awards granted</b>
Calvin Lim Huan Kim <sup>(1)</sup>	15 December 2015	20,000,000
Tan Gim Kang, Arran	15 December 2015	15,000,000
Farhash Wafa Salvador <sup>(2)</sup>	15 December 2015	15,000,000
Aris Muhammad Rizal	15 December 2015	10,000,000
Ng Kim Huatt <sup>(3)</sup>	15 December 2015	100,000,000

**Notes:**

- (1) Calvin Lim Huan Kim was a director of the Company who resigned on 24 April 2019.  
(2) Farhash Wafa Salvador was a director of the Company who resigned on 8 June 2016.  
(3) Ng Kim Huatt was a director of the Company who resigned on 4 December 2017.

No awards were granted to any Controlling Shareholders and their Associates under the ESOS 2013.

The terms of the expiring PSP 2013 will continue to apply to the outstanding PSP 2013 awards. For the avoidance of doubt, the expiration of the PSP 2013 is without prejudice to the rights of the holders of the awards under the PSP 2013 in respect of whom awards thereunder have been made.

The rules of the expiring PSP 2013 are set out in Appendix II of the Company's circular to Shareholders dated 30 March 2013 which is available on the Company's website.

## **2.4 Amendments to the Rules**

**2.4.1** In view, of the expiry of the ESOS 2013 and PSP 2013, the Company proposes to adopt a new employee share option scheme known as the "Southern Archipelago Employee Share Option Scheme 2023" ("**SAL ESOS 2023**") and a new performance share plan known as the "Southern Archipelago Performance Share Plan 2023" ("**SAL PSP 2023**"), to replace the ESOS 2013 and the PSP 2013 respectively.

**2.4.2** The Rules of the SAL ESOS 2023 and SAL PSP 2023 are substantially similar to the rules of the ESOS 2013 and PSP 2013. However, as there have been amendments to the Listing Manual, the Companies Act, and the SFA since April 2013, the Rules of the SAL ESOS 2023 and the SAL PSP 2023 will take into account such amendments.

**2.4.3** A summary of some of the amendments to the Listing Manual, the Companies Act, and the SFA is set out below:

- (a) the stipulated period before the announcement of the Company's financial statements that a listed issuer and its officers should not deal in the listed issuer's securities has been amended;



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## CIRCULAR TO SHAREHOLDERS

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- (b) the definition of a “Controlling Shareholder” under the Listing Manual has been amended with effect from 26 June 2018;
- (c) the inclusion of the definition of “subsidiary holdings” in the Listing Manual with effect from 31 March 2017;
- (d) amendments to the SFA and the Companies Act, which took effect from 3 January 2016 including but not limited to:
  - (i) reference to the term “Constitution” instead of “Memorandum and Articles of Association” pursuant to amendments to the Companies Act; and
  - (ii) the reference to Section 81SF of the SFA instead of Section 130A of the Companies Act for definitions of the terms “Depositor”, “Depository Agent” and “Depository Register” pursuant to amendments to the SFA and Companies Act.

**2.4.4** Additionally, the standard board lot size of securities listed on the SGX-ST was reduced from 1,000 to 100 units with effect from 19 January 2015.

**2.4.5** Details of the SAL ESOS 2023 and the SAL PSP 2023, including the rationale for adoption, are set out in Sections 3 and 5 respectively in this Circular.

### **3. THE PROPOSED ADOPTION OF THE SAL ESOS 2023**

#### **3.1 Rationale for the SAL ESOS 2023**

In light of the expiry of the ESOS 2013 on 21 April 2023, the Directors of the Company are proposing to implement the SAL ESOS 2023. The SAL ESOS 2023, if approved and adopted by Shareholders at the EGM, will take effect from the date of its adoption at the EGM.

The purpose of the SAL ESOS 2023 is to provide an opportunity for directors (including Group Non-Executive Directors) and Group Employees to participate in the equity of the Company, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Company and/or the Group.

The Company believes that the implementation of the SAL ESOS 2023 will enable the Company to structure a competitive remuneration package, which is designed as an additional incentive tool to reward and retain Group Employees and directors, as well as to achieve the following objectives:

- (a) to motivate each Scheme Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to make employee remuneration sufficiently competitive to recruit and retain Scheme Participants whose contributions are important to the long-term growth and profitability of the Group;
- (c) to instil loyalty to, and a stronger identification by the Scheme Participant with the long-term development and growth of, the Company;

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## CIRCULAR TO SHAREHOLDERS

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- (d) to foster an ownership culture within the Company which aligns the interests of employees with the interests of the Shareholders;
- (e) to give recognition to the contributions made or to be made by Group Non-Executive Directors (including Independent Directors) to the success of the Group; and
- (f) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders.

### **3.2 Summary of the SAL ESOS 2023**

A summary of the Rules of the SAL ESOS 2023 is set out below:

#### **3.2.1 Eligibility**

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the SAL ESOS 2023:

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

provided that, as at the Date of Grant, such persons have attained the age of 21 years, are not undischarged bankrupts, and have not entered into any composition(s) with their respective creditors.

Subject to the absolute discretion of the Committee, Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the SAL ESOS 2023, provided that the participation of each Controlling Shareholder or his Associate and each grant of an Option to any of them may only be effected with the specific prior approval of independent Shareholders in general meeting by a separate resolution. The separate resolution must be passed for each such Scheme Participant to approve the actual number and terms of Options to be granted to that Scheme Participant.

Subject to the absolute discretion of the Committee and prior to any grant of an Option to any Controlling Shareholders or their Associates, the Company will seek approval from its independent Shareholders for the participation of such person in the SAL ESOS 2023 and/or the grant of an Option to such person.

For the avoidance of doubt, only directors and employees of Associated Companies which the Company has Control over can participate in the SAL ESOS 2023.

For the purposes of assessing the contributions of eligible persons, the Committee may adopt a performance framework which incorporates financial and/or non-financial performance measurement criteria including, but not limited to the financial benefit or financial enhancement to the Group through any deals or transactions entered into by the Group as a result of the contributions of such persons, as well as the value of other contributions such as the introduction of new contacts or business opportunities.

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## CIRCULAR TO SHAREHOLDERS

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### 3.2.2 Entitlement of Scheme Participants

Options are personal to the Scheme Participants to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed or encumbered in whole or in part or in any way whatsoever without the Committee's prior approval in writing.

### 3.2.3 Size of the SAL ESOS 2023

The total number of Shares available for issue under (i) the SAL ESOS 2023, (ii) the SAL PSP 2023 and (iii) any other share-based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued Shares excluding Treasury Shares and subsidiary holdings on the day preceding the relevant date of grant of the Options.

The total number of Shares over which Options may be granted under the SAL ESOS 2023 to Controlling Shareholders and their Associates shall not exceed twenty-five per cent. (25%) of the Shares available under the SAL ESOS 2023, and the number of Shares over which an Option may be granted under the SAL ESOS 2023 to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the Shares available under the SAL ESOS 2023.

The Directors believe that the limit of fifteen per cent. (15%) will give the Company sufficient flexibility to decide upon the number of Options to offer to the Group Employees (including Executive Directors) and Group Non-Executive Directors. The number of Scheme Participants is expected to grow over the years. The Company, in line with its goals of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base, and thus the number of Scheme Participants, will increase as a result. The number of Options offered must also be significant enough to serve as a meaningful reward for contribution to the Group.

It should however be noted that this does not indicate that the Committee will definitely grant Options under the SAL ESOS 2023 up to the abovementioned prescribed limit. The Committee will exercise its discretion in deciding the number of Options to be granted to each Scheme Participant under the SAL ESOS 2023.

Further, Shares which are the subject of Options which have lapsed for any reason whatsoever may be the subject of further Options granted by the Committee under the SAL ESOS 2023.

### 3.2.4 Exercise Price

Subject to any adjustment pursuant to Rule 10 of the SAL ESOS 2023, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or

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## CIRCULAR TO SHAREHOLDERS

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- (b) a price which is set at a discount to the Market Price, provided that:
  - (i) the maximum discount shall not exceed twenty per cent. (20%) of the Market Price (or such other percentage or amount as may be determined by the Committee and permitted by the SGX-ST); and
  - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the SAL ESOS 2023 at a discount not exceeding the maximum discount as aforesaid.

In this regard, Resolution 2 as set out in the Notice of EGM is tabled as a separate resolution seeking Shareholders' approval of the proposed grant of Options at a discount under the SAL ESOS 2023. For the avoidance of doubt, such prior approval shall be required to be obtained only once, and once obtained, shall, unless revoked, authorise the making of offers and grants of Options under the SAL ESOS 2023 at such discount not exceeding the maximum discount for the duration of the SAL ESOS 2023.

In the event that the SGX-ST permits a higher percentage of discount, the Company may seek Shareholders' approval for the increase in discount at a general meeting.

### **3.2.5 Exercise Period**

The period during which an Option is exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof) is:

- (a) in the case of a Market Price Option any time after the 1st anniversary of the Date of Grant and before the 10th anniversary of such Date of Grant; and
- (b) in the case of a Discount Option any time after the 2nd anniversary of the Date of Grant and before the 10th anniversary of such Date of Grant,

subject as provided in Rules 11 and 15 of the SAL ESOS 2023, any earlier expiry date as may be determined by the Committee, and any other conditions as may be introduced by the Committee from time to time.

In deciding whether to issue Options with an earlier expiry date, the Committee may take into account factors including, but not limited to, the accounting cost of such Options, the industry cycle of the business of the Group, the performance of the Group, and any potential corporate actions that may be undertaken by the Group.

### **3.2.6 Details of a Grant of an Option under the SAL ESOS 2023**

In relation to each Option to be granted to a Scheme Participant under the SAL ESOS 2023, the Committee shall decide:

- (a) the date on which the Option is to be granted;
- (b) the number of Shares comprised in the Option to be granted; and
- (c) the discount, if any, to the Market Price in determining the Exercise Price of the Option to be granted.

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## CIRCULAR TO SHAREHOLDERS

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The selection of a Scheme Participant and the number of Shares comprised in the Option to be granted to a Scheme Participant in accordance with the SAL ESOS 2023 shall be determined at the sole and absolute discretion of the Committee, which may take into account criteria such as, *inter alia*, the Scheme Participant's rank, scope of responsibilities, job performance, years of service and potential for future development and contribution to the success of the Group.

The Committee may, offer to grant Options to such Scheme Participant as it may select in its absolute discretion at any time during the period when the SAL ESOS 2023 is in force, except that no Option shall be granted during the period commencing:

- (a) 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 quarterly financial statements, whether required by the SGX-ST or otherwise); and
- (b) one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce quarterly financial statements).

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, an offer to grant Options may only be made on or after the second Market Day on which such announcement is released.

### **3.2.7 Acceptance of Options**

An Option offered to a Scheme Participant shall be accepted by the Scheme Participant within thirty (30) days after the Date of Grant and not later than 5.00 p.m. on the 30th day of such Date of Grant and provided that the Scheme Participant remains eligible to participate in the SAL ESOS 2023 on the date of such acceptance. Offers of Options made to Scheme Participants, if not accepted before the closing date, will lapse.

Upon acceptance of the offer, the Scheme Participant must complete and provide to the Committee the relevant form of acceptance together with a consideration of S\$1.00. The Scheme Participant may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Scheme Participant shall accept the offer in multiples of 100 Shares.

### **3.2.8 Operation of the SAL ESOS 2023**

The SAL ESOS 2023 will be administered by the Committee. A Scheme Participant who is a member of the Committee shall abstain from deliberation in respect of an Option to be made to that scheme Participant or his Associate.

The Committee shall have the power, from time to time, to make or vary such Rule (not being inconsistent with the SAL ESOS 2023) as it may consider necessary, desirable or expedient for it to administer and give effect to the SAL ESOS 2023.

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## CIRCULAR TO SHAREHOLDERS

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Any decision of the Committee made pursuant to any provision of the SAL ESOS 2023 (other than a matter to be certified by the auditors of the Company) shall be final and binding, including any decision pertaining to disputes as to the interpretation of the SAL ESOS 2023 or any Rule, regulation, procedure thereunder as to any rights under the SAL ESOS 2023.

Subject to the prevailing legislation and the rules of the Listing Manual, the Company will have the flexibility to deliver Shares to Scheme Participants upon exercise of their Options by way of:

- (a) an issue of New Shares; and/or
- (b) subject to applicable laws, the transfer of existing Shares (including Shares held as Treasury Shares).

In determining whether to issue New Shares or to purchase (where applicable) and transfer existing Shares for delivery to Participants upon the exercise of their Options, the Company will take into account factors such as, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or purchasing (where applicable) and transferring existing Shares.

As at the Latest Practicable Date, the Company does not have any Treasury Shares, and it is currently envisaged that Options may be satisfied through the issuance of New Shares.

### **3.2.9 Variation of Capital**

If a variation in the number of issued Shares of the Company (whether by way of a bonus issue, rights issue, capital reduction, subdivision or consolidation of shares or distribution, or otherwise) should take place, then:

- (a) the Exercise Price in respect of the Shares, class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which additional Options may be granted to Scheme Participants,

may be adjusted in such manner as the Committee may determine to be appropriate in its sole discretion including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except for bonus issues, upon the written confirmation of the Auditors of the Company (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

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## CIRCULAR TO SHAREHOLDERS

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For the avoidance of doubt:

- (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 SGX-ST during the period when a share buy-back mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force;
- (c) the increase in the number of issued Shares as a consequence of the exercise of options or conversion of any other convertible securities issued from time to time by the Company entitling holders thereof to acquire new Shares in the capital of the Company (including the exercise of any Options and the delivery of Awards pursuant to the SAL ESOS 2023 and the SAL PSP 2023 respectively);
- (d) the issue of Shares or other securities convertible with rights to acquire or subscribe for Shares pursuant to a share option scheme or share plan approved by Shareholders in general meeting, including the SAL ESOS 2023 and the SAL PSP 2023; and
- (e) the issue of Shares pursuant to any scrip dividend scheme for the time being of the Company.

shall not normally be regarded as a circumstance requiring adjustment.

Upon any adjustment required to be made, the Company shall notify each Scheme Participant (or his duly appointed personal representative(s) where applicable) in writing, provided that any omission to give notice to any Scheme Participant shall not invalidate any such adjustment.

No such adjustment shall be made if as a result, a Scheme Participant receives a benefit that a Shareholder does not receive.

### **3.2.10 Modifications to the SAL ESOS 2023**

Any or all the provisions of the SAL ESOS 2023 may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Scheme Participants who, if they exercised their Options in full, would thereby become entitled to Shares representing not less than three-quarters (3/4) of the total voting rights of all the Shares which would be allotted upon exercise in full of all outstanding Options;

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## CIRCULAR TO SHAREHOLDERS

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- (b) any modification or alteration which would be to the advantage of Scheme Participants under the SAL ESOS 2023 shall be subject to the prior approval of the Shareholders in general meeting, whereby Shareholders who are also holders of Options shall be required to abstain from voting in respect of any resolution relating to such modification or alteration; and
- (c) no modification or alteration shall be made without due compliance with the Listing Manual, the prior approval of the SGX-ST (if required), and such other regulatory authorities as may be necessary.

For the purposes of Section 3.2.10(a) above, the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

### 3.2.11 Duration of the SAL ESOS 2023

The SAL ESOS 2023 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date the SAL ESOS 2023 is adopted by the Company in general meeting, provided always that the SAL ESOS 2023 may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in a general meeting and of any relevant authorisations which may then be required.

The SAL ESOS 2023 may be terminated at any time by the Committee or by resolution of the Shareholders at general meeting subject to all other relevant approvals which may be required and if the SAL ESOS 2023 is so terminated, no further Options shall be offered by the Company. Notwithstanding the expiry or termination of the SAL ESOS 2023, any Options granted to and duly accepted by Scheme Participants prior to such expiry or termination will continue to remain valid.

### 3.2.12 Ranking of the New Shares

New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, upon the exercise of an Option shall be subject to all provisions of the Constitution and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company including rights which arise from a liquidation of the Company, except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

## 3.3 Financial Effects of the SAL ESOS 2023

### 3.3.1 Share Capital

The SAL ESOS 2023 will result in an increase in the number of issued Shares of the Company to the extent that New Shares are allotted and issued upon the exercise of the Options. This number of New Shares issued will in turn depend on, *inter alia*, the number of Shares comprised in the Options granted, the number of Options that are exercised, the prevailing market price of the Shares on the SGX-ST, and whether the Company chooses to deliver Treasury Shares to holders of Options in lieu of issue and allotment of New Shares.



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## CIRCULAR TO SHAREHOLDERS

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There would be no impact on the number of issued Shares of the Company if the relevant Options are not exercised or if Treasury Shares are delivered to holders of Options in lieu of New Shares.

### 3.3.2 EPS

The SAL ESOS 2023 will have a dilutive impact on the Company's consolidated EPS following the increase in the number of issued Shares of the Company to the extent that New Shares are allotted and issued pursuant thereto. As the monetary cost of granting Options with a discounted Exercise Price is borne by the Company, the earnings of the Company would effectively be reduced by an amount corresponding to the reduced interest earnings that the Company would have received from the difference in proceeds from the Exercise Price with no discount versus the discounted Exercise Price. Such reduction would, accordingly, result in the dilution of the Company's consolidated EPS. For further understanding of the impact on the Company's consolidated EPS arising from the SAL ESOS 2023 under SFRS(I)(2), please refer to Section 3.3.4 of this Circular.

### 3.3.3 NTA

The issue of New Shares upon the exercise of the Options will increase the Company's consolidated NTA by the aggregate Exercise Price of the New Shares issued. On a per Share basis, the effect on the NTA of the Company is accretive if the Exercise Price is above the NTA per Share, but dilutive otherwise (barring other circumstances)

### 3.3.4 Potential Cost of Options

All Options granted under the SAL ESOS 2023 would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to the Company. The amount of such costs may be more significant in the case of Options granted with Exercise Price set at a discount to the Market Price of the Shares. In addition to the impact on the Company's consolidated EPS and consolidated NTA as described above, the cost to the Company of granting Options under the SAL ESOS 2023 would be as follows:

- (a) the exercise of an Option at the Exercise Price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the prevailing market price of the Shares. Such reduction of the exercise proceeds would represent the monetary cost to the Company; and
- (b) the grant of Options under the SAL ESOS 2023 will have an impact on the Company's reported profit under SFRS(I)(2) as share-based payment requires the recognition of an expense in respect of Options granted under the SAL ESOS 2023. The expense will be based on the fair value of the Options at the date of grant (as determined by an option pricing model) and will be recognised over the Vesting Period. The requirement to recognise an expense in respect of Options granted to employees as set out in SFRS(I)(2) is effective for financial period beginning on or after 1 January 2023 as at the Latest Practicable Date.

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## CIRCULAR TO SHAREHOLDERS

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At each reporting date, where the Company is to revise its estimates of the number of shares under Options that are expected to become exercisable on the vesting date, the Company will make the following adjustments in accordance with SFRS(I)(2):

- (i) where the fair value of the revised term is lower than fair value based on the original terms, there is no change to expense; and
- (ii) where the fair value of the revised term is higher than fair value based on the original term, the Company recognises the impact of the revision of estimates in the profit and loss statement of the Company, with a corresponding adjustment to the share option reserve over the remaining Vesting Period.

After the vesting date, no adjustment to the charge to the consolidated income statement is made.

It should be noted that the financial effects discussed in (a) above will materialise only upon the exercise of the relevant Options. The cost of granting Options discussed in (b) above will be recognised in the financial statements even if the Options are not exercised.

Measured against the cost of granting the Options as described above, the desirable effect of the SAL ESOS 2023 in attracting, recruiting and motivating directors and employees could, in the long term, yield greater returns for the Company and Shareholders.

### **3.4 Details of the SAL ESOS 2023**

The Rules of the SAL ESOS 2023 are set out in Appendix I of this Circular.

### **3.5 Disclosures in Annual Reports**

In accordance with the Listing Manual, the following (as applicable) shall be disclosed by the Company in its annual report as long as the SAL ESOS 2023 continues in operation:

- (a) the names of the members of the Committee;
- (b) the information required in the table below for the following Scheme Participants:
  - (i) Scheme Participants who are Directors of the Company;
  - (ii) Scheme Participants who are Controlling Shareholders and their Associates;

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## CIRCULAR TO SHAREHOLDERS

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- (iii) Scheme Participants, other than those in (b)(i) and (b)(ii) above, who receive Options to subscribe for Shares representing five per cent. (5%) or more of the total number of Shares available under the SAL ESOS 2023;

Name of Scheme Participant	Number of Shares comprised in Options granted during financial year under review (including terms)	Aggregate number of Shares comprised in Options granted since commencement of the SAL ESOS 2023 to the end of financial year under review	Aggregate number of Shares arising from the Options which have been exercised since commencement of the SAL ESOS 2023 to the end of financial year under review	Aggregate number of Shares over which Options are outstanding as at the end of financial year under review

(c)

- (i) the names of and number and terms of Options granted to each director or employee of the parent company and its subsidiaries who receives five per cent. (5%) or more of the total number of options available to all directors and employees of the parent company and its subsidiaries under the SAL ESOS 2023, during the financial year under review; and
- (ii) the aggregate number of Options granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of SAL ESOS 2023 to the end of the financial year under review;
- (d) the number and proportion of Options granted at a discount during the financial year under review in respect of every ten per cent. (10%) discount range, up to the maximum quantum of twenty per cent. (20%) discount granted; and
- (e) such other information as may be required by the Listing Manual, the Companies Act, and all other applicable laws and requirements,

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

The Company will also make an immediate announcement upon any grant of Options and including therein such information as required under Rule 704(29) of the Listing Manual.

### **3.6 Rationale and justification for participation by Group Non-Executive Directors (including Independent Directors) in the SAL ESOS 2023**

Although the Group Non-Executive Directors are not involved in the day-to-day running of the Group, they play an invaluable role in the Group's success by applying their experience, drawing on their knowledge and utilising their expertise for the benefit of the Group. It is desirable that the Group Non-Executive Directors (including Independent Directors) be allowed to participate in the SAL ESOS 2023 so as to give recognition to their services and contributions and to further align their interests with that of the Group.

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## CIRCULAR TO SHAREHOLDERS

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In order to minimise any possible conflicts of interest, and so as not to compromise the objectivity of independent members of the Board who may, in the future, be selected to participate in the SAL ESOS 2023, the Group Non-Executive Directors (including Independent Directors) would primarily continue to be remunerated for their services by way of directors' fees. Options granted to Group Non-Executive Directors (including Independent Directors) will be taken as part of their remuneration to be approved by Shareholders at a general meeting. It is envisaged that the Options granted to Group Non-Executive Directors (including Independent Directors) will not comprise (whether on an individual or collective basis) a significant portion of the Options available under the SAL ESOS 2023.

The Committee when deciding on the selection of Group Non-Executive Directors to participate in the SAL ESOS 2023, and the number of Shares to be offered (in accordance with the SAL ESOS 2023) will take into consideration the nature and extent of their input, assistance and expertise rendered to the committees on which they sit and the impact thereof on the growth, success and development of the Company and the Group, as well as their involvement and commitment to the Board. Group Non-Executive Directors (including Independent Directors) will abstain from making any recommendation as a Director and abstain from voting as a member of the Company when the grant of Options to him is being considered.

### **3.7 Rationale and justification for participation by Controlling Shareholders and their Associates in the SAL ESOS 2023**

The Company is of the view that all Group Employees, including those who are Controlling Shareholders or Associates of Controlling Shareholders, should be remunerated for their contribution to the Group on the same basis with no differentiation between employees who are Controlling Shareholders or Associates of Controlling Shareholders and employees who are not. The extension of the SAL ESOS 2023 to allow the Controlling Shareholders or their Associates to participate in the SAL ESOS 2023 will ensure that they are equally entitled as the other Group Employees who are not Controlling Shareholders or Associates of Controlling Shareholders, to take part and benefit from this system of remuneration. The Company is of the view that Controlling Shareholders or Associates of Controlling Shareholders should not be unduly discriminated against by virtue only for their shareholdings in the Company, and the extension of the SAL ESOS 2023 to Controlling Shareholders or Associates of Controlling Shareholders will enhance their long-term commitment to the Group as it will ensure that they will continue to have a stake in the Company even if they decrease their shareholdings in the Company in the future.

As a safeguard against abuse, all members of the Board (and not just members of the Committee) who are neither Controlling Shareholders nor their Associates will be involved in deliberations in respect of Options to be granted to or held by Controlling Shareholders or their Associates and the terms and conditions. Furthermore, participation in the SAL ESOS 2023 by Controlling Shareholders and their Associates must be approved by independent Shareholders. A separate resolution must be passed approved by independent Shareholders. A separate resolution must be passed for each Controlling Shareholders and their Associates and to approve the actual number and terms of Options to be granted to that Scheme Participant.

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## CIRCULAR TO SHAREHOLDERS

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### **3.8 Rationale and justification for participation by directors and employees of Associated Companies in the SAL ESOS 2023**

It is the intention of the Company to extend the SAL ESOS 2023 to include Associated Companies so as to enable the directors and employees of Associated Companies to participate in the SAL ESOS 2023.

The Company is of the view that the extension of the SAL ESOS 2023 to directors and employees of Associated Companies will serve to motivate these individuals to contribute to the growth of their companies. The contribution of such individuals to the success and development of their companies will in turn benefit the Group from the equity accounting of the higher profits of the Associated Companies. Therefore, it is in the interest of the Company to motivate the directors and employees of Associated Companies by allowing them to participate in the SAL ESOS 2023.

In granting Options to directors and employees of Associated Companies, the Committee will consider, *inter alia*, the contribution of such individuals to the success and development of the Company and/or the Group before selecting them for participation in the SAL ESOS 2023. For the purposes of assessing their contributions, the Committee may adopt a performance framework which incorporates financial and/or non-financial criteria. These criteria include the contribution of the relevant Associated Company to the net profit after tax and business growth of the Group as well as the years of service of the relevant director or employee of the Associated Company.

### **4. THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE SAL ESOS 2023**

In accordance with Rule 845(5) of the Listing Manual and the Rules of the SAL ESOS 2023, the offer to grant Options under the SAL ESOS 2023 at a discount not exceeding the maximum discount of twenty per cent. (20%) of the Market Price is subject to the approval of Shareholders at a general meeting in a separate resolution. For the avoidance of doubt, such prior approval shall be required to be obtained only once, and once obtained, shall, unless revoked, authorise the making of offers and grants of Options under the SAL ESOS 2023 at such discount not exceeding the maximum discount for the duration of the SAL ESOS 2023.

Under the SAL ESOS 2023, the Exercise Price of Options granted shall be determined by the Committee at its absolute discretion. The Committee has the discretion to grant Options with an Exercise Price set at a discount to the Market Price on a case-by-case basis. In determining whether to give a discount and the quantum of such discount, the Committee may take into consideration such criteria as it may in its absolute discretion deem appropriate, including but not limited to (a) the performance of the Company and/or the Group; (b) the years of service and individual performance of the Scheme Participant; (c) the contribution of the Scheme Participant to the success and development of the Company and/or the Group; and (d) the prevailing market conditions. In the event that Options are granted at a discount, the discount shall not exceed twenty per cent. (20%) of the Market Price.

The ability to offer Options at a discount to the Market Price of the Shares will allow the Company flexibility in structuring its compensation package, since the Company may utilise Options as an additional method for compensating employees and directors other than through salary, salary increments and cash bonuses.

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## CIRCULAR TO SHAREHOLDERS

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The ability to offer Options at a discount to the Market Price of the Shares also allows the Company to grant Options on a more realistic and economically feasible basis to the Scheme Participants, especially in circumstances where the market price is unusually high due to buoyant market activity or inflated share price.

Further, because Options granted at a discount under the SAL ESOS 2023 are subject to a longer minimum holding period before they can be exercised (two (2) years) than those granted at the Market Price (one (1) year), holders of such Options are encouraged to have a long-term view of the Company, thereby promoting staff and employee retention and reinforcing their commitment to the Company.

The Company has proposed a maximum twenty per cent. (20%) discount to Market Price in order to afford sufficient flexibility in the pricing of the SAL ESOS 2023.

### **5. THE PROPOSED ADOPTION OF THE SOUTHERN ARCHIPELAGO PERFORMANCE SHARE PLAN 2023**

#### **5.1 Rationale for the SAL PSP 2023**

In light of the expiry of the PSP 2013 on 21 April 2023, the Directors of the Company are proposing to implement the SAL PSP 2023, which will be known as the “Southern Archipelago Employee Performance Share Plan 2023”, as a new performance share plan of the Company in conjunction with the proposed adoption of the SAL ESOS 2023. The SAL PSP 2023 if approved and adopted by Shareholders at the EGM, will take effect from the date of its adoption at the EGM.

In addition to the objectives for implementing the SAL ESOS 2023 as discussed in Section 3.1 of this Circular, the SAL PSP 2023 will afford the Company greater flexibility in achieving its objectives by serving as an additional method available to the Group for compensating the Plan Participants rather than merely through salaries, directors’ fees, salary increments, cash bonuses and Options, and to make remuneration sufficiently competitive to recruit and retain Group Employees and Group Non-Executive Directors.

The SAL PSP 2023 contemplates the award of fully-paid Shares upon the achievement of performance targets to give due recognition to good work performance and/or significant contribution to the Group.

Further, the Directors are proposing to implement the SAL PSP 2023 to complement the practice of paying cash bonus payments to Group Employees. The Company may pay a percentage of a Group Employee’s annual cash bonus payment in the form of Shares. The value of Shares to be issued and allotted to such Group Employees shall be based on a pre-determined percentage of the value of the Group Employee’s annual bonus and such pre-determined percentage shall be determined at the sole discretion of the Committee. By giving Group Employees the opportunity to participate in the equity of the Company (as opposed to providing solely cash bonus payments for their performance), the SAL PSP 2023 aims to cultivate a greater sense of involvement in the Group amongst the Group Employees. The Company hence believes that the SAL PSP 2023 will be more effective than pure cash bonus payments in motivating Group Employees to put in their best efforts while allowing the Company to offer incentives and remuneration packages comparable with other multi-national companies.

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## CIRCULAR TO SHAREHOLDERS

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The Company proposes to adopt the SAL PSP 2023 as well as the SAL ESOS 2023 to increase the Company's flexibility and effectiveness in its continuous efforts to reward, retain and motivate employees to achieve superior performance.

The SAL ESOS 2023 and the SAL PSP 2023 will further strengthen the Company's competitiveness in attracting and retaining talents. The SAL ESOS 2023 and the SAL PSP 2023 will also incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Group. Through the SAL ESOS 2023 and the SAL PSP 2023, the Company will be able to recognise and reward past contributions and services and motivate participants to continue to strive for the Group's long-term growth and prosperity. In addition, the SAL ESOS 2023 and the SAL PSP 2023 aim to foster an ownership culture within the Group which aligns the interests of participants with the interests of Shareholders.

### **5.2 Summary of the SAL PSP 2023**

The following is a summary of the Rules of the SAL PSP 2023.

#### **5.2.1 Eligibility**

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the SAL PSP 2023:

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

provided that, as at the Date of Grant, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into any composition(s) with their respective creditors.

Subject to the absolute discretion of the Committee, Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the SAL PSP 2023, provided that the participation of each Controlling Shareholder or his Associate and each grant of an Award to any of them may only be effected with the specific prior approval of independent Shareholders in general meeting by a separate resolution. The separate resolution must be passed for each such Plan Participant to approve the actual number and terms of Awards to be granted to that Scheme Participant.

For the avoidance of doubt, only directors and employees of Associated Companies which the Company has Control over can participate in the SAL PSP 2023.

Subject to all applicable laws and any requirements of the SGX-ST, the terms of eligibility for participation in the SAL PSP 2023 may be amended from time to time at the absolute discretion of the Committee.

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## CIRCULAR TO SHAREHOLDERS

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### 5.2.2 Grant of Awards

Awards represent the right of a Plan Participant to receive fully-paid Shares free of charge, upon the Plan Participant achieving prescribed performance targets and/or when due recognition should be given to any good work performance and/or significant contribution to the Group.

The Committee shall, in its absolute discretion, decide in relation to an Award:

- (a) the Plan Participant;
- (b) the Date of Grant;
- (c) the number of Shares which are the subject of the Award;
- (d) the prescribed service conditions and/or performance target(s) (including the performance periods during which the prescribed performance targets are to be satisfied) and/or any other basis on which the Award is to be granted;
- (e) the Vesting Period(s);
- (f) the extent to which Shares which are the subject of an Award shall be vested at the end of each prescribed Vesting Period or upon the achievement of prescribed performance targets and/or service conditions; and
- (g) any other condition which the Committee may determine in relation to an Award.

The Plan Participant's overall job performance, his designation and dedication, and potential for future development and contribution to the development and profitability of the Group will be taken into account before an Award is granted to him. In the case of Group Non-Executive Directors who are not directly involved in the day-to-day operations and management of the Group, some of the above criteria may not be relevant and the Committee would decide on the appropriate basis/criteria for the grant/release of Awards to them under the SAL PSP 2023.

In the case of a performance-related Award, the performance targets to be set are intended to be broad-based and shall take into account both the medium-term corporate objectives of the Group and the individual performance of the Plan Participant. The corporate objectives include market competitiveness, quality of returns, business growth and productivity growth. The performance targets could be based on criteria including sales volume, growth in earnings and return on investment.

Where performance targets are determined with respect to or with reference to the audited results of the Company and the Group, the Committee has the right to make computational adjustments to figures extracted from the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee deems relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the performance targets if the Committee decides that amended performance targets would be a fairer measure of performance.



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## CIRCULAR TO SHAREHOLDERS

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The Committee may determine the number of Shares to be granted to a Plan Participant under an Award according to a pre-determined dollar amount which the Committee decides that a Plan Participant deserves for meeting his performance targets such that the quantum of Shares comprised in the Award is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Committee may decide on absolute number of Shares to be awarded to Plan Participants irrespective of the price of the Shares.

The Committee may grant Awards at any time in the course of a financial year during the period in which the SAL PSP 2023 is in force, except that no Award shall be granted during the period commencing:

- (a) 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 quarterly financial statements, whether required by the SGX-ST or otherwise); and
- (b) one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce quarterly financial statements).

In addition, in the event that an announcement by the Company on any matter of an exceptional nature involving unpublished material price sensitive information is imminent, offers to grant Awards may only be made on or after the second Market Day from the date on which such announcement is released.

An Award letter confirming the Award will be sent to each Plan Participant as soon as reasonably practicable after the Award is finalised, specifying, *inter alia*, in relation to the Award:

- (a) in relation to a performance-related Award:
  - (i) the performance target(s); and
  - (ii) the performance period during which the prescribed performance target(s) are to be satisfied;
- (b) the number of Shares under the Award granted to the Plan Participant;
- (c) the date(s) by which Shares under the Award granted to the Plan Participant shall be vested or released; and
- (d) any other applicable conditions or restrictions including, if applicable, any moratorium period to be observed in relation to any Shares under the Award granted to the Plan Participant.

Awards are personal to the Plan Participant to whom it is given and shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval in writing of the Committee.

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## CIRCULAR TO SHAREHOLDERS

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Save for the specific instances disclosed in the SAL PSP 2023 where Shareholders' approval is required (e.g., the grant of Awards to Controlling Shareholders and/or their Associates), the Awards will be granted by the Committee without specific Shareholders' approval provided that such grant is in accordance with the terms of the SAL PSP 2023 approved by Shareholders. For the avoidance of doubt, Shareholders' approval will be sought for the authority to issue shares under the SAL PSP 2023 in accordance with Section 161 of the Companies Act.

### 5.2.3 Vesting of Awards

Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon (i) the Committee being satisfied that the Plan Participant has achieved the performance targets, subject to the Rules; and/or (ii) due recognition should be given for good work performance and/or significant contribution to the Group.

The Committee may determine that special provisions for the vesting and lapsing of Awards apply in certain circumstances, including the following:

- (a) the termination of the employment of a Plan Participant;
- (b) the ill-health, injury, disability or death of a Plan Participant;
- (c) the bankruptcy of a Plan Participant;
- (d) the misconduct of a Plan Participant;
- (e) the Plan Participant, being a Group Non-Executive Director, ceasing to be a director of the Company for any reason whatsoever; and
- (f) a take-over, winding up or reconstruction of the Company.

### 5.2.4 Size of the SAL PSP 2023

The total number of Shares available for issue under (i) the SAL PSP 2023, (ii) the SAL ESOS 2023 and (iii) any other share-based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued Shares excluding Treasury Shares and subsidiary holdings on the day preceding the relevant date of grant of the Awards.

The Directors believe that the above-mentioned limit of fifteen per cent. (15%) is reasonable, taking into account the nature of the business in the industry, the contributions of the Plan Participants, and the share capital of the Company. The size of the SAL PSP 2023 will give the Company sufficient flexibility to decide on the number of Shares to be awarded under the SAL PSP 2023.

The total number of Shares over which Awards may be granted under the SAL PSP 2023 to Controlling Shareholders and their Associates shall not exceed twenty-five per cent. (25%) of the Shares available under the SAL PSP 2023, and the number of Shares over which an Award may be granted under the SAL PSP 2023 to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the Shares available under the SAL PSP 2023.

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## CIRCULAR TO SHAREHOLDERS

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### 5.2.5 Duration of the SAL PSP 2023

The SAL PSP 2023 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date the SAL PSP 2023 is adopted by the Company in general meeting, provided always that the SAL PSP 2023 may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in a general meeting and of any relevant authorisations which may then be required.

The SAL PSP 2023 may be terminated at any time by the Committee or by resolution of the Shareholders at general meeting subject to all other relevant approvals which may be required and if the SAL PSP 2023 is so terminated, no further Awards shall be granted by the Company. Notwithstanding the expiry or termination of the SAL PSP 2023, any Awards granted to Plan Participants prior to such expiry or termination will continue to remain valid.

### 5.2.6 Operation of the SAL PSP 2023

The SAL PSP 2023 will be administered by the Committee. Any Plan Participant of the PSP who is a member of the Committee shall not be involved in its deliberations in respect of Awards to be granted to or held by that member of the Committee or by his Associate.

The Committee shall have the power, from time to time, to make or vary such Rule (not being inconsistent with the SAL PSP 2023) as it may consider necessary, desirable or expedient for it to administer and give effect to the SAL PSP 2023.

The Company may deliver Shares pursuant to Awards granted under the SAL PSP 2023 in the form of an issue of New Shares or subject to applicable laws, the transfer of existing Shares (including Shares held as Treasury Shares). In determining whether to issue New Shares, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effects on the Company of issuing New Shares.

The financial effects of the delivery of Shares to Plan Participants upon vesting of the Awards are set out in Section 5.3 of this Circular.

The Company may determine to make a release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Plan Participant shall receive on the vesting date, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him, the aggregate market value of such Shares on the vesting date.

### 5.2.7 Variation of Capital

If a variation in the issued ordinary share capital of the Company (whether by way of a bonus issue, rights issue, capital reduction, sub-division or consolidation of shares or distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested or released (as the case may be);
- (b) the class and/or number of Shares over which future Awards may be granted under the SAL PSP 2023; and/or
- (c) the maximum number of new Shares which may be issued pursuant to Awards under the SAL PSP 2023,

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## CIRCULAR TO SHAREHOLDERS

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may be adjusted in such manner as the Committee may determine to be appropriate in its sole discretion including retrospective adjustments where such variation occurs after the vesting date but the Record Date relating to such variation precedes such vesting date, which will not result in a Plan Participant receiving a benefit that a Shareholder does not receive, and, except in relation to a bonus issue, upon the Auditors (acting as experts and not as arbitrators) having confirmed in writing that, in their opinion, such adjustment is fair and reasonable.

Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (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 SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (c) an issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees including Directors or employees of the Company pursuant to purchases approved by Shareholders in general meeting, including the SAL PSP 2023 and the SAL ESOS 2023;
- (d) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
- (e) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company; and
- (f) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company.

### **5.2.8 Modifications or Alterations to the SAL PSP 2023**

Any or all the provisions of the SAL PSP 2023 may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Award granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Award granted prior to such modification or alteration may only be made with the consent in writing of such number of Plan Participants who, if their Awards were released to them in full, would thereby become entitled to not less than three-quarters (3/4) of the total number of all the Shares which would be allotted or transferred upon release in full of all outstanding Awards;
- (b) any modification or alteration which would be to the advantage of Plan Participants under the SAL PSP 2023 shall be subject to the prior approval of the Shareholders in general meeting, whereby Shareholders who are also holders of Awards shall be required to abstain from voting in respect of any resolution relating to such modification or alteration; and

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## CIRCULAR TO SHAREHOLDERS

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- (c) no modification or alteration shall be made without due compliance with the Listing Manual, the prior approval of the SGX-ST, and such other regulatory authorities as may be necessary.

For the purposes of Section 5.2.8(a) of this Circular above, the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Award shall be final and conclusive.

### 5.2.9 Ranking of the New Shares

New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer upon the vesting of an Award shall be subject to all the provisions of the Constitution, and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company including rights which arise from a liquidation of the Company, except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Award is vested.

### 5.3 Financial Effects of the SAL PSP 2023

#### 5.3.1 Cost of Awards

As Plan Participants are not required to pay for the grant of the Awards, such grant of Awards will have a financial effect on the Company.

As at the Latest Practicable Date, SFRS(I)(2) is effective for the financial statements of the Company for the financial year beginning 1 January 2023. SFRS(I)(2) requires the recognition of an expense in respect of Awards granted under the SAL PSP 2023 with a corresponding increase in the reserve account over the Vesting Period. The expenses will be based on the fair value of the Awards at the date of the grant and will be recognised over the expected Vesting Period. As at each financial year ended, the Company will revise its estimated number of Shares under the Awards that are expected to become exercisable on the vesting date and recognise the effect of the revision of estimates in the income statement with a corresponding adjustment to the share options reserve over the remaining Vesting Period.

The expense recognised in the income statement depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a “market condition”. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the date of grant, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met.

However, if the performance target is not a market condition, the fair value per Share of the Awards granted at the date of grant is used to compute the expense to be recognised in the income statement at the end of each financial year, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition and if the Awards do not ultimately vest, the amount charged to the income statement would be reversed at the end of the Vesting Period.

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## CIRCULAR TO SHAREHOLDERS

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### 5.3.2 Share Capital

The SAL PSP 2023 will result in an increase in the Company's issued share capital only if New Shares are issued to Plan Participants. The number of New Shares issued will depend on, *inter alia*, the size of the Awards granted under the SAL PSP 2023.

### 5.3.3 NTA

The SAL PSP 2023 will result in a change to the Company's and Group's income statements, which is equal to the fair value of the Awards over the period from the date of grant of the Awards to the vesting date.

When New Shares are issued under the SAL PSP 2023, there will be an impact on the NTA of the Company in that the NTA of the Group and the Company would decrease by the amount charged.

Although the SAL PSP 2023 will result in a change to the income statement of the Company and the Group, Awards are granted only on a selective basis and will be granted to Plan Participants that the Company believes have contributed or will significantly contribute value to its success. In particular, the grant of Awards and delivery of Shares to Plan Participants are contingent upon the Plan Participants meeting prescribed performance targets and/or delivering good work performance. Therefore, Plan Participants would have contributed to or will contribute significantly to the Company and the Group before the Awards are granted and Shares delivered.

### 5.3.4 EPS

The SAL PSP 2023 will result in a change to earnings equivalent to the fair value of the Awards at the date of grant over the period from the date of grant of the Awards to the vesting date.

Although the SAL PSP 2023 will have a dilutive impact (to the extent that New Shares are issued pursuant to the SAL PSP 2023) on the EPS of the Company and the Group, it should again be noted that the delivery of Shares to Plan Participants will generally be contingent upon the Plan Participants meeting the prescribed performance targets and/or delivering good work performance. Accordingly, the earnings of the Company and the Group should have grown before Shares are delivered pursuant to the Awards.

## 5.4 Details of the SAL PSP 2023

The Rules of the SAL PSP 2023 are set out in Appendix II of this Circular.

## 5.5 Disclosures in Annual Reports

In accordance with the Listing Manual, the following shall be disclosed by the Company in its annual report as long as the SAL PSP 2023 continues in operation:

- (a) the names of the members of the Committee;
- (b) the information required in the table below for the following Plan Participants:
  - (i) Plan Participants who are Directors of the Company;

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## CIRCULAR TO SHAREHOLDERS

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- (ii) Plan Participants who are Controlling Shareholders and their Associates; and
- (iii) Plan Participants, other than those in (b)(i) and (b)(ii) above, who receive Shares pursuant to the release of Awards under the SAL PSP 2023, which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the SAL PSP 2023;

Name of Plan Participant	Number of Shares comprised in Awards granted during financial year under review (including terms)	Aggregate number of Shares comprised in Awards which have been granted since commencement of the SAL PSP 2023 to the end of financial year under review	Aggregate number of Shares released pursuant to the vesting of Awards under the SAL PSP 2023 since commencement of the SAL PSP 2023 to the end of financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at the end of financial year under review

- (c)
  - (i) the names of and number and terms of Awards granted to each director or employee of the parent company and its subsidiaries who receives five per cent. (5%) or more of the total number of Awards available to all directors and employees of the parent company and its subsidiaries under the SAL PSP 2023, during the financial year under review; and
  - (ii) the aggregate number of Awards granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of SAL PSP 2023 to the end of the financial year under review;
- (d) that Plan Participants were not required to pay for the grant of any Awards to them; and
- (e) any other information required to be disclosed pursuant to the Listing Manual, the Companies Act, and all other applicable laws and requirements,

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

The Company will also make an immediate announcement upon any grant of Awards and including therein such information as required under Rule 704(29) of the Listing Manual.

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## CIRCULAR TO SHAREHOLDERS

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### **5.6 Rationale and justification for participation by Group Non-Executive Directors (including Independent Directors) in the SAL PSP 2023**

The Group Non-Executive Directors come from different professions and backgrounds and bring to the Group a wealth of experience in various fields including legal, corporate governance and business management, as well as invaluable guidance in relation to the strategic issues and development of the Company, thus providing the Company with a multi-disciplinary approach in evaluating and considering business issues and opportunities.

Even though the Group Non-Executive Directors are not involved in the day-to-day running of the Group, they are often consulted on various matters in relation to the business of the Group. They are well regarded for their contributions to the Company. It is therefore proposed that the SAL PSP 2023 be extended to Group Non-Executive Directors in recognition of their services and contributions to the development and growth of the Group.

Extending the SAL PSP 2023 to the Group Non-Executive Directors will provide the Group with an additional way to remunerate and motivate them.

In order to minimise any possible conflicts of interest, and so as not to compromise the objectivity of independent members of the Board who may, in the future, be selected to participate in the SAL PSP 2023, the Group Non-Executive Directors (including Independent Directors) would primarily continue to be remunerated for their services by way of directors' fees. Awards granted to Group Non-Executive Directors (including Independent Directors) will be taken as part of their remuneration to be approved by Shareholders at a general meeting. It is also envisaged that such Awards will not comprise (whether on an individual or collective basis) a significant portion of Awards available under the SAL PSP 2023.

By implementing the SAL PSP 2023 and giving Group Non-Executive Directors an opportunity to participate in the equity of the Company, their working relationships with the Group will also be enhanced as it will instil in them a sense of ownership in the Company. The extension of the SAL PSP 2023 to Group Non-Executive Directors will enable the Group to continue to attract capable individuals to act as Group Non-Executive Directors.

The Committee when deciding on the selection of Group Non-Executive Directors to participate in the SAL PSP 2023, and the terms of Awards to be granted (in accordance with the SAL PSP 2023) will take into consideration the nature and extent of their input, assistance and expertise rendered to the committees on which they sit and the impact thereof on the growth, success and development of the Company and the Group, as well as their involvement and commitment to the Board. Group Non-Executive Directors (including Independent Directors) will abstain from making any recommendation as a Director and abstain from voting as a member of the Company when the grant of Awards to him is being considered.

### **5.7 Rationale and justification for participation by Controlling Shareholders and their Associates in the SAL PSP 2023**

The Company is of the view that all Group Employees, including those who are Controlling Shareholders or Associates of Controlling Shareholders, should be remunerated for their contribution to the Group on the same basis with no differentiation between employees



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## CIRCULAR TO SHAREHOLDERS

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who are Controlling Shareholders or Associates of Controlling Shareholders and employees who are not. The extension of the SAL PSP 2023 to allow the Controlling Shareholders or their Associates to participate in the SAL PSP 2023 will ensure that they are equally entitled as the other Group Employees who are not Controlling Shareholders or Associates of Controlling Shareholders, to take part and benefit from this system of remuneration. The Company is of the view that Controlling Shareholders or Associates of Controlling Shareholders should not be unduly discriminated against by virtue only for their shareholdings in the Company. The Company is also of the view that the extension of the SAL PSP 2023 to Controlling Shareholders or Associates of Controlling Shareholders will enhance their long-term commitment to the Group as it will ensure that they will continue to have a stake in the Company even if they decrease their shareholdings in the Company in the future.

As a safeguard against abuse, all members of the Board (and not just members of the Committee) who are neither Controlling Shareholders nor their Associates will be involved in deliberations in respect of Awards to be granted to or held by Controlling Shareholders or their Associates and the terms and conditions, including the Vesting Periods (if any) attached to such Awards. Furthermore, participation in the SAL PSP 2023 by Controlling Shareholders and their Associates must be approved by independent Shareholders. A separate resolution must be passed approved by independent Shareholders. A separate resolution must be passed for each Controlling Shareholders and their Associates and to approve the actual number and terms of Awards to be granted to that Plan Participant.

### **5.8 Rationale and justification for participation by directors and employees of Associated companies in the SAL PSP 2023**

It is the intention of the Company to extend the SAL PSP 2023 to include Associated Companies so as to enable the directors and employees of Associated Companies to participate in the SAL PSP 2023.

The Company is of the view that the extension of the SAL PSP 2023 to directors and employees of Associated Companies will serve to motivate these individuals to contribute to the growth of their companies. The contribution of such individuals to the success and development of their companies will in turn benefit the Group from the equity accounting of the higher profits of the Associated Companies. Therefore, it is in the interest of the Company to motivate the directors and employees of Associated Companies by allowing them to participate in the SAL PSP 2023.

In granting Awards to directors and employees of Associated Companies, the Committee will consider, *inter alia*, the contribution of such individuals to the success and development of the Company and/or the Group before selecting them for participation in the SAL PSP 2023. For the purposes of assessing their contributions, the Committee may adopt a performance framework which incorporates financial and/or non-financial criteria. These criteria include the contribution of the relevant Associated Company to the net profit after tax and business growth of the Group as well as the years of service of the relevant director or employee of the Associated Company.

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## CIRCULAR TO SHAREHOLDERS

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### 6. THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE THE NEW BUSINESSES

#### 6.1 Existing Business of the Group

The Company and its subsidiaries are involved in three main business segments, namely, investment holding, sterilisation and polymerisation services, and property development. ("**Existing Business**").

As part of the Board's ongoing strategic corporate strategy to better position the Group to achieve long-term sustainable growth across diverse economic conditions, the Company is and has been seeking and exploring opportunities in other businesses with good prospects for growth in the long run, and to adopt a diversification approach in its long-term growth strategy, with the priority of broadening the Group's revenue streams in order to sustain and enhance Shareholders' value and returns. The acquisition of 27% of Labrador Hill Pte Ltd in April 2021, which operates a luxury boutique hotel and restaurant, confirms the Group's decision to venture into the New Businesses.

Accordingly, the Company intends, subject to the approval of its Shareholders at the EGM, to diversify its Existing Business to include the New Businesses. More information on the rationale for the Proposed Diversification can be found in Section 6.8 of this Circular.

Further, in line with the Board's ongoing strategic corporate strategy, the Company intends to maintain and grow the Existing Business, including working with partners to achieve its corporate objective. The Group is in the process of reviewing the existing sterilisation and polymerisation services to expand its capacity. In relation to the property development segment, the Group has sold all of its land under that segment and the segment will be dormant. The Group will also continue to review its existing portfolio and invest in operations that seek to maximise Shareholders' value and returns under the investment holding segment.

#### 6.2 Overview of the New Businesses

##### (a) Hospitality Business

The Group proposes to undertake the business of owning, leasing, operating and managing of hotels and related business activities.

The Group plans to build a portfolio of hotels which it owns or has interests in, and leases, operates and manages such hotels. The building up of this portfolio could be effected by the acquisition or leasing of properties for building or developing, and operating new hotels, the acquisition of existing hotels, renovating them, and re-branding them under brand names that the Group owns, or managing existing hotels under brand names that the Group owns. Where opportunities arise, the Group will consider the acquisition or leasing of new properties to build new hotels, upgrading and expanding existing hotels, developing new properties and redeveloping existing properties as hotels. When the Group has built up a portfolio of hotels, it may, where opportunities arise, consider the sale of some of its hotels whilst retaining the right to manage such hotels. The Group will also seek to explore, formulate and implement various brand building initiatives.

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## CIRCULAR TO SHAREHOLDERS

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The Group could undertake the Hospitality Business either independently, or in joint venture or collaboration with third parties with the ability to contribute successfully to the joint venture or collaboration.

The decision on whether a project should be undertaken by the Group independently or in collaboration with third parties will be made by the Board taking into account factors such as the nature and scale of the project, the amount of investment required and risks associated with such investment, the nature of the expertise required, the period of time that is required to complete the project, the prevailing market conditions, whether it has the necessary financing and technical expertise for the project, the timing of the project, the revenue which the project may generate, and the standing and contribution of its business partner, if any.

The Group intends to embark on the Hospitality Business in Southeast Asia.

The Hospitality Business will become a new segment of the Group's business.

In accordance with the SGX-ST's recommended practice in relation to diversification of business, as the Company has not to-date operated substantively in the Hospitality Business space and is not able at this time to provide more specific information on the intended or actual operations, transactions, and/or investments that it will be carrying out in relation to the Hospitality Business, where the Company enters into the first Major Transaction (as defined under Section 6.11 of this Circular) involving the Hospitality Business, or where any of the figures computed based on Rule 1006 of the Listing Manual in respect of several transactions involving (a) the Hospitality Business aggregated, or (b) the Hospitality Business and the Wellness Business aggregated, over the course of a financial year exceeds twenty per cent. (20%), such first Major Transaction or the last of the aggregated transactions will be made conditional upon shareholders' approval at a general meeting of the Company to be convened then.

(b) Wellness Business

The Wellness Business will become a new segment of the Group's business and will involve the provision of services to promote good mental, physical and spiritual health. These services include, *inter alia*, the following:

- (i) organising activities such as retreats and other forms of interactive, leisure and entertainment activities which aim to improve physical and mental health, reduce stress, promote social interaction or achieve optimal wellness; and
- (ii) provision of treatments to achieve beauty, emotional and mental balances, relaxation, recovery and rehabilitation, general health improvement or weight loss.

The Wellness Business will complement the Hospitality Business, with the possibility of the services being provided within the Group's hotels or in their vicinities, or as stand-alone establishments.

In accordance with the SGX-ST's recommended practice in relation to diversification of business, as the Company has not to-date operated substantively in the Wellness Business space and is not able at this time to provide more specific information on

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## CIRCULAR TO SHAREHOLDERS

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the intended or actual operations, transactions, and/or investments that it will be carrying out in relation to the Wellness Business, where the Company enters into the first Major Transaction involving the Wellness Business, or where any of the figures computed based on Rule 1006 of the Listing Manual in respect of several transactions involving (a) the Wellness Business aggregated, or (b) the Wellness Business and Hospitality Business aggregated, over the course of a financial year exceeds twenty per cent. (20%), such first Major Transaction or the last of the aggregated transactions will be made conditional upon shareholders' approval at a general meeting of the Company to be convened then.

### **6.3 Management of the New Businesses**

The Company's non-executive chairman, Mr. Siaw Lu Howe, has had over 20 years of experience in managing diverse businesses, such as in hospitality, real estate and mining services industries, primarily in the state of Sarawak, Malaysia. The Company's independent non-executive Director, Mr. Tan Gim Kang, Arran, has worked in various hospitality projects, namely, Bintan Lagoon Resort in Bintan, Indonesia, Premier Apartment in Surabaya, Indonesia, Summit Parkview Hotel in Yangon, Myanmar and Ananda In The Himalayas, Rishikesh, India. Mr. Tan has been involved in various stages of the construction from conception, design and construction. The Board believes that Mr. Siaw Lu Howe and Mr. Tan Gim Kang, Arran will be able to provide their knowledge and expertise relevant for the management of the New Businesses, including sharing their expertise and experience, and constructively challenging the management where necessary on business strategies and proposals.

The Company has appointed a head of event management and attraction who was involved in the events business for 3 years prior to joining the Company, with relevant experience in development of hotels and hotel restaurants, event management and attractions business to lead and manage the setting up of the Wellness Business. It is currently envisaged that additional experienced management staff will be hired to manage the New Businesses. Where the Group makes an acquisition of existing hotels, existing management staff may also be retained.

The Group intends to hire qualified personnel with suitable expertise and experience to support the growth of the New Businesses. The Group's management team may also, where appropriate, seek the advice of external consultants and industry experts when making decisions in respect of the New Businesses. The Board will also receive updates from the management on the performance of the New Businesses and where necessary or appropriate, direct the appointment of in-house or external consultants or professional advisers to assist the management in the New Businesses.

The Group may enter into acquisitions, joint ventures, strategic alliances and foster partnerships with various third parties in the industry to assist it in undertaking the New Businesses more effectively and efficiently. Such partnerships may be on a case-by-case basis or on a long-term basis. Where necessary, work may be contracted or sub-contracted to third parties who have expertise in the relevant areas in relation to the projects concerned. In selecting its partners, the Company will take into account the specific expertise and competencies necessary for the projects in question and the experience, track record and financial standing of the parties concerned.

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## CIRCULAR TO SHAREHOLDERS

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Before undertaking any major contract for the New Businesses, and where relevant, the management of the Company will prepare a feasibility study containing financial forecasts, risk analysis and contingency plans, market study, assessment of current and available resources, funding needs, projected returns and profit margins of the proposed contract and its assessment of the benefits and detriments of the contract. The management, led by the executive directors, will present the feasibility study and proposal to the Board. The Board will discuss, deliberate, understand and decide on the nature and extent of the Group's undertaking in such contract before deciding whether to proceed.

### **6.4 Licences**

As and where necessary, the Group will apply for the requisite licences, permits and/or approvals for the New Businesses. Where it is not possible or practicable for the Group to obtain such required licences, permits and/or approval, the Group intends to seek strategic partnerships or collaborations with entities which are in possession of such required licences, permits and/or approval.

### **6.5 Funding for the New Businesses**

The Company intends to fund the New Businesses through a combination of internal resources, bank borrowings and/or other fund-raising activities arranged with other financial institutions and/or individuals. As and when necessary and deemed appropriate, the Group may explore secondary fund-raising exercises by tapping into capital markets, including undertaking rights issues, share placements and/or issuance of debt instruments.

As at the Latest Practicable Date, the Group has not entered into any other agreement to undertake the New Businesses, and does not have an estimation on the amount of funding required.

### **6.6 Internal Controls and Risk Management of the New Businesses**

The Directors recognise the importance of internal controls and risk management for the smooth running of the New Businesses. The external and internal risks presented by the New Businesses to the Group will be managed under the existing system of internal controls and risk management of the Group. To address the risks presented by the Proposed Diversification, the members of the Audit Committee will be tasked with the responsibility of overseeing the risk management activities of the Company in relation to the New Businesses following the Proposed Diversification. The Audit Committee will be required to approve appropriate risk management procedures and measurement methodologies, and be involved in identifying and managing the various business risks for the New Businesses. The Audit Committee will:

- (a) endeavour to ensure that the relevant risk management and internal control systems implemented commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the New Businesses, protect the integrity of the Group's financial and accounting information, promote accountability and prevent fraud;

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## CIRCULAR TO SHAREHOLDERS

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- (b) review with the management and external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to each of the New Businesses; and
- (c) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Group's operating results and/or financial position.

The Board and the Audit Committee will adopt internal policies before tabling proposals for any new projects or investments under the New Businesses. In addition, the Board and the Audit Committee (which is required to review the risk exposure of the New Businesses of the Company at regular intervals) will review the risk exposure of the New Businesses at intervals of not less than half-yearly.

Before undertaking any investment or transaction in relation to the New Businesses, the management will prepare a proposal containing a cost-benefit analysis, credentials of the management of the New Businesses, joint venture partners or co-investors (if any) and will, if necessary, seek the advice of qualified external consultants and experts. The Board will also assess and consider whether the Group has sufficient financial resources to invest in the project and the gearing ratios and liquidity of the Group as a result of such a project. Further, the Board will assess whether the management team has the relevant experience and expertise to manage such a project and, if not, whether any lack of such experience can be supplemented by professional advisors. In evaluating any new projects or investments based on the aforementioned factors, the Board is guided by the overarching consideration of whether the project will be able to generate revenue for the Group and optimise returns to Shareholders. Investments and/or transactions above an internally-determined threshold will be subject to specific approval by the Board.

Before undertaking any investment activity or transaction in a new jurisdiction for any new project or investment under the New Businesses, the Group will also conduct market research and analysis, and carry out the necessary due diligence. As and where necessary, the Group will apply for or ensure that it possesses the requisite licenses and/or permits required in relation to any project or investment under the New Businesses prior to making any significant investments.

Where necessary, the Group will also mitigate interest rate risks by adopting various hedging strategies.

### **6.7 Conflict of interest**

#### **Requirements under the Listing Manual**

Pursuant to the Listing Manual, conflicts of interest arise when any of the Directors, chief executive officer, Controlling Shareholders and/or their Associates are involved in any of the following situations:

- (a) carry on business transactions with the Company or provide services to or receive services from the Company or the Group;
- (b) lend to or borrow from the Company or the Group;

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## CIRCULAR TO SHAREHOLDERS

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- (c) lease property to or from the Company or the Group; or
- (d) have an interest in businesses that are competitors, suppliers or customers of the Company or the Group.

In this regard, when the Company identifies a potential opportunity in respect of the New Businesses, each of the Directors and key management personnel will be obliged to disclose to the Board where he and/or his Associates have a direct or indirect interest (and the full extent thereof) in the transaction (a “**Conflicted Individual**”). A Conflicted Individual shall not (i) vote in respect of matters in relation to the transaction; (ii) directly or indirectly, make any executive decisions in respect of the transaction; and (iii) directly or indirectly, influence or participate in the operations and management of the transaction.

Further, as stated in Section 6.3 of this Circular, the Group may undertake its New Businesses through, *inter alia*, acquisitions, strategic partnerships or joint ventures, in the New Business. If any such acquisition, strategic partnerships or joint venture (or such other “transaction” as defined under Chapter 9 of the Listing Manual) is entered into with a Director, chief executive officer or Controlling Shareholder and/or their Associates, it will be regarded as an interested person transaction under Chapter 9 of the Listing Manual, and the Company shall comply with the relevant provisions of the Listing Manual governing such transactions.

In addition, should any of the New Businesses involve recurring transactions of a revenue or trading nature or necessary for the day-to-day operations of such business, and such recurring transactions are entered into with a Director, chief executive officer (if applicable) or Controlling Shareholder and/or their Associates, these recurring transactions are also interested person transactions and the Group may consider seeking a general mandate from Shareholders under Chapter 9 of the Listing Manual.

### 6.8 Rationale for the Proposed Diversification

The Company proposes to diversify its Existing Business to include the New Businesses for the following reasons:

- (a) Positive prospects in the New Businesses

The Group believes that in line with the increasing trend of the millennial travellers and corporate expatriates and the rise of new market segments such as technopreneurs, there has been a growth in demand for providing affordable and longer-term stays. In addition, due to the increasing affluence and disposable incomes of the population of Asian economies outside Singapore, the Group believes that there will be a rise in intra-Asia travels. Thus, given the prospects in relation to the hospitality services industry in the region, the Group believes that, barring unforeseen circumstances, this expansion into the New Businesses will yield an additional source of revenue for the Group.

The Company is also of the view that the prospects for the wellness industry will likely be positive in view of, *inter alia*, rising income and educational levels, which increases awareness on the importance of promoting and nurturing mental, physical and spiritual health.

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## CIRCULAR TO SHAREHOLDERS

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- (b) Potential in the New Businesses to provide additional and recurrent revenue streams with a view to achieving long-term growth

The Company has identified the New Businesses as business activities which will provide the Group with sustainable and long-term prospects of profitability and growth.

The Directors believe that the New Businesses will create new business opportunities and provide additional and recurrent revenue stream for the Group, which would enhance the Group's business performance and shareholder's value. Such additional and recurrent revenue streams arising from the Proposed Diversification may include, amongst others, capital gains and recurring dividend income from its investments as well as fee income.

- (c) Reducing reliance on Existing Business and diversifying business and income base

The Proposed Diversification is expected to provide the Group with a more diversified business and income base for future growth and reduce the Group's reliance on the Existing Business for its revenue streams.

- (d) Enhancement of Shareholders' value

The Company believes that the Proposed Diversification can offer new business opportunities, provide the Group with new revenue streams and improve its prospects, in order to enhance Shareholders' value.

- (e) Capitalising on growth prospects of both Singapore and overseas markets

The Company believes that the Proposed Diversification into the New Businesses will enable the Group to be better-positioned to capitalise on the growth prospects of both Singapore and overseas markets. Capitalising on such investment opportunities may enhance the performance of the Group, and thereby strengthening the Group's turnover and profit.

### 6.9 Risk Factors

In undertaking the Proposed Diversification, the Group could be affected by a number of risks which relate to the New Businesses as well as those which may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. Some risks are not yet known to the Group and there may be risks which the Group believes are not material at present but may subsequently turn out to be. The risk factors set out in this Section should not be construed as a comprehensive list of all risk factors relating to the New Businesses.

To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the Proposed Diversification have been set out below. If any of the factors and/or uncertainties described below develops into actual events, this may have a material and adverse impact on the overall results of operations, financial condition and prospects of the Group.



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## CIRCULAR TO SHAREHOLDERS

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Shareholders should carefully consider and evaluate the risk factors and all other information contained in this Circular and consider the risk factors in light of their own investment objectives and financial circumstances before deciding whether to vote in favour of the Proposed Diversification. Shareholders should seek professional advice from their accountants, stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

### 6.9.1 Risks Relating to the Hospitality Business

(a) Change of risk profile

The Group's risk profile may change following the Proposed Diversification as its business continues to grow and be conducted on a larger scale. The Group has undertaken the Proposed Diversification with a view of achieving long-term sustainable growth. This strategy exposes the Group to additional business and operational risks and uncertainties. The Group's diversification plans may also require substantial financial and management resources. In the event that the Group fails to manage its diversification strategy efficiently and effectively, its businesses and financial performance may be negatively affected.

(b) The Group has no prior track record and operating history in the Hospitality Business

As the Group does not have a proven track record in carrying out or implementation of the Hospitality Business, there is no assurance that the Hospitality Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the capital, start-up costs as well as operating costs arising from the Hospitality Business. The Hospitality Business may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Hospitality Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Hospitality Business effectively, the overall financial position and profitability of the Group may be adversely affected.

(c) The Group may not have the ability or sufficient expertise to execute the proposed diversification into Hospitality Business

The Group's ability to successfully diversify into the Hospitality Business is dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the Hospitality Business. There is no assurance that the Group's existing experience and expertise will be sufficient for the Hospitality Business, or that the Group will be able to hire qualified employees with the relevant experience and knowledge to support the growth and operation of the Hospitality Business. The Group may not be able to successfully implement the Hospitality Business and this may adversely affect the Group's financial performance, profitability and prospects.

For more information on the management of the New Businesses, please refer to Section 6.3 of this Circular.

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## CIRCULAR TO SHAREHOLDERS

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- (d) The Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the Hospitality Business may involve acquisitions, joint ventures and/or strategic alliances with a hotel management group or other third parties. Participation in joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisitions or investment opportunities. Furthermore, the Group may rely on its partners at the initial stage of its foray into the Hospitality Business, and there is a risk that if any of its partners is unable to deliver its obligations or commitments under the joint venture or strategic alliance (such as failure to perform according to the expertise expected of the joint venture partner or strategic partner or meet the financial obligations), it may cause disruption in the Hospitality Business operation and/or result in additional costs to the Group. In such events, the Group's financial performance may be adversely affected.

Such collaborations with joint venture and/or strategic partner also involve additional risks associated with the possibility that the joint venture and/or strategic partner may (i) have economic or business interests or goals that are inconsistent with the Group; (ii) take actions or omit to take actions contrary to the Group's instructions, requests or objectives or good corporate governance practices or the law; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the Group's business relationship with the joint venture and/or strategic partner and in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects. In such events, the Group's financial performance may be adversely affected.

- (e) The Group's business may be adversely affected by a reduction in travel or discretionary consumer spending as a result of a downturn in Southeast Asia or global economy

The Group may be adversely affected by a reduction in travel or discretionary consumer spending as a result of a downturn in Southeast Asia or global economy. Consumer demand for hotel accommodation may be sensitive to downturns in the economy. Changes in consumer preferences, or the level of discretionary consumer spending brought about by factors such as fear of war and future acts of terrorism, deterioration in general economic conditions, decreases in disposable consumer income, fear of recession or decline in consumer confidence in the economy could reduce consumer demand for the services provided by the Group, thus imposing practical limits on pricing and consequently having an adverse effect on the Group's business, financial condition, results of operations and prospects.

- (f) The business of the Group may be severely affected by competition from other hotel companies

The Group's operations in the Hospitality Business may face competition from other international, regional and independent hotel companies, some of which may have

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## CIRCULAR TO SHAREHOLDERS

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greater name recognition and/or financial resources than the Group (including competition in relation to hotel room rates, convenience, services or amenities offered). Such competition may result in the Group not being able to gain sufficient market share and demand for its services. This could result in a reduction in its revenue and may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

- (g) The business of the Group may be severely affected by property damage

The Group's operations in the Hospitality Business may be severely affected by losses arising out of damage to the Group's hotels, where such losses may not be covered or inadequately covered by insurance policies, as a result of uninsurable risk or where such losses are in excess of the amount for which the hotels are insured. Such property damage could result in a loss of revenue or asset value during such time that the hotels are damaged and may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

- (h) There is no assurance that the Group's expansion plans will be successful

In order to grow its Hospitality Business, the Group may expand its operations both locally and overseas or explore acquisitions, joint ventures and/or strategic alliances which it believes will complement its current and future businesses.

These expansion plans will require substantial capital expenditure and financial resources. The success of the Group's expansion plans depends on many factors, some of which are not within its control. The number of attractive expansion opportunities may be limited and may command high valuations, and the Group may be unable to secure the necessary financing to implement such expansion plans. The Group may also be unable to achieve a sufficient level of revenue or manage its costs effectively, or may be unable to identify suitable expansion opportunities. All the above factors may cause the commencement of these planned expansions to be delayed. Further, there is no assurance that circumstances beyond its control will not arise. In the event that any of the above scenarios develop into actual events, the Group's future financial performance and position may be adversely affected.

Moreover, the Group may face difficulties arising from operating a significantly larger and more complex organisation as a result of the Hospitality Business, and it may not be able to effectively manage a larger enterprise or achieve the desired profitability from such acquisitions or expansion. The Group's acquisitions could also be subject to certain additional risks, including:

- (i) difficulties arising from operating a significantly larger and more complex organisation and expanding into new areas and territories, for example, having to comply with unfamiliar government authorities and regulations;
- (ii) difficulties in the integration of the assets and operations of acquired businesses with its existing assets and business;
- (iii) the loss of customers and other key staff following any acquisition;
- (iv) the diversion of management's attention from its existing businesses and an interruption of, or a loss of momentum in, the activities of such services;

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## CIRCULAR TO SHAREHOLDERS

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- (v) the failure to realise expected profitability or growth;
- (vi) the failure to realise expected synergies and cost savings;
- (vii) difficulties arising from coordinating and consolidating corporate and administrative functions, including the integration of internal controls and procedures such as timely financial reporting;
- (viii) unforeseen legal, regulatory, contractual, labour or other issues; and
- (ix) difficulties arising from language, cultural and geographic barriers.

If the Group is unable to manage the growth in its business or is unable to successfully integrate newly acquired Hospitality Business, its ability to compete effectively could be impaired, and this may result in a material adverse effect on its business, financial condition, results of operations and prospects.

- (i) The operating results of the Group is dependent on talent acquisition and may be adversely affected by the departure of experienced employees

The Group intends to hire qualified personnel with suitable expertise and experience to support the growth of the Hospitality Business. The ability of the Group to attract and retain experienced employees as well as its directors and senior management will, to a certain extent, depend on the adoption of appropriate remuneration (including salary, housing and other benefits) and incentive schemes by the Group. The loss of any experienced employee, director or senior management by the Group or its inability to recruit and retain a sufficient number of experienced employees in respect of the Hospitality Business could affect the ability of the Group to operate, manage and franchise hotels successfully and consequently could have a material and adverse effect on the business, financial condition, results of operations and prospects of the Group.

- (j) The Group relies on the reputation of its brands and protection of its intellectual property rights

The hotel brands that the Group may own could be susceptible to imitation and infringement and the Group cannot guarantee that third parties will not copy or otherwise obtain and use such trademarks without authorisation. In the event of imitation and infringement, there may be an adverse impact on the Group's business reputation and performance if the Group fails to successfully assert or protect its intellectual property rights. The Group may also face difficulties and costly litigation in protecting and enforcing its intellectual property rights. Such events may affect the reputation of the Group or even limit the Group's ability to utilise and franchise the brand names, thereby adversely affecting the results of operations of the Group.

- (k) The Group may be subject to substantial liability should the consumption of any of the food and beverages in the Group's hotels cause personal injuries or illnesses

Food and beverage products may be served in the hotels owned, lease, operated, managed, or franchised by the Group. The serving of food and beverage products for human consumption involves an inherent risk of injury to consumers. Such injuries may result from tampering by unauthorised third parties or product contamination or

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## CIRCULAR TO SHAREHOLDERS

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degeneration, including the presence of foreign contaminants, chemicals, substances, or other agents or residues during the various stages of the procurement, preparation and serving process. While food and beverage operations are subject to governmental inspections and regulations, the Group cannot assure Shareholders that the service of food and beverages in the hotels that it owns or manages will not cause health-related illnesses, or that it will not be subject to claims or lawsuits relating to such matters.

In the event of any injury or illness arising from the serving of food and beverage products, the Group's insurance coverage may not be adequate to cover the financial damage and its reputation, business, financial condition, results of operations and prospects may be adversely affected. Any contamination of food and beverages products may result in a recall of the Group's products and/or criminal or civil liability and may restrict the Group's ability to operate. Contaminated products may also give rise to negative publicity, and the Group may be ordered by the relevant authorities to suspend or cease all or part of the business operations, which will materially and adversely affect the business and financial performance of the Group. In addition, in the event that the food and beverages are found to be unfit for human consumption or detrimental to human health as a consequence of the Group's negligence, the Group may be subject to claims and be required to compensate consumers. This would consequently have a material adverse effect on the Group's business, financial conditions, results of operations and prospects. Any claims by the government or regulatory authorities that the Group's food and beverages caused injury, illness, or death could also have a material adverse effect on the Group's reputation with existing and potential customers and on the Group's business, financial condition, results of operations and prospects.

- (l) The Group may require additional financing for the Hospitality Business in the future

The Group may need to tap the capital markets for debt or equity financing to fund capital expenditure required for the Hospitality Business in the future. Additional equity financing may result in a dilution to the shareholdings of Shareholders if Shareholders are unable or unwilling to participate in such financing. Additional debt financing is subject to interest payments and interest rate fluctuations and may also be subject to conditions that restrict or require consent for corporate restructuring or additional financing or fund raising, or restrictions on the payment of dividends and maintenance of certain financial ratios. These conditions may limit the flexibility of the Group in planning for, or reacting to, changes in the business or industry.

The ability of the Group to obtain debt financing or funds from the capital markets for its requirements depends on prevailing market conditions, the ongoing performance of the Group and the acceptability of the financing terms offered. The Group cannot ensure that future financing will be available or available on acceptable terms, or in an amount sufficient to fund the needs of the Group. In the event that the Group is unable to obtain acceptable and adequate financing, it may not be able to undertake certain new projects and this may have an adverse effect on the Group's business, financial condition and results of operations.

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## CIRCULAR TO SHAREHOLDERS

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- (m) The Group may be subject to the withdrawal of land use rights or compulsory acquisition by the respective governments of different cities

The Group may be subject to the withdrawal of land use rights by the respective governments of the different cities where its hotels are located in. The imposition of terms and conditions, or the non-renewal of the land use rights granted by respective governments may have an adverse effect on the Group's business, financial condition and results of operations.

In addition, the Group may be subject to compulsory acquisition of land by the respective governments of the different cities where its hotels are located in. If no compensation is awarded or the compensation to be awarded in respect of acquired property pursuant to any compulsory acquisition is less than what the Group would otherwise be entitled to receive had the property been sold at market value, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

- (n) An outbreak of communicable diseases, if uncontrolled, may adversely affect the number of visitors to the Group's hotels, as well as disrupting its operations

The outbreak of communicable or virulent diseases and pandemics/epidemics such as Severe Acute Respiratory Syndrome, H5N1 avian flu, Middle East Respiratory Syndrome, Ebola and most recently, the outbreak in late 2019 of a novel strain of coronavirus (COVID-19) in countries which the Group operates may materially and adversely affect its operations. In addition, any such occurrence could result in sporadic or prolonged market and/or supply disruptions, an economic downturn or recession, volatilities in domestic and/or international financial markets and may materially and adversely affect Singapore and other economies. The occurrence or developments of any of these events may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

In particular, the global outbreak of COVID-19 triggered a global downturn and economic contraction and resulted in border control and movement restrictions imposed by governments as a response to the COVID-19 pandemic. In such event, if the Group is unable to seek alternative solutions in response to the workforce constraints, such as the hiring of temporary or contract employees or arranging for its employees to work overtime, this may materially and adversely impede the Group's ability to operate. Further, during such pandemic, there can be no assurance that the precautionary measures that Group takes to ensure the safety and well-being of its employees will always be effective in preventing the spread of disease. For instance, not all of the Group's employees may choose to be vaccinated against COVID-19 and further, there can be no assurance that the vaccine will be risk-free and effective with no harmful side effects. Further, any failure to comply with the stringent regulatory requirements may also result in penalties being imposed on the Group. The Group's hotels at which any material non-compliance occurred may also have to temporarily cease operations.

The impact of COVID-19 on the domestic, regional and global economy remains uncertain. While border control and travel restrictions have eased, there is no certainty that such restriction or other restrictions will be imposed again. Accordingly, the actual extent of the impact on the Group's business, financial condition, results of operations and prospects will depend on, among other things, the duration of the

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## CIRCULAR TO SHAREHOLDERS

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COVID-19 pandemic, the severity and length of the economic downturn and the speed and strength of the subsequent recovery. The COVID-19 pandemic could result in protracted volatility in international markets and/or result in a global recession. The foregoing may result in reduced investment and spending and severe unemployment, and an economic downturn of this scale may pose significant challenges to Group's business, and may lead to decreases in the number of travellers internationally, and hence the number of visitors to the Group's hotels.

- (o) The Group's business may be adversely affected by natural disasters

Various Southeast Asian countries and other countries have experienced numerous natural disasters, such as earthquakes, tsunamis, increasing typhoon activities and floods, resulting in loss of lives and massive destruction to properties. Should these natural disasters increase in their severity or frequency in the future, the willingness of travellers to travel throughout Southeast Asia and other regions may be affected and the hospitality services industry will be affected and demand will decrease. This may adversely affect the Group's business, financial condition, results of operations and prospects.

- (p) The Group may be exposed to significant operating risks

The Hospitality Business is susceptible to operating risks common to the hospitality industry. These risks include competition from other hotels, oversupply in rooms, increase in operating costs due to inflation, dependence on tourism, increase in energy and labour costs and other expenses, and adverse effects of general and local economic conditions.

- (q) The Group's business may be adversely affected by increase in insurance premiums

Insurance companies may increase insurance premiums from time to time, including the aftermath of terrorist attacks, epidemics, hurricanes and other natural disasters. This may erode profit margins, and adversely affect the Group's business, financial condition, results of operations and prospects if the insurance premiums that it has to bear for insurance policies in respect of its Hospitality Business increase.

- (r) The hospitality services industry is subject to numerous government regulations

The hospitality services industry is subject to numerous government regulations, including, without limitation, those relating to the operation of hotels, the preparation and sale of food and beverages, and general building and zoning requirements. The Group will also be subject to laws governing its relationship with hotel employees including, without limitation, minimum wage requirements, overtime, working conditions, and work permit requirements. Compliance with the relevant laws and regulations (which may change from time to time) may increase the operating costs of the hotels or otherwise adversely affect the business, financial condition, results of operations and prospects of the Group. There can be no assurance that the Group will be successful in applying for and obtaining the requisite registrations, licences and approvals, or that the Group will be able to maintain and/or renew these licences. The Group's business, financial condition, results of operation and prospects may also be adversely affected by any failure to maintain its existing or obtain future licences, permits or approvals or by fines or other penalties imposed in the event that it is found to have violated applicable regulations.

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## CIRCULAR TO SHAREHOLDERS

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- (s) The Group could be subject to foreign exchange exposure and currency fluctuations

The Group may be subject to risks arising from foreign exchange fluctuations in relation to the Hospitality Business. The Group's revenue is presented in Singapore dollars in the financial statements while revenue generated from the Hospitality Business could be denominated in the currencies of the jurisdictions where the operations of the Group may take place in future. Unfavourable fluctuations in currency exchange rates can lead to exchange losses arising from transactions conducted in foreign currencies, as well as translations of foreign currency monetary assets and liabilities as at the end of the relevant reporting periods. If the exchange losses are substantial, it may have a negative impact on the Group's financial performance and financial condition.

- (t) The Group may be subject to risks in relation to interest rate movements

Risks arising from interest rate movements, particularly as a result of the debts that may be undertaken to finance the Hospitality Business or any acquisitions, joint ventures or strategic alliances in relation thereto, may affect the Group's Hospitality Business. Changes in interest rates will affect the Group's interest income and interest expense from short term deposits and other interest-bearing financial assets and liabilities which could have a material and adverse effect on the profitability of the Group. An increase in interest rates would also adversely affect the Group's ability to service loans and its ability to raise and service long term debt.

- (u) The Group may face difficulties in remitting capital, profits and dividends out of the countries it may operate in pursuant to the Hospitality Business

The Group may establish foreign entities to provide hospitality services under its Hospitality Business outside of Singapore. The Group's foreign entities which may be engaged in the Hospitality Business may experience difficulty in remitting capital, profits and dividends out of its countries of operation, as such remittances may be subject to scrutiny and specific approval of the government or regulatory authorities in such countries, or may be subject to foreign exchange policies and conditions prevailing from time to time.

- (v) The Group may be exposed to risks arising from the illiquidity of property investment

Real estate investments are relatively illiquid. Such illiquidity limits the ability of the Group to vary its portfolio in response to changes in economic or other conditions in a timely manner. In the event that there is a need for the sale of such illiquid assets on short notice under harsh market conditions, the Group may not be able to sell off the assets at a favourable price. Such sales at unfavourable prices will have an adverse effect on the financial position of the Group.

- (w) Limitation in risk management and internal control systems

The risk management and internal control systems of the Group, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, prosecution being taken against the Group and/or its employees, disruption to the risk management system, and/or an adverse effect on the Group's financial condition and results of operations.



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## CIRCULAR TO SHAREHOLDERS

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### 6.9.2 Risks relating to the Wellness Business

- (a) The Group has no prior experience in the Wellness Business

The Wellness Business is in an area that is new to the Group. As such, the Company may face the risks, uncertainties and problems associated with the entry into a new business which it has no prior track record in.

In addition, the Company's current management team may not have the relevant expertise to ensure success in the Wellness Business. The Company may also face difficulties in recruiting skilled and qualified personnel in the Wellness Business due to its specialised nature. If the Company is unable to attract and retain a sufficient number of suitably skilled and qualified personnel, the Group's business, results of operations and financial condition may be adversely affected.

- (b) The Wellness Business is subject to competition risks

The success of the Wellness Business will depend to a large extent on the Company's ability to establish itself in the wellness industry on an economically viable scale and in line with the Group's business objectives. The Company may have to compete with other wellness providers, some of which may be larger and better capitalised, offer a wider range of services, have access to greater human resources, and have both a stronger presence as well as a longer operating history in the wellness market. There can be no assurance that the Company's plan to penetrate wellness market will be commercially successful. If the Company fails to compete effectively in this environment, the Group may lose clients and/or investee companies, and the opportunity to gain new clients and/or investee companies. The Company may also not succeed in its marketing activities to develop market awareness and relationships with potential clients and/or investee companies. Further, marketing activities will increase the Group's expenses, and such expenditure without a corresponding increase in revenue may have an adverse impact on the Group's growth prospects and financial performance.

- (c) The Group may not be able to identify expansion opportunities or may experience difficulties in implementing such projects

The growth of the Wellness Business depends, to a certain extent, on the Group's ability to fund, establish or acquire and manage additional businesses in the wellness industry. Such expansions may be capital expenditure intensive. The Group may not be able to identify suitable locations for new facilities, or expand, improve and augment its existing businesses, the number of suitable acquisition or expansion opportunities may be limited and the Group may not be able to negotiate attractive terms for such acquisitions or expansions or be able to secure the necessary financing for such opportunities. If the Group is unable to successfully identify opportunities for expansions or face difficulties in the process of such expansions, its business, financial condition, results of business operations and prospects may be materially and adversely affected.

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## CIRCULAR TO SHAREHOLDERS

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- (d) There is no assurance that the Group will be able to secure new customers and maintain relationships with its existing customers

The Company's revenue from the Wellness Business may be generated from transactions which are of a non-recurring nature and on a transaction-by-transaction basis, and is also subject to the size of the transactions and the scope of services to be rendered. The non-recurring nature of the revenue for the Wellness Business may make the profitability of the Wellness Business unpredictable. Consequently, the Group's revenue and profitability may be adversely affected.

In addition, there is no assurance that customers will continue to patronise the Group's wellness centre or seek treatment of a similar value from the Group in the future. In the event that the customers significantly reduce their patronage of the Group or the Group is unable to secure new customers or contracts of comparable size and profit margins, this will may and adversely affect the Group's business operations, financial condition and results of operations.

- (e) The Company's success in the Wellness Business depends on the Company's ability to attract experienced professionals

Given the nature of the wellness industry, the Company requires experienced professionals to deliver its services. The Company's success in the Wellness Business depends on its ability to attract, motivate, train and retain skilled employees and professionals in the relevant fields of expertise for the Wellness Business. If the Company is unable to attract, motivate and/or retain the necessary highly skilled personnel, there may be a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial condition.

- (f) The Wellness Business may be subject to risks due to fluctuations in foreign exchange rates

The Group may be subject to risks arising from foreign exchange fluctuations in relation to the Wellness Business. The Group's revenue is presented in Singapore dollars in the financial statements while revenue generated from the Wellness Business could be denominated in the currencies of the jurisdictions where the operations of the Group may take place in future. Unfavourable fluctuations in currency exchange rates can lead to exchange losses arising from transactions conducted in foreign currencies, as well as translations of foreign currency monetary assets and liabilities as at the end of the relevant reporting periods. If the exchange losses are substantial, it could have a negative impact on the Group's financial performance and financial condition.

- (g) The Wellness Business is heavily dependent on the Group's reputation and any adverse publicity could have an adverse effect on the Company's performance

Having a good reputation is an important factor in securing customers' confidence and ensuring that the Company maintains the revenue generated from the Wellness Business. Negative publicity (whether or not justified) associated with the Group or any of its officers or employees may adversely impact the Group's reputation and result in a loss of customers. Accordingly, any perception of, or alleged mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations may have an adverse effect on the Group's growth prospects, business operations and financial performance.

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## CIRCULAR TO SHAREHOLDERS

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- (h) The Group may be required to obtain, maintain and renew certain licences and approvals to conduct its business and operations

The Group may require various licences and approvals from local government and other government agencies to conduct its Wellness Business.

A failure to obtain or renew, or a loss of, any significant licence or approval that is required to conduct the business and operations could have a material adverse effect on the Group's business, financial performance, financial condition, results of operations and prospects. Further, changes in legislation and regulations or changes in the interpretation or implementation of the relevant legislation and regulations could also result in licences being revoked and other consequences which may adversely affect the Group's business, financial performance, financial condition, results of operations and prospects.

- (i) The Group may be subject to changing wellness trends

Trends in the wellness industry are constantly evolving and this would require the Group to closely monitor the trends in the market and the needs of consumers. This may require the introduction of new products, technologies, devices, solutions, service categories and treatment procedures and enhancing existing services and procedures.

The Group may be required to incur development and acquisition costs to keep pace with new technologies. Failure to identify, develop and introduce new products, solutions, service categories, features, enhancements and technologies on a timely and cost-effective basis may result in a decrease in demand for the services and the Group may not be able to compete effectively or attract consumers, which may materially and adversely affect its business and results of operations.

- (j) The Group may be subject to risks associated with the development of new services and products

The market conditions and technologies deployed in the provision of wellness services are continuously evolving. Whether the Group can successfully compete in this market largely depends on its ability to anticipate industry trends and identify, develop and market new services and products that meet the customers' demand in a timely and cost-effective manner.

Developing and launching new services and products require significant resources and can be costly, time consuming and difficult. The successful launch of new services and products depends on a number of factors, including the Group's ability to:

- (i) properly identify and anticipate industry trends and market demand;
- (ii) research and develop commercially viable services and products in a timely manner;
- (iii) effectively manage the time and costs involved in services and product registration and other regulatory clearances or approvals;

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## CIRCULAR TO SHAREHOLDERS

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- (iv) compete effectively with other developers, manufacturers and marketers;
  - (v) price the services and products at both competitive and commercially justifiable levels;
  - (vi) increase awareness and acceptance of the Group's new services and products; and
  - (vii) introduce new services and products to the market in a timely and effective manner.
- (k) The Group may be affected by unfavourable market perception of the overall wellness industry

Wellness services have been gaining popularity in recent years. However, consumers may remain cautious about the risks inherent in wellness treatments.

Any shift in perception caused by media influences, peer perceptions, research indicating adverse health effects of wellness treatments or otherwise, may lead to unfavourable market perception of wellness treatments.

In addition, any poor reviews or allegations which surfaces in the media relating to accidents, ineffectiveness of treatments, poor service standards or mishandling of sensitive personal information by any operator of wellness services offered by the Group, regardless of merits, could expose the Group to reputational harm. The Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

- (l) The Wellness Business may be subject to exposure to litigation

The provision of wellness services entails inherent risks of potential liability arising from legal claims by patients and regulatory actions by the authorities. The Group may receive complaints from customers regarding services, treatment outcomes and pricing.

Any successful litigation claim brought against the Group by its customers or otherwise in relation to the Wellness Business could have a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial condition. Even if the Group is successful in defending against such litigation claims and no judgments, fines, damages or liabilities are ordered against the Group, the Group's reputation may suffer, which in turn may have a material adverse effect on the Group's sales and revenue.

In the event that the Group is found liable under any such liability claims, there is no assurance that the Group will have adequate or sufficient liability insurance to cover the amount of damages payable in respect of such claims. Any claims in excess of any liability insurance coverage that may be obtained by the Group may have a material adverse effect on the Group's business, financial conditions and results of operations. In the event that the liability incurred by the Group under such claims is substantial, the Group's business may be significantly affected.

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## CIRCULAR TO SHAREHOLDERS

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- (m) The Group's insurance coverage may be inadequate to indemnify the Group against all possible liabilities

It is envisaged that the Group would have to maintain general insurance policies covering both its assets and employees in line with general business practices in the wellness industry, with policy specifications and insured limits which it believes are reasonable. The Group's insurance coverage may be inadequate to indemnify the Group against all possible liabilities, including losses arising from risks which are not generally insurable. These include losses arising from acts of God, earthquakes, war, civil disorder and acts of terrorism. Losses arising out of damage to the Group's properties not covered by insurance policies in excess of the amount it is insured may affect the Group's profitability. Committing additional costs to the relevant project for its completion in the event there are uninsured damages may also adversely affect the financial performance of the Group.

There is no assurance that such insurance can be obtained on commercially reasonable terms or at all, or that any such coverage will sufficiently cover any losses suffered by the Group. In addition, the Group's insurance policies will be renewed on an annual basis (if required) and there is no assurance that it will be able to renew all its policies or obtain new policies on similar terms. Liabilities may exceed the Group's available insurance coverage or arise from claims outside the scope of its insurance coverage. In the event that the amount of such claims exceeds the coverage of the general insurance policies which the Group has taken up, it may be liable for shortfalls in the amounts claimed and the Group's business, financial condition, operating results and prospects may be adversely affected.

- (n) The Wellness Business is exposed to risks associated with acquisitions, joint ventures, partnerships and/or strategic alliances

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the Wellness Business may involve acquisitions, joint ventures, partnerships and/or strategic alliances with third parties. Participation in such partnerships, joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such partnerships, joint ventures, strategic alliances, acquisitions or investment opportunities. Furthermore, the Group may rely on its partners at the initial stage of its foray into the Wellness Business, and there is a risk that if any of its partners is unable to deliver its obligations or commitments under the joint venture or strategic alliance (such as failure to perform according to the expertise expected of the joint venture partner or strategic alliance or meet the financial obligations), it may cause disruption in the operations of the Wellness Business and/or result in additional costs to the Group. In such events, the Group's financial performance may be adversely affected.

Such collaborations with joint venture and/or strategic partner also involve additional risks associated with the possibility that the joint venture and/or strategic partner may (i) have economic or business interests or goals that are inconsistent with the Group; (ii) take actions or omit to take actions contrary to the Group's instructions, requests or objectives or good corporate governance practices or the law; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the scope of their responsibilities and obligations. Any

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## CIRCULAR TO SHAREHOLDERS

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of these and other factors may materially and adversely affect the Group's business relationship with the joint venture and/or strategic partner and in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects. In such events, the Group's financial performance may be adversely affected.

- (o) The Wellness Business may require additional funding for future capital expenditure and working capital to implement long term business strategies

The Wellness Business may require additional funding for future capital expenditure and working capital. It is likely that the Group will need to access the capital markets for debt or equity financing to fund future capital which may need significant external financing to fund its growth. The Group's ability to obtain additional financing depends on a number of factors, such as market conditions, its operating performance and the commercial viability of its products and/or services. There is no assurance that the Group will be able to obtain additional financing in a timely manner and on terms that are acceptable to the Group or at all.

- (p) The Group's performance in the Wellness Business is subject to exposure to macro-economic risks

The markets in which the Group will operate the Wellness Business are affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates:

- (i) legal and regulatory changes;
  - (ii) government policies;
  - (iii) economic and political conditions;
  - (iv) the level and volatility of liquidity and risk aversion;
  - (v) concerns about natural disasters, terrorism and war;
  - (vi) the level and volatility of equity, debt, property, commodity and other financial markets;
  - (vii) the level and volatility of interest rates and foreign currency exchange rates;  
and
  - (viii) concerns over inflation.
- (q) The commercial success of the Wellness Business depends on the adequate protection of the Group's intellectual property rights and other proprietary rights

The Group's registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. The Group may not be able to protect its rights to these trademarks and trade names, which it needs in order to build name recognition among potential partners or customers in the Group's markets of interest. Further, it may be difficult and costly to defend trademarks from encroachment or

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## CIRCULAR TO SHAREHOLDERS

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misappropriation outside of the jurisdictions which the Wellness Business operates in. Over the long-term, if the Group is unable to establish name recognition based on its trademarks and trade names, the Group may not be able to compete effectively and its business, results of operations, financial condition and prospects may be materially and adversely affected.

The coverage of registered intellectual property rights is subject to interpretation by the courts, and the interpretation is not always uniform or predictable. Where a competitor infringes on its trademarks and other proprietary rights, the Group may enforce its intellectual property rights against infringers when it determines that a successful outcome is probable and may lead to an increase in the value of the intellectual property. If the Group chooses to enforce its intellectual property rights against a party, then that individual or company has the right to request the court to rule that such intellectual property rights are invalid and should not be enforced. These lawsuits and proceedings are expensive and would consume time and resources and divert the attention of the Group's management even if the Group were successful in stopping the infringement of such intellectual property rights. In addition, there is a risk that the court will decide that such intellectual property rights are not valid and that the Group does not have the right to stop the other party from using the trademarks. There is also the risk that, even if the validity of such intellectual property rights is upheld, the court may refuse to stop the other party on the ground that such other party's activities do not infringe the Group's intellectual property rights. Any failure to enforce the Group's intellectual property rights or to defend any legal proceedings regarding its intellectual property rights may materially and adversely affect the Group's business, results of operations, financial condition and prospects.

The Group may also be subject, in the ordinary course of the Wellness Business, to legal proceedings and claims from time to time relating to the intellectual property of others, which could have a material adverse effect on the Group's business, results of operations and financial condition. The Group cannot be sure that the products, services, technologies and advertising it employs in the Wellness Business do not or will not infringe valid patents, trademarks, copyrights or other intellectual property rights held by third parties. In addition, the Group's collaboration and joint venture partners may not properly maintain or defend the Group's intellectual property rights or may use the Group's proprietary information in such a way as to invite litigation that could jeopardise or invalidate the Group's intellectual property or proprietary information or expose the Group to potential litigation. They may also infringe the intellectual property rights of third parties, which may expose the Group to litigation and potential liability. Any legal action against the Group claiming damages or seeking to enjoin commercial activities relating to the affected products or its methods or processes may:

- (i) require the Group, or its partners, to obtain a licence to continue to use or market the affected products, methods or processes, and such a licence may not be available on commercially reasonable terms, if at all;
- (ii) prevent the Group from using or selling the subject matter claimed in patents held by others and subject the Group to potential liability for damages;
- (iii) consume a substantial portion of the Group's managerial and financial resources; or

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## CIRCULAR TO SHAREHOLDERS

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- (iv) result in litigation or administrative proceedings that may be costly, whether the Group wins or loses.

Any such event could have a material adverse effect on the Wellness Business, results of operations, financial condition and prospects.

- (r) Health epidemics and other outbreaks of contagious diseases, including COVID-19, avian flu, SARS and swine flu

The Group's business could be adversely affected by the effects of COVID-19, avian flu, SARS, swine flu, MERS or another epidemic or outbreak. An outbreak of contagious diseases, and other adverse public health developments in the countries where the Group operates in, would have a material adverse effect on its business operations. These could include restrictions on the Group's ability to travel or to ship its supply or even cause a temporary closure of its business facilities in the future. Such closures or travel or shipment restrictions would severely disrupt the operations of the Wellness Business and adversely affect the Group's financial condition, results of operations and prospects.

- (s) The processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing interpretations of personal privacy rights

In the course of the Wellness Business, the Group may receive, transmit and store a large volume of personally identifiable information and other user data in relation to its customers. The sharing, use, disclosure and protection of this information is governed by the privacy and data security policies to be implemented by the Group. Moreover, there are laws (including jurisdictional and international) regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable information is increasingly subject to legislation and regulations in numerous jurisdictions around the world, the intent of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. The Group could be adversely affected if legislation or regulations are expanded to require changes in business practices or privacy policies, or if governing jurisdictions interpret or implement their legislation or regulations in ways that may negatively affect the Group's business, financial condition, results of operations and prospects. Any breach of applicable data protection legislation and regulations could expose the Group to potential liabilities such as litigation or regulatory proceedings.

- (t) Limitation in risk management and internal control systems

The risk management and internal control systems of the Group, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, prosecution being taken against the Group and/or its employees, disruption to the risk management system, and/or an adverse effect on the Group's financial condition and results of operations.



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## CIRCULAR TO SHAREHOLDERS

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### 6.10 Disclosure of financial results of the New Businesses

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

### 6.11 Application of Chapter 10 of the Listing Manual

The Listing Manual provides that a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds twenty per cent. (20%) ("**Major Transaction**"). A Major Transaction must be made conditional upon approval by shareholders in a general meeting. In the case where any of the relative figures computed on the bases set out in Rule 1006 exceeds five per cent. (5%) but does not exceed twenty per cent. (20%), an announcement containing information prescribed under Rule 1010 of the Listing Manual will also be required.

Rule 1002(1) of the Listing Manual provides that "transaction" generally refers to the acquisition or disposal of assets by an issuer or its subsidiary, including an option to acquire or dispose of assets. It excludes a transaction which is in, or in connection with, the ordinary course of its business or of a revenue nature.

Upon the approval by Shareholders of the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the New Businesses, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Listing Manual.

As such, the compliance requirements prescribed under Rules 1010 and 1014 of the Listing Manual do not apply to transactions which are within the Company's existing core business for so long as it is in the ordinary course of its business or of a revenue nature.

Further, pursuant to Practice Note 10.1 of the Listing Manual, shareholders' approval is not required for an acquisition that is regarded to be in, or in connection with the ordinary course of an issuer's business, if (a) the asset to be acquired is part of the issuer's existing principal business; and (b) the acquisition does not change the issuer's risk profile. Further guidelines are provided under Practice Note 10.1 of the Listing Manual on the assessment of what consists of "existing principal business" and "change of risk profile". Further, Practice Note 10.1 of the Listing Manual also states that a disposal of an issuer's business (or a substantial part of its business) will usually not be considered to be in the ordinary course of business.

The Proposed Diversification thus allows the Company, in its normal course of business, to enter into transactions in furtherance of the New Businesses in an efficient and timely manner without the need for Shareholders' approval, for so long as it is in the ordinary course of its business or of a revenue nature. As such, subject to the aforementioned SGX-ST's recommended practice in relation to diversification of business, the Company will not need to convene separate general meetings from time to time to seek Shareholders' approval as and when it intends to undertake transactions which are within

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## CIRCULAR TO SHAREHOLDERS

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the ordinary course of the New Businesses or are of a revenue nature, even where such transactions are Major Transactions. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

For the avoidance of doubt, notwithstanding the Shareholders' approval for the Proposed Diversification, where:

- (a) an acquisition of assets (whether or not the acquisition is deemed in the issuer's ordinary course of business) is one where any of the relative figures as computed on the bases set out in Rule 1006 is hundred per cent. (100%) or more, or is one which will result in a change in control of the issuer, Chapter 10 of the Listing Manual (including Rule 1015) will continue to apply to any such acquisition, which must be made conditional upon the approval of, *inter alia*, Shareholders;
- (b) a transaction constitutes an interested person transaction (as defined under the Listing Manual), Chapter 9 of the Listing Manual will continue to apply to any such transaction and the Company will comply with the provisions of Chapter 9 of the Listing Manual;
- (c) in light of Practice Note 10.1 of the Listing Manual, if a transaction is not within the existing principal business or changes the risk profile of the Company, Shareholders' approval would be required for such transaction; and
- (d) the first Major Transaction or the last of the aggregated transactions will be made conditional upon Shareholders' approval at a general meeting, in accordance with Section 6.2 of this Circular.

Pursuant to Rule 1005 of the Listing Manual, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Listing Manual.

The Company will also be required to comply with any applicable and prevailing Listing Rules as amended or modified from time to time.

### **6.12 Service Contracts**

As at the Latest Practicable Date, there are no new Directors proposed to be appointed to the Company in connection with the Proposed Diversification. Accordingly, no service contract is proposed to be entered into between the Company and any Director in connection with the Proposed Diversification.

## CIRCULAR TO SHAREHOLDERS

### 7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

#### 7.1 Interests in the Company

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

Directors/Substantial Shareholders	Direct Interest (Number of Shares)	Indirect/ Deemed Interest (Number of Shares)	Total Interest	
			Number of Shares	% <sup>(1)</sup>
<b>Directors:</b>				
John Lee Yow Meng	15,000,000	–	15,000,000	0.05
Alan Chin Yu	10,000,000	–	10,000,000	0.04
Tan Gim Kang, Arran	15,000,000	–	15,000,000	0.05
Aris Muhammad Rizal	10,000,000	–	10,000,000	0.04
<b>Substantial Shareholders:</b>				
Mark Wee Liang Yee	14,162,024,558	–	14,162,024,558	51.37
Ultimate Horizon Pte. Ltd.	8,131,184,204	–	8,131,184,204	29.49
Mezzanotte Capital Pte. Ltd. <sup>(2)</sup>	–	8,131,184,204	8,131,184,204	29.49
Lee Teck Yuen <sup>(2)</sup>	–	8,131,184,204	8,131,184,204	29.49

**Notes:**

(1) Based on 27,570,762,183 Shares as at the Latest Practicable Date.

(2) Mezzanotte Capital Pte. Ltd. and Mr Lee Teck Yuen are deemed interested in the shares of the Company held through Ultimate Horizon Pte Ltd as Ultimate Horizon Pte Ltd is wholly-owned by Mezzanotte Capital Pte. Ltd., which is wholly owned by Mr Lee Teck Yuen.

#### 7.2 Interests in the SAL ESOS 2023 and SAL PSP 2023

All the Directors of the Company are eligible to participate in the SAL ESOS 2023 and the SAL PSP 2023. They are therefore deemed to be interested in the SAL ESOS 2023 and the SAL PSP 2023.

As at the Latest Practicable Date, none of the Substantial Shareholders are eligible to participate in the SAL ESOS 2023 and the SAL PSP 2023.

#### 7.3 Interests in the Proposed Diversification

As at the Latest Practicable Date, none of the other Directors have any interest, direct and indirect (other than through their shareholdings, if any, in the Company), in the Proposed Diversification.

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## CIRCULAR TO SHAREHOLDERS

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### 8. DIRECTORS' RECOMMENDATIONS

#### 8.1 Proposed adoption of the SAL ESOS 2023 and SAL PSP 2023

All the Directors of the Company will be eligible to participate in the SAL ESOS 2023 and the SAL PSP 2023 and have therefore refrained from making any recommendation to the Shareholders on all three resolutions relating to the SAL ESOS 2023 and SAL PSP 2023 as set out in the Notice of EGM due to their interest in the SAL ESOS 2023 and the SAL PSP 2023.

#### 8.2 Proposed Diversification

The Directors, having considered, *inter alia*, the terms and rationale for the Proposed Diversification, and all other relevant information set out in this Circular, are of the view that the Proposed Diversification is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Diversification to be proposed at the EGM.

### 9. ABSTENTION FROM VOTING

All Shareholders who are eligible to participate in the SAL ESOS 2023 and/or the SAL PSP 2023 should abstain from voting on the resolutions relating thereto, including in relation to the implementation of the SAL ESOS 2023 and the SAL PSP 2023, and the discount quantum of the Options, and shall also not accept any appointment as proxy for any Shareholder to vote in respect of each such resolution unless the Shareholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of each such resolution.

Where applicable, in compliance with Rule 704(16)(b) of the Listing Manual, the Company will in the announcement of the EGM results indicate the details of parties who are required to abstain from voting on any resolution, including the number of shares held and the individual resolution on which such parties are required to abstain from voting. Any votes cast by such persons who are required to abstain from voting will be disregarded.

### 10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-6 of this Circular, will be held at Level 2 Room Nautica III Republic of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887 on 10 August 2023 at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions as set out in the Notice of EGM.

Printed copies of this Circular, the Notice of EGM and accompanying Proxy Form will not be sent to members. Instead, these documents will be made available on the Company's website at <https://southernarchipelago.com/announcements/> and on the SGXNET at <https://www.sgx.com/securities/company-announcements>. A member will need an internet browser and PDF reader to view these documents.

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## **CIRCULAR TO SHAREHOLDERS**

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### **11. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote on their behalf, should complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not less than 72 hours before the time fixed for the EGM.

The completion and lodgement of a proxy form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

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

### **12. DIRECTORS' RESPONSIBILITY STATEMENT**

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

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

### **13. CONSENT**

CNPLaw LLP, the legal adviser to the Company as to Singapore law in relation to the Proposed Transactions, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto in the form and context in which they appear in this Circular.

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## CIRCULAR TO SHAREHOLDERS

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### 14. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company at Apex @ Henderson 201 Henderson Road #05-19 Singapore 159545 during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2022;
- (c) the Rules of the SAL ESOS 2023; and
- (d) the Rules of the SAL PSP 2023.

Yours faithfully,  
For and on behalf of the Board

Siaw Lu Howe  
Non-Executive Chairman

# APPENDIX I: RULES OF THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023

## 1. SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023

The Southern Archipelago Employee Share Option Scheme 2023 shall mean the employee share option scheme herein, as may be amended, modified or supplemented from time to time, and shall be referred to as the “**SAL ESOS 2023**”.

## 2. DEFINITIONS

In this SAL ESOS 2023, unless the context otherwise requires, the following words and expressions shall have the meanings as set out below:

### General

- “**Act**” or “**Companies Act**” : Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
- “**Adoption Date**” : The date on which the SAL ESOS 2023 is adopted by the Company in general meeting
- “**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 thirty per cent. (30%) or more; and
- b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
- “**Associated Company**” : A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company or the Group and which the Company has Control over
- “**Auditors**” : The auditors of the Company for the time being

<b>“Board”</b>	:	The board of Directors of the Company for the time being
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Committee”</b>	:	The compensation committee, being a committee comprising Directors of the Company as may be duly authorised and appointed by the Board to administer the SAL ESOS 2023, which is overseen by the Remuneration Committee
<b>“Company”</b>	:	Southern Archipelago Ltd.
<b>“Constitution”</b>	:	The constitution of the Company, as amended from time to time
<b>“Control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<b>“Controlling Shareholder”</b>	:	A person who: <ul style="list-style-type: none"> <li>a) holds directly or indirectly fifteen per cent. (15%) or more of the total voting shares in the Company, unless determined by SGX-ST that such person is not a controlling shareholder; or</li> <li>b) in fact exercises Control over the Company</li> </ul>
<b>“CPF”</b>	:	Central Provident Fund
<b>“Date of Grant”</b>	:	The date on which an Option is granted to a Scheme Participant pursuant to Rule 7 of the SAL ESOS 2023
<b>“Director”</b>	:	A person holding office as a director of the Company for the time being
<b>“Discount Option”</b>	:	The right to subscribe for Shares granted or to be granted pursuant to the SAL ESOS 2023 and in respect of which, the Exercise Price is set at a discount to the Market Price
<b>“ESOS 2013”</b>	:	The share option scheme of the Company known as the “Blumont Employee Share Option Scheme 2013”, which was adopted at the extraordinary general meeting of the Company held on 22 April 2013 and had expired on 21 April 2023
<b>“Exercise Notice”</b>	:	Has the meaning ascribed to it in Rule 12.1



<b>“Exercise Period”</b>	:	<p>The period during which an Option is exercisable being:</p> <p>a) in the case of a Market Price Option any time after the 1st anniversary of the Date of Grant and before the 10th anniversary of such Date of Grant; and</p> <p>b) in the case of a Discount Option any time after the 2nd anniversary of the Date of Grant and before the 10th anniversary of such Date of Grant,</p> <p>subject as provided in Rules 11 and 15 of the SAL ESOS 2023 and any other conditions as may be introduced by the Committee from time to time</p>
<b>“Exercise Price”</b>	:	<p>The price at which a Scheme Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 9.1(a) of the SAL ESOS 2023 in relation to a Market Price Option or Rule 9.1(b) of the SAL ESOS 2023 in relation to a Discount Option, as adjusted in accordance with Rule 10 of the SAL ESOS 2023</p>
<b>“Group”</b>	:	<p>The Company, its Subsidiaries and associated companies, collectively</p>
<b>“Group Employee”</b>	:	<p>Any confirmed full-time employee of the Company, any of its Subsidiaries and/or any Associated Company (including any Group Executive Director) selected by the Committee to participate in the SAL ESOS 2023 in accordance with Rule 4 of the SAL ESOS 2023</p>
<b>“Group Executive Director”</b>	:	<p>A director of the Company, any of its Subsidiaries and/or any Associated Company, as the case may be, who performs an executive function within the Group</p>
<b>“Group Non-Executive Director”</b>	:	<p>A director of the Company, any of its Subsidiaries and/or any Associated Company, as the case may be, other than Group Executive Directors and including the Independent Directors, who does not perform an executive function within the Group</p>
<b>“Independent Director”</b>	:	<p>An independent Director of the Company</p>
<b>“Listing Manual”</b>	:	<p>The listing manual of the SGX-ST and its relevant rules, as amended, modified or supplemented from time to time</p>
<b>“Market Day”</b>	:	<p>A day on which the SGX-ST is open for trading in securities</p>

<b>“Market Price”</b>	:	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the three (3) consecutive Market Days immediately preceding the Date of Grant of an Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest third decimal place in the event of fractional prices, provided that in the case of a Market Day on which the Shares were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded
<b>“Market Price Option”</b>	:	The right to subscribe for Shares to be granted pursuant to the SAL ESOS 2023 and in respect of which the Exercise Price is a price equal to the Market Price
<b>“New Shares”</b>	:	For the purpose of the SAL ESOS 2023, means the new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options granted under the SAL ESOS 2023
<b>“Option”</b>	:	A Market Price Option and/or a Discount Option, as the case may be
<b>“PSP 2013”</b>	:	The performance share plan of the Company known as the “Blumont Performance Share Plan”, which was adopted at the extraordinary general meeting of the Company held on 22 April 2013 and had expired on 21 April 2023
<b>“Record Date”</b>	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
<b>“Remuneration Committee”</b>	:	The remuneration committee of the Company from time to time
<b>“Rules”</b>	:	Rules of the SAL ESOS 2023, as may be amended, modified or supplemented from time to time and any reference to a particular Rule shall be construed accordingly
<b>“SAL ESOS 2023”</b>	:	The Southern Archipelago Employee Share Option Scheme 2023, as the same may be amended, modified or supplemented from time to time
<b>“SAL PSP 2023”</b>	:	The Southern Archipelago Performance Share Plan 2023, as the same may be amended, modified or supplemented from time to time
<b>“Scheme Participant”</b>	:	Participants in the SAL ESOS 2023

<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a Depository Agent
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	The registered holders of Shares in the Company’s register of members, except that, where the registered holder of any Shares is the CDP, the term <b>“Shareholders”</b> shall mean, in relation to such Shares, the persons whose direct Securities Accounts as maintained with CDP have been credited with such Shares, and any reference to Shares held by the Shareholders shall include Shares standing to the credit of such Securities Accounts
<b>“Shares”</b>	:	Ordinary shares in the issued share capital of the Company
<b>“Subsidiary”</b>	:	Has the meaning ascribed to it in Section 5 of the Companies Act
<b>“Treasury Shares”</b>	:	Issued shares of the Company which were purchased by the Company and held by the Company in accordance with the applicable provisions of the Companies Act
<b>“Vesting Schedule”</b>	:	In relation to an Option, a schedule for the vesting and the exercise of the Shares comprised in the Option during the Exercise Period in relation to that Option as determined by the Committee on the Date of Grant of that Option
<b>“%” and “per cent”</b>	:	Per centum or percentage

### **Currencies**

<b>“S\$” and “cents”</b>	:	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.

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

Any reference in this SAL ESOS 2023 to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual or any modification thereof and used in this SAL ESOS 2023 shall have the same meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this SAL ESOS 2023 shall be a reference to Singapore time unless otherwise stated.

The headings in this SAL ESOS 2023 are inserted for convenience only and shall be ignored in construing this SAL ESOS 2023.

### **3. OBJECTIVES OF THE SAL ESOS 2023**

- 3.1 The Company places emphasis on the recruitment and retention of quality employees with talent in all areas of the Group's operations, and in particular, the drive, leadership, skills, expertise and experience of such persons, as the Company considers these to be qualities that will assist the Group to realise its strategic and long-term business goals.
- 3.2 The SAL ESOS 2023 will provide Group Employees and directors who have contributed to the success and development of the Group with an opportunity to participate in the equity of the Company and to motivate them towards better performance through dedication and loyalty.
- 3.3 The SAL ESOS 2023, which also forms an integral and important component of a compensation plan, is designed to reward and retain the Group Employees and directors whose services are important to the well-being and success of the Group.
- 3.4 The SAL ESOS 2023 is primarily a share incentive scheme. It recognises the fact that the services of such Group Employees or directors are important to the current development, growth and success of the Group. Implementation of the SAL ESOS 2023 will not only allow the Company flexibility in relation to the Group's remuneration package for its employees and allow the Group to better manage its fixed overheads but also enable the Company to give such Group Employees and directors a real and meaningful stake in the Company and help the Company to achieve the following objectives:
- (a) to motivate each Scheme Participant to achieve and maintain a high level of performance and contribution;
  - (b) to make employee remuneration sufficiently competitive to recruit and retain Scheme Participants whose contributions are important to the long-term growth and profitability of the Group;
  - (c) to instil loyalty to, and a stronger identification by the Scheme Participant with the long-term development and growth of, the Company;
  - (d) to foster an ownership culture within the Company which aligns the interests of employees with the interests of the Shareholders;
  - (e) to give recognition to the contributions made or to be made by Group Non-Executive Directors (including Independent Directors) to the success of the Group; and
  - (f) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders.

### **4. ELIGIBILITY**

- 4.1 Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the SAL ESOS 2023:
- (a) Group Employees (including Group Executive Directors); and
  - (b) Group Non-Executive Directors,

provided that, as at the Date of Grant, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into any composition(s) with their respective creditors.

Any Director who is a member of the Committee shall not be involved in the Committee's deliberations and decisions in respect of Options to be granted to or held by that Director or his Associate.

- 4.2 For the purposes of determining eligibility to participate in the SAL ESOS 2023, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his employment having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.3 For the avoidance of doubt, persons who are Controlling Shareholders of the Company and/or their Associates who satisfy the requirements of Rule 4.1 above shall also be eligible to participate in the SAL ESOS 2023 at the absolute discretion of the Committee and in accordance with the applicable requirements of the Rules, provided that:
- (a) participation in the SAL ESOS 2023 by Controlling Shareholders and their Associates must be approved by independent Shareholders. A separate resolution must be passed approved by independent Shareholders;
  - (b) a separate resolution must be passed for each Controlling Shareholders and their Associates and to approve the actual number and terms of Options to be granted to that Scheme Participant; and
  - (c) all conditions for their participation in the SAL ESOS 2023 as may be required by the regulations of the SGX-ST from time to time are satisfied. In this regard, pursuant to Rule 845 of the Listing Manual, (i) the aggregate number of Shares available to Controlling Shareholders and their Associates must not exceed twenty-five per cent. (25%) of the Shares available under the SAL ESOS 2023; and (ii) the number of Shares available to each Controlling Shareholder or his Associate must not exceed ten per cent. (10%) of the Shares available under the SAL ESOS 2023.
- 4.4 For the avoidance of doubt, only directors and employees of Associated Companies which the Company has Control over can participate in the SAL ESOS 2023.
- 4.5 There will be no restriction on the eligibility of any Scheme Participant to participate in any other share option or share incentive schemes implemented by any other companies within the Group.
- 4.6 Subject to the Act and any requirement of the SGX-ST, the terms of eligibility for participation in the SAL ESOS 2023 may be amended from time to time at the absolute discretion of the Committee.

## **5. MAXIMUM ENTITLEMENT**

Subject to Rule 4 and Rule 10 of the SAL ESOS 2023:

- (a) in determining the participation in the SAL ESOS 2023 by the Group Employees and Group Executive Directors and the number of Shares comprised in the Options, to be offered in accordance with the SAL ESOS 2023, the Committee will take into account criteria such as the rank, seniority, level of responsibility, years of service, performance evaluation, the potential for future development and their respective contributions to the growth, success and development of the Group. In certain circumstances, the Committee will also take into consideration the performance targets met by an eligible Group Employee or a Group Executive Director while determining the extent of the participation of that Group Employee or Group Executive Director in the SAL ESOS 2023. Examples of performance targets which

will be considered by the Committee include targets based on criteria such as total shareholders' return, economic value added, market share, market ranking, profitability, return on sales and successful completion of a project; and

- (b) in determining the participation in the SAL ESOS 2023 by the Group Non-Executive Directors and the number of Shares comprised in the Options, to be offered in accordance with the SAL ESOS 2023, the Committee will take into account criteria such as the services and the contributions made by such Group Non-Executive Director to the growth, success and development of the Group. The Options granted to Group Non-Executive Directors (including Independent Directors) will be taken as part of their remuneration to be approved by Shareholders at a general meeting.

## **6. SIZE OF THE SAL ESOS 2023**

6.1 The total number of Shares available for issue under (i) the SAL ESOS 2023, (ii) the SAL PSP 2023 and (iii) any other share-based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued Shares excluding Treasury Shares and subsidiary holdings on the day preceding the relevant date of grant of the Options.

6.2 The aggregate number of Shares for which Options may be granted under the SAL ESOS 2023 to Controlling Shareholders and their Associates shall not exceed twenty-five per cent. (25%) of the Shares available under the SAL ESOS 2023, and the number of Shares over which an Option may be granted under the SAL ESOS 2023 to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the Shares available under the SAL ESOS 2023.

6.3 It should however be noted that this does not indicate that the Committee will grant Options under the SAL ESOS 2023 up to the prescribed limits provided in Rule 6.1 and Rule 6.2. The Committee will exercise its discretion in deciding the number of Options to be granted to each Scheme Participant under the SAL ESOS 2023.

6.4 Shares which are the subject of Options which have lapsed for any reason whatsoever may be the subject of further Options granted by the Committee under the SAL ESOS 2023.

## **7. DATE OF GRANT**

7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6 above, offer to grant Options to such Scheme Participant as it may select in its absolute discretion at any time during the period when the SAL ESOS 2023 is in force, except that no Option shall be granted during the period Commencing (a) 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 quarterly financial statements, whether required by the SGX-ST or otherwise) and (b) one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce quarterly financial statements). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, an offer to grant Options may only be made on or after the second Market Day on which such announcement is released.

- 7.2 The Committee shall decide, in its absolute discretion, whether to grant a Market Price Option or a Discount Option, the rate of discount for each Discount Option and whether such Options are to be granted subject to conditions and if so, what the applicable conditions are. The letter of offer to grant the Option shall be in, or substantially in, the form set out in Appendix 1.1(a) (in relation to a Market Price Option) or in the form set out in Appendix 1.1(b) (in relation to a Discount Option), subject in each case to such modification as the Committee may from time to time determine.
- 7.3 The Company will make an immediate announcement upon any grant of Options and including therein such information as required under Rule 704(29) of the Listing Manual.

## **8. ACCEPTANCE OF OFFER**

- 8.1 An Option offered to a Scheme Participant pursuant to Rule 7 may only be accepted by the Scheme Participant within thirty (30) days after the relevant Date of Grant and not later than 5.00 p.m. on the 30th day from such Date of Grant:
- (a) by completing, signing and returning to the Company the acceptance form in or substantially in the form set out in Appendix 1.2(a) (in relation to a Market Price Option) or in or substantially in the form set out in Appendix 1.2(b) (in relation to a Discount Option), subject in each case to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration; and
  - (b) if, at the date on which the Company receives from the Scheme Participant the relevant acceptance form in respect of the Option as aforesaid, he remains eligible to participate in the SAL ESOS 2023 in accordance with these Rules.
- 8.2 If a grant of Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and shall forthwith be deemed to be null and void and of no effect.
- (a) The Committee shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or any Exercise Notice given pursuant to Rule 12 which does not strictly comply with the terms of the SAL ESOS 2023.
  - (b) Options are personal to the Scheme Participant to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Scheme Participant's duly appointed personal representative as provided in Rule 11.5 in the event of the death of such Scheme Participant.
  - (c) The Scheme Participant may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Scheme Participant shall accept the offer in multiples of 100 Shares.
  - (d) In the event that a grant of an Option results in the contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Scheme Participant shall have no claim whatsoever against the Company.

- (e) Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
  - (i) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period;
  - (ii) the Scheme Participant dies prior to his acceptance of the Option;
  - (iii) the Scheme Participant is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option;
  - (iv) the Scheme Participant being a Group Employee ceases to be in the employment of the Group for any reason whatsoever prior to his acceptance of the Option; or
  - (v) the Company is liquidated or wound-up prior to the Scheme Participant's acceptance of the Option.

## **9. EXERCISE PRICE**

9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee, at its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed twenty per cent. (20%) of the Market Price, and the Company's Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the SAL ESOS 2023 at a discount not exceeding the maximum discount as aforesaid.

In the event that the SGX-ST permits a higher percentage of discount, the Company may seek Shareholders' approval for the increase in discount at a general meeting.

9.2 In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:

- (a) the performance of the Company and its Subsidiaries, as the case may be;
- (b) the years of service and individual performance of the Scheme Participant;
- (c) the contribution of the Scheme Participant to the success and development of the Company and/or the Group; and
- (d) the prevailing market conditions.



## 10. VARIATION OF CAPITAL

10.1 If a variation in the number of issued Shares of the Company (whether by way of a bonus issue, rights issue, capital reduction, subdivision or consolidation of shares or distribution, or otherwise) should take place, then:

- (a) the Exercise Price in respect of the Shares, class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and
- (b) the class and/or number of Shares in respect of which additional Options may be granted to Scheme Participants,

may be adjusted in such manner as the Committee may determine to be appropriate in its sole discretion including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a bonus issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made (a) if as a result, the Scheme Participant receives a benefit that a Shareholder does not receive; and (b) unless the Committee, after considering all relevant circumstances, considers it equitable to do so.

10.3 For the avoidance of doubt:

- (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 SGX-ST during the period when a share buy-back mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force;
- (c) the increase in the number of issued Shares as a consequence of the exercise of options or conversion of any other convertible securities issued from time to time by the Company entitling holders thereof to acquire new Shares in the capital of the Company (including the exercise of any Options and the delivery of Awards pursuant to the SAL ESOS 2023 and the SAL PSP 2023 respectively);
- (d) the issue of Shares or other securities convertible with rights to acquire or subscribe for Shares pursuant to a share option scheme or share plan approved by Shareholders in general meeting, including the SAL ESOS 2023 and the SAL PSP 2023; and
- (e) the issue of Shares pursuant to any scrip dividend scheme for the time being of the Company,

shall not normally be regarded as a circumstance requiring adjustment.

10.4 Upon any adjustment required to be made, the Company shall notify each Scheme Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares

thereafter comprised in the Option so far as unexercised (including consequent alterations to the Vesting Schedule). Any adjustment shall take effect upon such written notification being given.

## **11. EXERCISE PERIOD**

11.1 Subject as provided in this Rule 11 and Rule 15, any earlier expiry date as may be determined by the Committee, and any other conditions as may be introduced by the Committee from time to time, a Market Price Option and a Discount Option shall be exercisable, in whole or in part, during the Exercise Period applicable to that Option and subject to and in accordance with the Vesting Schedule and conditions (if any) applicable to that Option. In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the SAL ESOS 2023 until such time as it shall lapse in accordance with SAL ESOS 2023.

In deciding whether to issue Options with an earlier expiry date, the Committee may take into account factors including, but not limited to, the accounting cost of such Options, the industry cycle of the business of the Group, the performance of the Group, and any potential corporate actions that may be undertaken by the Group.

11.2 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Scheme Participant shall have no claim against the Company:

- (a) subject to Rules 11.2, 11.3 and 11.4, upon the Scheme Participant ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever;
- (b) upon the bankruptcy of the Scheme Participant or the happening of any other event which result in him being deprived of the legal or beneficial ownership of such Option; or
- (c) in the event of misconduct on the part of the Scheme Participant, as determined by the Committee at its absolute discretion.

For the purpose of Rule 11.2(a), a Scheme Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn by him with the consent of the relevant company by whom he is employed or (in the case where the notice is given by him), by the relevant company by whom he is employed, prior to its effective date.

For the avoidance of doubt, no Option shall lapse pursuant to Rule 11.2(a) in the event of any transfer of employment of a Scheme Participant within the Group.

11.3 Notwithstanding Rule 11.2, if a Scheme Participant ceases to be employed by the Group by reason of his:

- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (b) redundancy;
- (c) retirement at or after a legal retirement age; or
- (d) retirement before the legal retirement age with the consent of the Committee;

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Exercise Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.4 If a Scheme Participant ceases to be employed by of a Subsidiary or Associated Company:

(a) by reason of the Subsidiary or Associated Company, by which he is principally employed, ceasing to be a company within the Group or the undertaking or part of the undertaking of such Subsidiary or Associated Company, being transferred otherwise than to another company within the Group; or

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

he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Exercise Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Scheme Participant dies, whether or not while in the employment of any of the companies within the Group and at the date of his death holds any unexercised Option, such Option shall continue to be exercisable by the duly appointed personal representatives of the Scheme Participant:

(a) in the case where death occurs after the first day of the Exercise Period in respect of such Option, within the period of six (6) months after (i) the earlier of the date of cessation of employment or death, or (ii) before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period, the Option shall immediately lapse and become null and void; and

(b) in the case where death occurs before the first day of the Exercise Period in respect of such Option, within the period of six (6) months after the first day of the Exercise Period in respect of that Option, and upon expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If a Scheme Participant is a director of the Group, he may exercise any Option:

(a) in the case where the cessation of employment or cessation to be a director of the Group, as the case may be, occurs after the first day of the Exercise Period in respect of such Option, within the period of six (6) months after the date of such cessation of employment or such cessation to be a director of the Group, as the case may be, or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period, the Option shall immediately lapse and become null and void; and

(b) in the case where the cessation of employment or cessation to be a director of the Group, as the case may be, occurs before the first day of the Exercise Period in respect of such Option, within the period of six (6) months after the first day of the Exercise Period in respect of that Option and upon expiry of such period, the Option shall immediately lapse and become null and void.

## 12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

- 12.1 An Option may be exercised in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Scheme Participant giving notice in writing to the Company in or substantially in the form set out in Appendix 1.3(a) (in relation to a Market Price Option) or in the form set out in Appendix 1.3(b) (in relation to a Discount Option) (collectively referred to as the “**Exercise Notice**”), subject in each case to such modification as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.
- 12.2 Subject to such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to the compliance with the terms of the SAL ESOS 2023, the Companies Act, the Listing Manual and the Constitution of the Company, the Company shall, within ten (10) Market Days after the exercise of an Option, do any one or more of the following in relation to the exercise of such Option as it deems fit in its sole and absolute discretion:
- (a) allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit and the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares, if necessary; and/or
  - (b) transfer existing Shares to the Scheme Participant, whether such existing Shares are held as Treasury Shares or otherwise.
- 12.3 Shares which are allotted on the exercise of an Option by a Scheme Participant shall be issued, as the Scheme Participant may elect, in the name of CDP to the credit of the Securities Account of the Scheme Participant maintained with CDP, or to the Participant’s securities sub-account with a CDP Depository Agent, or the CPF investment account maintained with a CPF agent.
- 12.4 New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, upon the exercise of an Option shall be subject to all provisions of the Constitution and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company including rights which arise from a liquidation of the Company, except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.
- 12.5 Notwithstanding any other Rule of this SAL ESOS 2023 to the contrary, and notwithstanding references to subscription, issue and allotment of Shares or New Shares, the Company reserves to itself the right to deliver existing Shares held as Treasury Shares in lieu of New Shares to Scheme Participants upon their exercise of Options. In determining whether to issue New Shares or to purchase (where applicable) and transfer existing Shares for delivery to Participants upon the exercise of their Options, the Company will take into account factors such as, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or purchasing (where applicable) and transferring existing Shares.

### **13. MODIFICATIONS TO THE SAL ESOS 2023**

- 13.1 Any or all the provisions of the SAL ESOS 2023 may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Scheme Participants who, if they exercised their Options in full, would thereby become entitled to Shares representing not less than three-quarters (3/4) of the total voting rights of all the Shares which would be allotted upon exercise in full of all outstanding Options;
  - (b) any modification or alteration which would be to the advantage of Scheme Participants under the SAL ESOS 2023 shall be subject to the prior approval of the Shareholders in general meeting, whereby Shareholders who are also holders of Options shall be required to abstain from voting in respect of any resolution relating to such modification or alteration; and
  - (c) no modification or alteration shall be made without due compliance with the Listing Manual, the prior approval of the SGX-ST (if required), and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the SAL ESOS 2023 in any way to the extent necessary to cause the SAL ESOS 2023 to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Scheme Participants provided that any omission to give notice to any Scheme Participants shall not invalidate any such amendment.

### **14. DURATION OF THE SAL ESOS 2023**

- 14.1 The SAL ESOS 2023 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, the SAL ESOS 2023 may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The SAL ESOS 2023 may be terminated at any time by the Committee or by resolution of the Shareholders at general meeting subject to all other relevant approvals which may be required and if the SAL ESOS 2023 is so terminated, no further Options shall be offered by the Company hereunder.
- 14.3 Notwithstanding the expiry or termination of the SAL ESOS 2023, any Options granted to and duly accepted by Scheme Participants prior to such expiry or termination will continue to remain valid.

## 15. TAKE-OVER AND WINDING UP OF THE COMPANY

15.1 In the event of a take-over or exit offer being made for the Company, Scheme Participants (including Scheme Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1) holding Options as yet unexercised shall, notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part during the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(a) the expiry of six (6) months thereafter, unless prior to the expiry of such a six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Exercise Period relating thereto); or

(b) the date of the expiry of the Exercise Period relating thereto,

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Companies Act and, being entitled to do so, gives notice to the Scheme Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Scheme Participants until such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11, remain exercisable until the expiry of the Exercise Period.

15.2 If, under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Scheme Participants (including Scheme Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1) shall notwithstanding Rule 11 and Rule 12, but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Exercise Period relating thereto), whereupon any unexercised Option shall lapse and becomes null and void, provided always that the date of exercise of any Option shall be before the expiry of the Exercise Period.

15.3 If an order or an effective resolution is passed for the winding up of the Company on the basis of its insolvency, all Options, to the extent unexercised, at the date such order or restriction shall lapse and become null and void.

15.4 Subject to Rule 15.5, in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if though fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or after it despatches such notice to each member of the Company, give notice thereof to all Scheme Participants (together with a notice of the existence of the provisions of this

Rule 15.4) and thereupon, each Scheme Participant (or his legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Scheme Participant credited as fully paid.

15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding-up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Scheme Participants, whether by the continuation of their Options or the payment of cash or the grant of other Options or otherwise, a Scheme Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.

15.6 To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

## **16. ADMINISTRATION OF THE SAL ESOS 2023**

16.1 The SAL ESOS 2023 shall be administered by the Committee in its absolute discretion with such powers and duties as may be conferred on it by the Board provided that a member of the Committee who is a Scheme Participant shall not be involved in the deliberations of the Committee in respect of the Options to be granted to him or to his Associate. Further, where Options are proposed to be granted to or held by Controlling Shareholders or their Associates, all members of the Board (and not just members of the Committee) who are not Controlling Shareholders or Associates of Controlling Shareholders, will be involved in the deliberation on the same.

16.2 All determinations or actions of the Committee with respect to the interpretation and/or implementation of the SAL ESOS 2023 shall be decided by the affirmative vote of the majority of the members of the Committee who are not disqualified from participating by virtue of Rule 16.1 or by way of a written instrument signed by the majority of the members of the Committee who are not disqualified from participating by virtue of Rule 16.1. In the event of a tie, the chairman of the Committee shall have a second or casting vote.

16.3 The Committee shall have the power, from time to time to make or vary such Rules (not being inconsistent with the SAL ESOS 2023) for the implementation and administration of the SAL ESOS 2023 as it thinks fit.

16.4 Any decision of the Committee, made pursuant to any provision of the SAL ESOS 2023 (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to the quantum of discount applicable to a Discount Option pursuant to Rule 9.1 or to disputes as to the interpretation of the SAL ESOS 2023 or any Rule, regulation, or procedure thereunder or as to any rights under the SAL ESOS 2023).

16.5 To the extent permitted by law, neither the SAL ESOS 2023 nor the grant of Options under the SAL ESOS 2023 shall impose on the Company or the Committee any liability whatsoever in connection with:

- (a) the lapsing or early expiry of any Options pursuant to any provision of the SAL ESOS 2023;

- (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the SAL ESOS 2023; and/or
- (c) any decision or determination of the Committee made pursuant to any provision of the SAL ESOS 2023.

## **17. NOTICES**

- 17.1 Any notice required to be given by a Scheme Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee as may be notified by the Company to him in writing.
- 17.2 Any notices or documents required to be given to a Scheme Participant or any correspondence to be made between the Company and a Scheme 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 address and place of business at which he performs the whole or substantially the whole of the duties of his office or employment. Any notice or other communication from a Scheme Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Scheme Participant shall be deemed to be received by that Scheme Participant, when left at the address as aforesaid or, if sent by prepaid post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the date of despatch.

## **18. TERMS OF EMPLOYMENT UNAFFECTED**

- 18.1 The SAL ESOS 2023 or any Option shall not form part of any contract of employment between the Company, any Subsidiary and/or any Associated Company and any Scheme Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the SAL ESOS 2023 or any right which he may have to participate in it or any Option which he may hold, and the SAL ESOS 2023 or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 18.2 The SAL ESOS 2023 shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company, any Subsidiary and/or any Associated Company directly or indirectly or give rise to any cause of action at law or in equity against the Company, any Subsidiary and/or any Associated Company and their respective directors and officers.

## **19. TAXES**

All taxes (including income tax) arising from the grant of Option to or exercise of Option by Scheme Participants under the SAL ESOS 2023 shall be borne by that Scheme Participant, unless otherwise determined by the Committee.



## **20. COSTS AND EXPENSES OF THE SAL ESOS 2023**

- 20.1 Each Scheme Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Scheme Participant's Securities Account, or the Scheme Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 19 which shall be payable by the relevant Scheme Participant.
- 20.2 Save for such costs and expenses expressly provided in the SAL ESOS 2023 to be payable by the Scheme Participant, all fees, costs and expenses incurred by the Company in relation to the SAL ESOS 2023 including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

## **21. CONDITION OF OPTION**

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

## **22. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained and subject to the Companies Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the SAL ESOS 2023, including but not limited to the Company's delay in allotting and issuing the New Shares or in applying for or procuring the listing of the New Shares on the SGX-ST.

## **23. DISCLOSURE IN ANNUAL REPORT**

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the SAL ESOS 2023 continues in operation:

- (a) the names of the members of the Committee;
- (b) the information required in the table below for the following Scheme Participants:
  - (i) Scheme Participants who are Directors of the Company;
  - (ii) Scheme Participants who are Controlling Shareholders and their Associates; and
  - (iii) Scheme Participants, other than those referred to in paragraphs (b)(i) and (b)(ii) above, who receive Options to subscribe for Shares representing five per cent. (5%) or more of the total number of Shares available under the SAL ESOS 2023.

Name of Scheme Participant	Number of Shares comprised in Options granted during financial year under review (including terms)	Aggregate number of Shares comprised in Options granted since commencement of the SAL ESOS 2023 to the end of financial year under review	Aggregate number of Shares arising from the Options which have been exercised since commencement of the SAL ESOS 2023 to the end of financial year under review	Aggregate number of Shares over which Options are outstanding as at the end of financial year under review
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(c)

- (i) the names of and number and terms of Options granted to each director or employee of the parent company and its subsidiaries who receives five per cent. (5%) or more of the total number of options available to all directors and employees of the parent company and its subsidiaries under the SAL ESOS 2023, during the financial year under review; and
- (ii) the aggregate number of Options granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of SAL ESOS 2023 to the end of the financial year under review;
- (d) the number and proportion of Options granted at a discount during the financial year under review in respect of every ten per cent. (10%) discount range, up to the maximum quantum of twenty per cent. (20%) discount granted; and
- (e) such other information as may be required by the Listing Manual, the Companies Act, and all other applicable laws and requirements,

provided that if any of the above is not applicable, an appropriate negative statement shall be included.

The Company will also make an immediate announcement upon any grant of Options and including therein such information as required under Rule 704(29) of the Listing Manual.

#### **24. ABSTENTION FROM VOTING**

Scheme Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the SAL ESOS 2023, including (a) the resolution to adopt the SAL ESOS 2023; and (b) the resolution to grant Options at a discount under the SAL ESOS 2023.

#### **25. 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.

**26. GOVERNING LAW**

The SAL ESOS 2023 shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Scheme Participants, by accepting Options in accordance with the SAL ESOS 2023, and the Company, submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

**27. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 2001**

Save as set out herein, no person other than the Company or a Scheme Participant shall have the right to enforce any provision of the SAL ESOS 2023 or any Option by the virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

**THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023**

**LETTER OF OFFER  
(MARKET PRICE OPTION)**

Serial No. \_\_\_\_\_

Private and Confidential

[Date]

To: [Name]  
[Designation]  
[Address]

Dear Sir/Madam

We have the pleasure of informing you that you have been nominated by the Committee to participate in the Southern Archipelago Employee Share Option Scheme 2023 ("**SAL ESOS 2023**"). Capitalised terms used in this letter shall have the same meanings as ascribed to them under the Rules of the SAL ESOS 2023.

Accordingly, an offer is hereby made to grant you a Market Price Option (as defined in the SAL ESOS 2023), in consideration of the payment of a sum of S\$1.00, to subscribe for and be allotted \_\_\_\_\_ ordinary shares ("**Shares**") in the capital of Southern Archipelago Ltd. ("**Company**") at the price of S\$ \_\_\_\_\_ per Share.

The Market Price Option shall be exercisable at the relevant times and in respect of that number of Shares specified, as set out in the Vesting Schedule attached in Part A of this letter.

This Market Price Option is personal to you and shall not be transferred, charged, assigned, pledged or otherwise disposed by you, in whole or in part, except with the prior approval of the Committee in writing.

The Option shall be subject to the Rules of the SAL ESOS 2023, a copy of which is available for inspection at the registered office of the Company.

If you wish to accept the offer, please sign and return the enclosed acceptance form with a sum of S\$1.00 not later than \_\_\_\_\_ (a.m./p.m.) on \_\_\_\_\_, failing which this offer shall automatically lapse and shall thereafter be null and void.

Yours faithfully,

THE COMPENSATION COMMITTEE  
SOUTHERN ARCHIPELAGO LTD.

## Part A

### Vesting Schedule

Subject to the SAL ESOS 2023 and to the terms of the accompanying letter of offer, the Market Price Option may normally be exercised, during the Exercise Period, at the following times and in the following manner:

Period	Percentage of Shares over which the Market Price Option is exercisable
Before the first anniversary of the Date of Grant	: Nil
Between the first anniversary and the second anniversary of the Date of Grant	: _____%
Between the second anniversary and the third anniversary of the Date of Grant	: _____%
Between the third anniversary and the fourth anniversary of the Date of Grant	: _____%

In relation to the Market Price Option, if the Scheme Participant, during any of the periods specified above, exercises that Market Price Option for such number of Shares which in aggregate represents less than the number of Shares for which the Scheme Participant may exercise in respect of such period, the balance of the Shares comprised in that Market Price Option for which the Scheme Participant could have exercised (but did not exercise) in that period shall be carried forward and added to the number of Shares (but shall not be taken into account in determining the number of Shares) in respect of which the Scheme Participant may exercise in the next succeeding period or periods.

**THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023**

**LETTER OF OFFER  
(DISCOUNT OPTION)**

Serial No. \_\_\_\_\_

Private and Confidential

[Date]

To: [Name]  
[Designation]  
[Address]

Dear Sir/Madam

We have the pleasure of informing you that you have been nominated by the Committee to participate in the Southern Archipelago Employee Share Option Scheme 2023 ("**SAL ESOS 2023**"). Capitalised terms used in this letter shall have the same meanings as ascribed to them under the Rules of the SAL ESOS 2023.

Accordingly, an offer is hereby made to grant you a Discount Option (as defined in the SAL ESOS 2023), in consideration of the payment of a sum of S\$1.00, to subscribe for and be allotted \_\_\_\_\_ ordinary shares ("**Shares**") in the capital of Southern Archipelago Ltd. ("**Company**") at the discounted price of S\$\_\_\_\_\_ per Share (being the subscription price of S\$ less a discount of \_\_\_\_\_%).

The Discount Option shall be exercisable at the relevant times and in respect of that number of Shares specified, as set out in the Vesting Schedule attached in Part A of this letter.

This Discount Option is personal to you and shall not be transferred, charged, assigned, pledged or otherwise disposed by you, in whole or in part, except with the prior approval of the Committee in writing.

The Option shall be subject to the Rules of the SAL ESOS 2023, a copy of which is available for inspection at the registered office of the Company.

If you wish to accept the offer, please sign and return the enclosed acceptance form with a sum of S\$1.00 not later than \_\_\_\_\_ (a.m./p.m.) on \_\_\_\_\_, failing which this offer shall automatically lapse and shall thereafter be null and void.

Yours faithfully,

THE COMPENSATION COMMITTEE  
SOUTHERN ARCHIPELAGO LTD.

## Part A

### Vesting Schedule

Subject to the SAL ESOS 2023 and to the terms of the accompanying letter of offer, the Discount Option may normally be exercised, during the Exercise Period, at the following times and in the following manner:

Period	Percentage of Shares over which the Discount Option is exercisable
Before the second anniversary of the Date of Grant	: Nil
Between the second anniversary and the third anniversary of the Date of Grant	: _____%
Between the third anniversary and the fourth anniversary of the Date of Grant	: _____%

In relation to the Discount Option, if the Scheme Participant, during any of the periods specified above, exercises that Discount Option for such number of Shares which in aggregate represents less than the number of Shares for which the Scheme Participant may exercise in respect of such period, the balance of the Shares comprised in that Discount Option for which the Scheme Participant could have exercised (but did not exercise) in that period shall be carried forward and added to the number of Shares (but shall not be taken into account in determining the number of Shares) in respect of which the Scheme Participant may exercise in the next succeeding period or periods.

## THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023

### ACCEPTANCE FORM (MARKET PRICE OPTION)

Serial No. \_\_\_\_\_

Private and Confidential

To: The Compensation Committee  
Southern Archipelago Employee Share Option Scheme 2023  
Southern Archipelago Ltd.  
[address]

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Closing Date and Time for Acceptance of Offer	_____
Number of ordinary shares in the capital of the Company (" <b>Shares</b> ") offered	_____
Exercise Price per Share	S\$_____
Total Amount Payable for the Shares (exclusive of the relevant CDP charges)	S\$_____

---

I have read your letter of offer dated \_\_\_\_\_ ("**Date of Grant**") and agree to be bound by the terms of the letter of offer and the Rules of the Southern Archipelago Employee Share Option Scheme 2023 referred to therein.

I hereby accept the Market Price Option to subscribe for \_\_\_\_\_ Shares at a price of S\$\_\_\_\_\_ per Share. I enclose a \*cashier's order/bank draft/postal order for S\$1.00 as consideration for the grant of the Market Price Option.

I acknowledge that the Market Price Option shall be exercisable at the relevant times and in respect of that number of Shares specified, as set out in the Vesting Schedule attached in Part A of the letter of offer.

I understand that I am not obliged to exercise the Market Price Option.

I acknowledge and confirm that I shall be responsible for all the fees of CDP (if any) relating to or in connection with the allotment and issue of any Shares in CDP's name, to the credit of my securities account with CDP or my securities sub-account with a Depository Agent (as the case may be) (collectively, the "**CDP Charges**").



I further acknowledge and confirm that:

- (a) you have not made any representation to induce me to accept the offer and that the terms of the letter of offer and this acceptance form constitutes the entire agreement between us relating to the offer;
- (b) my acceptance of the Market Price Option will not result in the contravention of any applicable law or regulation in relation to the ownership of the Shares or Market Price Options to subscribe for such Shares; 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 maintain confidentiality with regards to all information relating to the grant of the Market Price Option to me.

Please print in block letters

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Please delete accordingly

**Notes:**

- 1. Shares must be accepted in full or in multiples of 100.
- 2. The acceptance form must be forwarded to the Compensation Committee in an envelope marked "Private and Confidential".
- 3. The Scheme Participant shall be informed by the Company of the relevant CDP Charges payable at the time of the exercise of the Market Price Option.

## THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023

### ACCEPTANCE FORM (DISCOUNT OPTION)

Serial No. \_\_\_\_\_

Private and Confidential

To: The Compensation Committee  
Southern Archipelago Employee Share Option Scheme 2023  
Southern Archipelago Ltd.  
[address]

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Closing Date and Time for Acceptance of Offer	_____
Number of ordinary shares in the capital of the Company (" <b>Shares</b> ") offered	_____
Exercise Price per Share	S\$_____
Total Amount Payable for the Shares (exclusive of the relevant CDP charges)	S\$_____

---

I have read your letter of offer dated \_\_\_\_\_ ("**Date of Grant**") and agree to be bound by the terms of the letter of offer and the Rules of the Southern Archipelago Employee Share Option Scheme 2023 referred to therein.

I hereby accept the Discount Option to subscribe for \_\_\_\_\_ Shares at a price of S\$\_\_\_\_\_ per Share. I enclose a \*cashier's order/bank draft/postal order for S\$1.00 as consideration for the grant of the Discount Option.

I acknowledge that the Discount Option shall be exercisable at the relevant times and in respect of that number of Shares specified, as set out in the Vesting Schedule attached in Part A of the letter of offer.

I understand that I am not obliged to exercise the Discount Option.

I acknowledge and confirm that I shall be responsible for all the fees of CDP (if any) relating to or in connection with the allotment and issue of any Shares in CDP's name, to the credit of my securities account with CDP or my securities sub-account with a Depository Agent (as the case may be) (collectively, the "**CDP Charges**").

I further acknowledge and confirm that:

- (a) you have not made any representation to induce me to accept the offer and that the terms of the letter of offer and this acceptance form constitutes the entire agreement between us relating to the offer;
- (b) my acceptance of the Discount Option will not result in the contravention of any applicable law or regulation in relation to the ownership of the Shares or Discount Options to subscribe for such Shares; 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 maintain confidentiality with regards to all information relating to the grant of the Discount Option to me.

Please print in block letters

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Please delete accordingly

**Notes:**

1. Shares must be accepted in full or in multiples of 100.
2. The acceptance form must be forwarded to the Compensation Committee in an envelope marked "Private and Confidential".
3. The Scheme Participant shall be informed by the Company of the relevant CDP Charges payable at the time of the exercise of the Discount Option.

**THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023**

**EXERCISE NOTICE  
(MARKET PRICE OPTION)**

Serial No. \_\_\_\_\_

Private and Confidential

To: The Compensation Committee  
Southern Archipelago Employee Share Option Scheme 2023  
Southern Archipelago Ltd.  
[address]

Total number of ordinary shares in the capital of the Company ("**Shares**") offered at S\$\_\_\_\_\_ per Share under the Southern Archipelago Employee Share Option Scheme 2023 ("**SAL ESOS 2023**") on \_\_\_\_\_ ("**Date of Grant**") : \_\_\_\_\_

Number of Shares previously allotted and issued thereunder : \_\_\_\_\_

Outstanding balance of Shares to be allotted and issued thereunder : \_\_\_\_\_

Number of Shares now to be subscribed : \_\_\_\_\_

1. Pursuant to your letter of offer dated \_\_\_\_\_ (Date of Grant) and my acceptance thereof, I hereby exercise the Market Price Option to subscribe for \_\_\_\_\_ Shares in the capital of Southern Archipelago Ltd. ("**Company**") at the price of S\$\_\_\_\_\_ per Share.

2. I hereby request the Company to allot and issue the number of Shares specified in paragraph 1 above in the name of The Central Depository (Pte) Limited ("**CDP**") to the credit of my securities account with CDP or my securities sub-account with a Depository Agent specified below and to deliver the share certificate(s) relating thereto to CDP. I further agree to bear such fees and other charges as may be imposed by CDP ("**CDP Charges**") in respect thereof:

\* (a) Direct Securities Account Number : \_\_\_\_\_

or

\* (b) Securities Sub-Account Number : \_\_\_\_\_

Name of Depository Agent : \_\_\_\_\_

3. I enclose a \*cashier's order/bank draft/postal order no. \_\_\_\_\_ of S\$\_\_\_\_\_ in payment for the subscription of the total number of the said Shares and \*CDP Charges of S\$\_\_\_\_\_.
4. I agree to subscribe for the said Shares subject to the terms of the letter of offer, the SAL ESOS 2023 and the Constitution of the Company.
5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

Please print in block letters

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Please delete accordingly

**Notes:**

1. A Market Price Option may be exercised, in whole or in part, provided that a Market Price Option may be exercised in part only in respect of 100 Shares or any multiple thereof.
2. The Exercise Notice must be forwarded to the Compensation Committee in an envelope marked "Private and Confidential".
3. The Scheme Participant shall be informed by the Company of the relevant CDP Charges payable at the time of the exercise of the Market Price Option.

**THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023**

**EXERCISE NOTICE  
(DISCOUNT OPTION)**

Serial No. \_\_\_\_\_

Private and Confidential

To: The Compensation Committee  
Southern Archipelago Employee Share Option Scheme 2023  
Southern Archipelago Ltd. ("**Company**")  
[address]

Total number of ordinary shares in the capital of the Company ("**Shares**") offered at S\$\_\_\_\_\_ per Share under the Southern Archipelago Employee Share Option Scheme 2023 ("**SAL ESOS 2023**") on \_\_\_\_\_ ("**Date of Grant**") : \_\_\_\_\_

Number of Shares previously allotted and issued thereunder : \_\_\_\_\_

Outstanding balance of Shares to be allotted and issued thereunder : \_\_\_\_\_

Number of Shares now to be subscribed : \_\_\_\_\_

1. Pursuant to your letter of offer dated \_\_\_\_\_ (Date of Grant) and my acceptance thereof, I hereby exercise the Discount Option to subscribe for \_\_\_\_\_ Shares in the capital of the Company at the price of S\$\_\_\_\_\_ per Share.

2. I hereby request the Company to allot and issue the number of Shares specified in paragraph 1 above in the name of The Central Depository (Pte) Limited ("**CDP**") to the credit of my securities account with CDP or my securities sub-account with a Depository Agent specified below and to deliver the share certificate(s) relating thereto to CDP. I further agree to bear such fees and other charges as may be imposed by CDP ("**CDP Charges**") in respect thereof:

\* (a) Direct Securities Account Number : \_\_\_\_\_

or

\* (b) Securities Sub-Account Number : \_\_\_\_\_

Name of Depository Agent : \_\_\_\_\_

3. I enclose a \*cashier's order/bank draft/postal order no. \_\_\_\_\_ of S\$\_\_\_\_\_ in payment for the subscription of the total number of the said Shares and \*CDP Charges of S\$\_\_\_\_\_.
4. I agree to subscribe for the said Shares subject to the terms of the letter of offer, the SAL ESOS 2023 and the Constitution of the Company.
5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

Please print in block letters

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Please delete accordingly

**Notes:**

1. A Discount Option may be exercised, in whole or in part, provided that a Discount Option may be exercised in part only in respect of 100 Shares or any multiple thereof.
2. The Exercise Notice must be forwarded to the Compensation Committee in an envelope marked "Private and Confidential".
3. The Scheme Participant shall be informed by the Company of the relevant CDP Charges payable at the time of the exercise of the Discount Option.

## **APPENDIX II: RULES OF THE SOUTHERN ARCHIPELAGO PERFORMANCE SHARE PLAN 2023**

### **1. SOUTHERN ARCHIPELAGO PERFORMANCE SHARE PLAN 2023**

The Southern Archipelago Performance Share Plan 2023 shall mean the performance share plan herein, as may be amended, modified or supplemented from time to time, and shall be referred to as the “**SAL PSP 2023**”.

### **2. DEFINITIONS**

In this SAL PSP 2023, unless the context otherwise requires, the following words and expressions shall have the meanings as set out below:

#### **General**

- “Act” or “Companies Act”** : Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
- “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 thirty per cent. (30%) or more; and
- b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
- “Associated Company”** : A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company or the Group and which the Company has Control over
- “Auditors”** : The auditors of the Company for the time being
- “Award”** : A contingent award of Shares granted under the SAL PSP 2023



<b>“Board”</b>	:	The board of Directors of the Company for the time being
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Committee”</b>	:	The compensation committee, being a committee comprising Directors of the Company as may be duly authorised and appointed by the Board to administer the SAL PSP 2023, which is overseen by the Remuneration Committee
<b>“Company”</b>	:	Southern Archipelago Ltd.
<b>“Constitution”</b>	:	The constitution of the Company, as amended from time to time
<b>“Control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<b>“Controlling Shareholder”</b>	:	A person who: <ul style="list-style-type: none"> <li>a) holds directly or indirectly fifteen per cent. (15%) or more of the total voting shares in the Company, unless determined by SGX-ST that such person is not a controlling shareholder; or</li> <li>b) in fact exercises Control over the Company</li> </ul>
<b>“CPF”</b>	:	Central Provident Fund
<b>“Date of Grant”</b>	:	The date on which an Award is granted to a Plan Participant pursuant to Rule 5 of the SAL PSP 2023
<b>“Director”</b>	:	A person holding office as a director of the Company for the time being
<b>“ESOS 2013”</b>	:	The share option scheme of the Company known as the “Blumont Employee Share Option Scheme 2013”, which was adopted at the extraordinary general meeting of the Company held on 22 April 2013 and had expired on 21 April 2023
<b>“Group”</b>	:	The Company, its Subsidiaries and associated companies, collectively
<b>“Group Employee”</b>	:	Any confirmed full-time employee of the Company, any of its Subsidiaries and/or any Associated Company (including any Group Executive Director) selected by the Committee to participate in the SAL PSP 2023 in accordance with the provisions thereof

<b>“Group Executive Director”</b>	:	A director of the Company, any of its Subsidiaries and/or any Associated Company, as the case may be, who performs an executive function within the Group
<b>“Independent Director”</b>	:	An independent Director of the Company
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST and its relevant rules, as amended, modified or supplemented from time to time
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“New Shares”</b>	:	For the purpose of the SAL PSP 2023, means the new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the SAL PSP 2023
<b>“Group Non-Executive Director”</b>	:	A director of the Company, any of its Subsidiaries and/or any Associated Company, as the case may be, other than Group Executive Directors and including the Independent Directors, who does not perform an executive function within the Group
<b>“Plan Participant”</b>	:	A person who is selected by the Committee to participate in the SAL PSP 2023 in accordance with the terms and conditions as set out in the Rules
<b>“PSP 2013”</b>	:	The performance share plan of the Company known as the “Blumont Performance Share Plan”, which was adopted at the extraordinary general meeting of the Company held on 22 April 2013 and had expired on 21 April 2023
<b>“Record Date”</b>	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
<b>“Remuneration Committee”</b>	:	The remuneration committee of the Company from time to time
<b>“Rules”</b>	:	Rules of the SAL PSP 2023, as may be amended, modified or supplemented from time to time and any reference to a particular Rule shall be construed accordingly
<b>“SAL ESOS 2023”</b>	:	The Southern Archipelago Employee Share Option Scheme 2023, as the same may be amended, modified or supplemented from time to time
<b>“SAL PSP 2023”</b>	:	The Southern Archipelago Performance Share Plan 2023, as the same may be amended, modified or supplemented from time to time

<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	The registered holders of Shares in the Company’s register of members, except that, where the registered holder of any Shares is the CDP, the term <b>“Shareholders”</b> shall mean, in relation to such Shares, the persons whose direct Securities Accounts as maintained with CDP have been credited with such Shares, and any reference to Shares held by the Shareholders shall include Shares standing to the credit of such Securities Accounts
<b>“Shares”</b>	:	Ordinary shares in the issued share capital of the Company
<b>“Subsidiary”</b>	:	Has the meaning ascribed to it in Section 5 of the Companies Act
<b>“Treasury Shares”</b>	:	Issued shares of the Company which were purchased by the Company and held by the Company in accordance with the applicable provisions of the Companies Act
<b>“Vesting Period”</b>	:	The period(s) during which an Award may vest, if any, to be determined by the Committee at the Date of Grant
<b>“%” and “per cent”</b>	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

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

Any reference in this SAL PSP 2023 to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual or any modification thereof and used in this SAL PSP 2023 shall have the same meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this SAL PSP 2023 shall be a reference to Singapore time unless otherwise stated.

The headings in this SAL PSP 2023 are inserted for convenience only and shall be ignored in construing this SAL PSP 2023.

### **3. OBJECTIVES OF THE SAL PSP 2023**

3.1 The SAL PSP 2023 is a share incentive scheme under which performance-based or time-based Awards may be granted. Through the SAL PSP 2023, the Company will be able to recognise and reward past contributions and services and motivate Plan Participants to continue to strive for the Group’s long-term growth and prosperity. In

addition, the SAL PSP 2023 aims to foster an ownership culture within the Group which aligns the interests of Group Employees, Group Executive Directors and Group Non-Executive Directors with the interests of Shareholders. The SAL PSP 2023 will increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve better performance.

3.2 The SAL PSP 2023 will give Plan Participants an opportunity to have a personal equity interest in the Company and will help to achieve the following main objectives:

- (a) to serve as an additional method available to the Group for compensating the Plan Participants rather than merely through salaries, directors' fees, salary increments and cash bonuses and to make remuneration sufficiently competitive to recruit and retain Group Employees and Group Non-Executive Directors;
- (b) to enhance the Group's ability to retain and attract highly qualified Plan Participants whose contributions are important to the Group's long-term business plans and objectives;
- (c) to offer Plan Participants the opportunity to acquire or increase their equity interests in the Company and a chance to share in the profits of the Company by making them Shareholders;
- (d) to motivate Plan Participants to maximise their performance and efficiency due to the possible financial rewards arising from the Awards granted, and to maintain a high level of contribution to the Group and create value for Shareholders;
- (e) to promote greater commitment and dedication, instil loyalty and a stronger identification by the Plan Participants with the long-term development and growth of the Group;
- (f) to align the interests of the Plan Participants with those of the Company's Shareholders; and
- (g) to give recognition to the contributions made or to be made by the Group Non-Executive Directors (including the Independent Directors) to the success of the Group.

#### **4. ELIGIBILITY**

4.1 The following persons shall be eligible to participate in the SAL PSP 2023 at the absolute discretion of the Committee:

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

provided that on the relevant date of the Award, such person:

- (a) has attained the age of twenty-one (21) years; and
- (b) is not an undischarged bankrupt and must not have entered into a composition with his creditors.

Any Director who is a member of the Committee shall not be involved in the Committee's deliberations and decisions in respect of Awards to be granted to or held by that Director or his Associate.

- 4.2 For the purposes of determining eligibility to participate in the SAL PSP 2023, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his employment having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.3 For the avoidance of doubt, persons who are Controlling Shareholders of the Company and/or their Associates who satisfy the requirements of Rule 4.1 above shall also be eligible to participate in the SAL PSP 2023 at the absolute discretion of the Committee and in accordance with the applicable requirements of the Rules, provided that:
- (a) participation in the SAL PSP 2023 by Controlling Shareholders and their Associates must be approved by independent Shareholders. A separate resolution must be passed approved by independent Shareholders;
  - (b) a separate resolution must be passed for each Controlling Shareholders and their Associates and to approve the actual number and terms of Awards to be granted to that Plan Participant; and
  - (c) all conditions for their participation in the SAL PSP 2023 as may be required by the regulations of the SGX-ST from time to time are satisfied. In this regard, pursuant to Rule 845 of the Listing Manual, (i) the aggregate number of Shares available to Controlling Shareholders and their Associates must not exceed twenty-five per cent. (25%) of the Shares available under the SAL PSP 2023; and (ii) the number of Shares available to each Controlling Shareholder or his Associate must not exceed ten per cent. (10%) of the Shares available under the SAL PSP 2023.
- 4.4 For the avoidance of doubt, only directors and employees of Associated Companies which the Company has Control over can participate in the SAL PSP 2023.
- 4.5 There shall be no restriction on the eligibility of any Plan Participant to participate in any other share award or share incentive plans implemented or to be implemented by the Company, or any other company within the Group.
- 4.6 Subject to all applicable law and the requirements of the SGX-ST, the terms of eligibility of any Plan Participant in the SAL PSP 2023 may be amended from time to time at the absolute discretion of the Committee.

## **5. GRANT OF AWARDS**

- 5.1 The Committee shall, in its absolute discretion, decide in relation to an Award:
- (a) the Plan Participant;
  - (b) the Date of Grant;
  - (c) the number of Shares which are the subject of the Award;
  - (d) the prescribed service conditions and/or performance target(s) (including the performance periods during which the prescribed performance targets are to be satisfied) and/or any other basis on which the Award is to be granted;

- (e) the Vesting Periods;
  - (f) the extent to which Shares which are the subject of an Award shall be vested at the end of each prescribed Vesting Period or upon the achievement of prescribed performance targets and/or service conditions; and
  - (g) any other condition which the Committee may determine in relation to an Award.
- 5.2 The selection of a Plan Participant and the number of Shares which are the subject of each Award to be granted to a Plan Participant shall be determined at the absolute discretion of the Committee, which shall take into account criteria including (but not limited to) the Plan Participant's rank, overall job performance, capability, scope of responsibility, skillset, years of service, potential for future development, contribution to the success of the Group, the performance targets or conditions and/or performance periods to be set, and the extent of effort and resourcefulness required to achieve the performance targets or conditions and/or service conditions within the performance periods and/or service periods. In the case of Group Non-Executive Directors who are not directly involved in the day-to-day operations and management of the Group, some of the above criteria may not be relevant and the Committee would decide on the appropriate basis/criteria for the grant/release of Awards to them under the SAL PSP 2023.
- 5.3 In the case of a performance-related Award, the performance targets or conditions to be set are intended to be broad-based and shall take into account both the medium-term corporate objectives of the Group and the individual performance of the Plan Participant. The corporate objectives shall cover market competitiveness, quality of returns, business growth and productivity growth. The performance targets could be based on criteria such as sales volume, growth in earnings and return on investment.
- 5.4 The Committee may determine the number of Shares to be granted to a Plan Participant under an Award according to a pre-determined dollar amount which the Committee decides that a Plan Participant deserves for meeting his performance targets such that the quantum of Shares comprised in the Award is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Committee may decide on absolute number of Shares to be awarded to Plan Participants irrespective of the price of the Shares.
- 5.5 The Company will make an immediate announcement upon any grant of Awards and including therein such information as required under Rule 704(29) of the Listing Manual.
- 5.6 Awards granted to Group Non-Executive Directors (including Independent Directors) will be taken as part of their remuneration to be approved by Shareholders at a general meeting.
- 5.7 Save for the specific instances set out in the SAL PSP 2023 where Shareholders' approval is required (e.g., the grant of Awards to Controlling Shareholders and/or their Associates), the Awards will be granted by the Committee without specific Shareholders' approval provided that such grant is in accordance with the terms of the SAL PSP 2023 approved by Shareholders. For the avoidance of doubt, Shareholders' approval will be sought for the authority to issue shares under the SAL PSP 2023 in accordance with Section 161 of the Companies Act.

## 6. DATE OF GRANT

The Committee may grant Awards at any time in the course of a financial year during the period in which the SAL PSP 2023 is in force, except that no Award shall be granted during the period commencing (a) 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 quarterly financial statements, whether required by the SGX-ST or otherwise) and (b) one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce quarterly financial statements). In addition, in the event that an announcement by the Company on any matter of an exceptional nature involving unpublished material price sensitive information is imminent, offers to grant Awards may only be made on or after the second Market Day from the date on which such announcement is released.

## 7. AWARDS

7.1 An Award letter confirming the Award will be sent to each Plan Participant as soon as reasonably practicable after the Award is finalised, specifying, *inter alia*, in relation to the Award:

(a) in relation to a performance-related Award:

(i) the performance target(s);

(ii) the performance period during which the prescribed performance target(s) are to be satisfied; and

(iii) the extent to which Shares which are the subject of an Award shall be vested at the end of each prescribed Vesting Period or upon the achievement of prescribed performance targets and/or service conditions;

(b) the number of Shares under the Award granted to the Plan Participant;

(c) the date(s) by which Shares under the Award granted to the Plan Participant shall be vested or released; and

(d) any other applicable conditions or restrictions including, if applicable, any moratorium period to be observed in relation to any Shares under the Award granted to the Plan Participant.

7.2 Awards are personal to the Plan Participant to whom it is given and shall not be transferred (other than to a Plan Participant's personal representative on the death of that Plan Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior written approval of the Committee.

7.3 Every Award shall be subject to the condition that no cash shall be paid nor Shares issued or transferred pursuant to the release of any Award if such payment, issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the payment of cash or issue or transfer of Shares thereto.

- 7.4 The Committee may amend or waive the performance period(s), the performance target(s), the service condition(s), and/or the extent to which Shares which are the subject of that Award shall be released on the performance targets and/or service conditions (as the case may be) being satisfied in respect of any Award if anything happens which causes the Committee to conclude that:
- (a) a changed performance target(s) or service condition(s), and/or the extent to which Shares which are the subject of that Award shall be released on the performance target(s) or service condition(s) being satisfied in respect of any Award would be a fairer measure of performance; or
  - (b) the performance target(s) or service condition(s) and/or the extent to which Shares which are the subject of that Award shall be released on the performance target(s) or service condition(s) being satisfied in respect of any Award should be waived.

## **8. VESTING OF AWARDS**

8.1 Awards may only be vested or released and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied in its sole discretion that the Plan Participant has achieved or fulfilled the relevant performance target(s), performance conditions, service conditions and/or such other conditions such as Vesting Period(s) applicable for the release of the Award and/or all or any of the Shares to which that Award relates, and/or upon the Committee being satisfied in its sole discretion that due recognition should be given for good work performance and/or significant contribution to the Company.

8.2 In the event of:

- (a) any breach of employment terms or misconduct on the part of a Plan Participant as determined by the Committee in its discretion;
- (b) the Plan Participant ceasing to be a Group Employee or a Group Non-Executive Director whether on his own accord, or by such company, for any reason whatsoever;
- (c) the bankruptcy of a Plan Participant, his entering into any composition with his creditors or the occurrence of any other event which results in him being deprived of the legal or beneficial ownership of the Award;
- (d) the breach of any of the terms of the Award by the Plan Participant; or
- (e) a winding-up of the Company,

notwithstanding that the Plan Participant may have fulfilled or met his performance target(s) (if applicable), no Awards shall be vested, and all Awards then held by a Plan Participant shall immediately lapse without any claim whatsoever against the Company.

For the purposes of Rule 8.2(b), a Plan Participant shall be deemed to have ceased to be a Group Employee as of the date the notice of termination of employment or directorship (as the case may be) is tendered by or is given to him, unless such notice shall be withdrawn by him with the consent of the relevant company by whom he is employed or (in the case where the notice is given to him), by the relevant company by whom he is employed, prior to the effective date on which termination takes effect.

For the avoidance of doubt, no Award shall lapse pursuant to Rule 8.2(b) in the event of any transfer of employment of a Plan Participant within the Group.



8.3 In the event of:

- (a) the Plan Participant ceasing to be a Group Employee or Group Non-Executive Director by reason of:
  - (i) ill health, injury, accident 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 the Plan Participant is employed ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group; or
  - (vi) any other event approved by the Committee; or
- (b) the death of the Plan Participant,

the Committee may consider, subject to any legal or regulatory requirements, at its absolute discretion and on such terms and conditions as it deems fit, whether or not to preserve all or any part of any Award and decide as soon as reasonably practicable following such event to release any Award and vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant prescribed Vesting Period, if any, or declare that an Award has lapsed without any claim whatsoever against the Company (notwithstanding that the Plan Participant may have fulfilled or met his performance target(s) (if applicable)).

In exercising its discretion, the Committee will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Plan Participant and the extent to which the applicable performance target(s), performance conditions and/or service conditions, if any, have been satisfied. Provided that any Awards not released or vested (as the case may be) prior to the commencement of the voluntary winding up of the Company shall, upon commencement of such winding up, be null and void.

## **9. TAKE-OVER AND WINDING UP OF THE COMPANY**

- 9.1 Without prejudice to Rule 8 but subject to Rule 9.5, if before a vesting date, a take-over offer for the Shares becomes or is declared unconditional, the Committee will consider, at its sole discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Plan Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will (if applicable) have regard to the proportion of the Vesting Period(s) which has elapsed and, in the case of a performance-related Award, the extent to which the performance target has been satisfied. Where Awards are released, the Committee will, as soon as practicable after the Awards have been released, procure the allotment or transfer to each Plan Participant of the number of Shares so determined in accordance with the Rule.

- 9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, subject to any legal or regulatory requirements, each Plan Participant who has fulfilled his performance target shall be entitled, notwithstanding the provisions herein and the fact that the Vesting Period for such Award has not expired but subject to Rule 9.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 (sixty) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 9.3 If an order or an effective resolution is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that they may have been so vested shall be deemed or become null and void.
- 9.4 Subject to Rule 9.5, in the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Awards shall so vest in the Plan Participant for so long as, in the absolute determination by the Committee, the Plan Participant has met the performance targets prior to the date that the members' voluntary winding-up shall be deemed to have been commenced or effective in law. Provided that any Awards not released or vested (as the case may be) prior to the commencement of the voluntary winding up of the Company shall, upon commencement of such winding up be null and void.
- 9.5 If in connection with the making of a take-over offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Plan Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.

## **10. SIZE AND DURATION OF THE SAL PSP 2023**

- 10.1 The total number of Shares available for issue under (i) the SAL PSP 2023, (ii) the SAL ESOS 2023 and (iii) any other share-based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued Shares excluding Treasury Shares and subsidiary holdings on the day preceding the relevant date of grant of the Awards.
- 10.2 The aggregate number of Shares for which Awards may be granted under the SAL PSP 2023 to Controlling Shareholders and their Associates shall not exceed twenty-five per cent. (25%) of the Shares available under the SAL PSP 2023, and the number of Shares over which an Award may be granted under the SAL PSP 2023 to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the Shares available under the SAL PSP 2023.
- 10.3 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 SAL PSP 2023.
- 10.4 The amount of cash which may be paid upon the release of Awards in lieu of Shares will not be subject to any limit.
- 10.5 The SAL PSP 2023 shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the SAL PSP 2023 is adopted by the Company in general meeting, provided always that the SAL PSP 2023 may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

10.6 The SAL PSP 2023 may be terminated at any time at the discretion of the Committee or by resolution of the Shareholders at general meeting subject to all other relevant approvals which may be required and if the SAL PSP 2023 is so terminated, no additional Awards will be granted by the Company thereunder.

10.7 Termination or expiry of the SAL PSP 2023 shall not affect Awards which have been granted prior to such termination or expiry which will continue to remain valid.

## **11. OPERATION OF THE SAL PSP 2023**

11.1 As soon as reasonably practicable after the end of each performance period and/or service period, the Committee shall review the performance target(s), performance conditions and/or service conditions specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have satisfied (whether fully or partially) and subject to Rule 8, shall release to that Plan Participant the Shares to which that Award relates.

11.2 The Committee has the sole discretion to determine whether performance target(s), performance conditions and/or service conditions have been satisfied (whether fully or partially) or exceeded and/or whether the Plan Participant's performance and/or contribution to the Company or the Group justifies the vesting of an Award. In making any such determination, the Committee shall have the right to take into account such factors as the Committee may in its sole discretion determine to be relevant, and further, the right to amend the service conditions and/or performance target(s), if any, if the Committee decides it would be a fairer measure of the performance of the Plan Participant or for the SAL PSP 2023 as a whole or it would otherwise be just and equitable to do so. The Committee shall also have the right to make computational adjustments to the audited results of the Company and the Group, as the case may be, taking into account such factors as the Committee deems relevant, including changes in accounting methods, taxes and extraordinary events.

11.3 Subject to the prevailing legislation and the Listing Manual, the Company will determine the mode of settlement of the Awards by way of (a) an issue of New Shares; (b) payment of the equivalent cash value of such New Shares computed in accordance with paragraph 11.5 below; or (c) or subject to applicable laws, the transfer of existing Shares (including Shares held as Treasury Shares).

11.4 In determining the modes of settlement of the Awards, the Company will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost and financial effects to the Company of the various modes of settlement.

11.5 The Company shall have the flexibility, and if circumstances require, to approve the release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Plan Participant shall receive the aggregate value of the relevant number of Shares in cash, with the value of each Share being for this purpose the average of the last dealt price for a Share for the three (3) consecutive Market Days immediately preceding the release date or if the Committee is of the opinion that such amount as computed is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

- 11.6 New Shares to be issued under the SAL PSP 2023 will be issued in compliance with all applicable laws and regulations. Where New Shares are allotted upon the vesting of an Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares if such permission has not been obtained prior to the allotment. For any allotment of New Shares pursuant to an Award, the Committee may take into account the rounding of odd lots.
- 11.7 Subject to 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 compliance with the terms of the SAL PSP 2023, the Companies Act, the Listing Manual and the Constitution, the Company shall within ten (10) Market Days after the vesting of an Award, allot the relevant Shares and despatch to CDP the relevant share certificates, where applicable. Shares which are the subject of an Award shall be issued in the name of CDP to the credit of the Securities Account of the Plan Participant maintained with CDP, his securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank and as notified by the Plan Participant to the Committee.
- 11.8 New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer upon the vesting of an Award shall be subject to all the provisions of the Constitution, and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company including rights which arise from a liquidation of the Company, except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Award is vested.
- 11.9 Save as otherwise provided in the terms of the Award, by the provisions of the Listing Manual or applicable laws, Shares which are allotted or transferred pursuant to the release of an Award will not be subject to any restriction against disposal, or sale or otherwise by the Plan Participant.

## **12. VARIATION OF CAPITAL**

- 12.1 If a variation in the issued ordinary share capital of the Company (whether by way of a bonus issue, rights issue, capital reduction, sub-division, consolidation, distribution or otherwise) shall take place, then:
- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested or released (as the case may be);
  - (b) the class and/or number of Shares over which future Awards may be granted under the SAL PSP 2023; and/or
  - (c) the maximum number of new Shares which may be issued pursuant to Awards under the SAL PSP 2023,

may be adjusted in such manner as the Committee may determine to be appropriate in its sole discretion including retrospective adjustments where such variation occurs after the vesting date but the Record Date relating to such variation precedes such vesting date, which will not result in a Plan Participant receiving a benefit that a Shareholder does not receive, and except in relation to a bonus issue, upon the Auditors (acting as experts and not as arbitrators) having confirmed in writing that, in their opinion, such adjustment is fair and reasonable.

- 12.2 Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:
- (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 SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
  - (c) an issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees including Directors or employees of the Company pursuant to purchases approved by Shareholders in general meeting, including the SAL PSP 2023 and the SAL ESOS 2023;
  - (d) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
  - (e) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company; and
  - (f) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company.

12.3 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Plan Participant in writing and deliver to him a statement setting forth the value, class and/or number of Shares which are the subject of an Award to the extent not vested, provided that any omission to give notice to any Plan Participants shall not invalidate any such adjustment.

### **13. MODIFICATIONS OR ALTERATIONS TO THE SAL PSP 2023**

- 13.1 The SAL PSP 2023 may be modified and/or altered at any time and from time to time by a resolution of the Committee, provided:
- (a) any modification or alteration which shall alter adversely the rights attaching to any Award granted prior to such modification or alteration and which in the opinion of the Committee materially alters the rights attaching to any Award granted prior to such modification or alteration may only be made with the consent in writing of such number of Plan Participants who, if their Awards were released to them in full, would thereby become entitled to not less than three-quarters (3/4) of the total number of Shares which would be allotted or transferred upon release in full of all outstanding Awards;
  - (b) any modification or alteration which would be to the advantage of Plan Participants under the SAL PSP 2023 shall be subject to the prior approval of the Shareholders in general meeting, whereby Shareholders who are also holders of Awards shall be required to abstain from voting in respect of any resolution relating to such modification or alteration; and
  - (c) no modification or alteration shall be made without due compliance with the Listing Manual, the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

- 13.2 Written notice of any modification or alteration made shall be given to all Plan Participants provided that any omission to give notice to any Plan Participant shall not invalidate any such amendment.
- 13.3 Notwithstanding anything herein to the contrary, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST and such other regulatory authorities as may be necessary) amend or alter the SAL PSP 2023 in any way to the extent necessary to cause the SAL PSP 2023 to comply with any statutory provision or the requirements of any regulatory or other relevant authority or body.
- 13.4 For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Award shall be final and conclusive.

#### **14. ADMINISTRATION OF THE SAL PSP 2023**

- 14.1 The SAL PSP 2023 shall be administered by the Committee in its absolute discretion with such powers and duties as conferred on it by the Board. A Director in the Committee shall not be involved in its deliberations in respect of an Award to be granted to that Director or his Associate. Further, where Awards are proposed to be granted to or held by Controlling Shareholders or their Associates, all members of the Board (and not just members of the Committee) who are not Controlling Shareholders or Associates of Controlling Shareholders, will be involved in the deliberation on the same.
- 14.2 The Committee shall have the power from time to time to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the SAL PSP 2023) for the implementation and administration of the SAL PSP 2023 as it deems fit, including, but not limited to:
- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
  - (b) amending performance targets and/or service conditions in accordance with Rule 7.4 if by so doing, it would be a fairer measure of performance for a Plan Participant or for the SAL PSP 2023 as a whole.
- 14.3 Any decision of the Committee (including any decision pertaining to disputes as to interpretation of the SAL PSP 2023) made pursuant to any provision of the SAL PSP 2023, or any Rule, regulation, procedure thereunder or as to any rights under the SAL PSP 2023 (other than a matter to be certified by the Auditors), shall be final, binding and conclusive.
- 14.4 Neither the SAL PSP 2023 nor the grant of Awards under the SAL PSP 2023 shall impose on the Company or the Committee any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the SAL PSP 2023;
  - (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the SAL PSP 2023; and/or
  - (c) any decision or determination of the Committee made pursuant to any provision of the SAL PSP 2023.

## **15. TERMS OF EMPLOYMENT UNAFFECTED**

- 15.1 The SAL PSP 2023 or any Award shall not form part of any contract of employment between the Company, any Subsidiary and/or any Associated Company, and any Plan Participant, and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the SAL PSP 2023 or any right which he may have to participate in it or any Award which he may hold, and the SAL PSP 2023 or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 15.2 The SAL PSP 2023 shall not confer on any person any legal or equitable rights (other than those constituting the Award themselves) against the Group or give rise to any cause of action at law or in equity against the Group and their directors and officers.

## **16. NOTIFICATIONS**

- 16.1 Any notice required to be given by a Plan Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 16.2 Any notices or documents required to be given to a Plan Participant or any correspondence to be made between the Company and a Plan 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 address and place of business at which he performs the whole or substantially the whole of the duties of his office or employment. Any notice or other communication from a Plan Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Plan Participant shall be deemed to be received by that Plan Participant, when left at the address as aforesaid or, if sent by prepaid post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the date of despatch.

## **17. TAXES, COSTS AND EXPENSES OF THE SAL PSP 2023**

- 17.1 All taxes (including income tax and central provident fund and/or other statutory contributions, if any) arising from the grant and/or payment of cash and/or issue and allotment of Shares pursuant to the Awards granted to any Plan Participant under the SAL PSP 2023 shall be borne by that Plan Participant, unless otherwise determined by the Committee. The Company shall be responsible for all CDP fees relating to the issue and allotment of any Shares pursuant to the release of Awards in CDP's name, the deposit of share certificates with CDP, the crediting of Shares under the Awards to the Plan Participant's Securities Account or the Plan Participant's securities sub-account.
- 17.2 The Plan Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or vesting of Shares comprised in the relevant Award. All taxes (including income tax, if applicable) arising from the grant or vesting of Shares comprised in any Award and the payment of cash or the issue and allotment or delivery of Shares to the Plan Participant under the SAL PSP 2023 shall be borne by the Plan Participant. The Company shall not be responsible for any failure by the Plan Participant to obtain any such consent or for any tax or other liability to which the Plan Participant may become subject as a result of his participation in the SAL PSP 2023.

17.3 Save for the above, all other fees, costs and expenses incurred by the Company in relation to the SAL PSP 2023 shall be borne by the Company.

**18. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained, the Directors, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the SAL PSP 2023, including but not limited to the Company's delay in allotting and issuing the New Shares or applying for or procuring the listing of the New Shares on the SGX-ST.

**19. DISPUTES**

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

**20. DISCLOSURES IN ANNUAL REPORT**

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the SAL PSP 2023 continues in operation:

- (a) the names of the members of the Committee administering the SAL PSP 2023;
- (b) in respect of the following Plan Participants of the SAL PSP 2023:
  - (i) Directors of the Company;
  - (ii) Controlling Shareholders and their Associates; and
  - (iii) Plan Participants (other than those referred to in paragraphs (b)(i) and (b)(ii) above) who have received Shares pursuant to the release of Awards granted under the SAL PSP 2023 which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the SAL PSP 2023, the following information:

Name of Plan Participant	Number of Shares comprised in Awards granted during financial year under review (including terms)	Aggregate number of Shares comprised in Awards which have been granted since commencement of the SAL PSP 2023 to the end of financial year under review	Aggregate number of Shares released pursuant to the vesting of Awards under the SAL PSP 2023 since commencement of the SAL PSP 2023 to the end of financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at the end of financial year under review



- (c)
- (i) the names of and number and terms of Awards granted to each director or employee of the parent company and its subsidiaries who receives five per cent. (5%) or more of the total number of Awards available to all directors and employees of the parent company and its subsidiaries under the SAL PSP 2023, during the financial year under review; and
  - (ii) the aggregate number of Awards granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of SAL PSP 2023 to the end of the financial year under review;
- (d) that Plan Participants were not required to pay for the grant of any Awards to them; and
- (e) such other information as may be required by the Listing Manual or the Act,

provided that if any of the above is not applicable, an appropriate negative statement shall be included therein.

The Company will also make an immediate announcement upon any grant of Awards and including therein such information as required under Rule 704(29) of the Listing Manual.

## **21. GOVERNING LAW**

The SAL PSP 2023 shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Plan Participants, by accepting Shares in accordance with the SAL PSP 2023, and the Company, submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

## **22. ABSTENTION FROM VOTING**

Shareholders who are eligible to participate in the SAL PSP 2023 are to abstain from voting on any Shareholders' resolution relating to the SAL PSP 2023, including implementation of the SAL PSP 2023.

## **23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 2001**

Save as set out herein, no person other than the Company or a Plan Participant shall have the right to enforce any provision of the SAL PSP 2023 or any Award by the virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

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## **SOUTHERN ARCHIPELAGO LTD.**

*(Formally known as Blumont Group Ltd.)*  
(Company Registration No. 199302554G)  
(Incorporated in the Republic of Singapore)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Southern Archipelago Ltd. (“**Company**”) will be held at Level 2 Room Nautica III Republic of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887 on 10 August 2023, at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the following ordinary resolutions.

*All Capitalised terms used in this notice of Extraordinary General Meeting which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 26 July 2023 (“**Circular**”).*

**Shareholders should note that Ordinary Resolution 2 is conditional upon the passing of Ordinary Resolution 1. Accordingly, in the event that Ordinary Resolution 1 is not approved, Ordinary Resolution 2 will not be carried.**

#### **ORDINARY RESOLUTION 1: THE PROPOSED ADOPTION OF THE SOUTHERN ARCHIPELAGO EMPLOYEE SHARE OPTION SCHEME 2023 (“**SAL ESOS 2023**”)**

##### **THAT:**

- (a) the employee share option scheme to be known as the “Southern Archipelago Employee Share Option Scheme 2023” (“**SAL ESOS 2023**”), the rules of which (“**SAL ESOS 2023 Rules**”) have been appended to and a summary of which is set out in the Circular and under which options (“**Options**”) will be granted to such persons to subscribe for ordinary fully-paid shares in the capital of the Company (“**Shares**”) on such terms and conditions and in accordance with the SAL ESOS 2023 Rules, be and is hereby approved and adopted;
- (b) the directors of the Company (“**Directors**”), and/or such committee comprising Directors duly authorised and appointed by the board of Directors of the Company (“**Board**”) to administer the SAL ESOS 2023, be and are hereby authorised:
  - (i) to establish and administer the SAL ESOS 2023;
  - (ii) to modify and/or amend the SAL ESOS 2023 from time to time provided that such modification and/or amendment is effected in accordance with the SAL ESOS 2023 Rules and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the SAL ESOS 2023;
  - (iii) in accordance with Section 161 of the Companies Act 1967 of Singapore, to offer and grant Options in accordance with the SAL ESOS 2023 Rules and to allot and issue or deliver from time to time such number of new Shares required pursuant to the exercise of the Options under the SAL ESOS 2023 (provided that the aggregate number of Shares available pursuant to the SAL ESOS 2023, the SAL PSP 2023 (as defined below) and any other share-based incentive schemes or share plans of the Company (if any), shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding Treasury Shares and subsidiary holdings from time to time);

- (iv) subject to the same being allowed by law, to apply any Share purchased or acquired under any share purchase mandate and to deliver such existing Shares (including any shares held in treasury) towards the satisfaction of Options granted under the SAL ESOS 2023;
- (v) to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and authorised by this resolution; and
- (vi) to delegate any of the above to any committee of the Board.

## **ORDINARY RESOLUTION 2: THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE SAL ESOS 2023**

**THAT** subject to and contingent upon the passing of Ordinary Resolution 1, approval be and is hereby given for Options to be granted under the SAL ESOS 2023 with exercise prices set at a discount not exceeding twenty per cent. (20%) of the Market Price (as defined below) for the Shares at the time of the grant of the Option, provided that such discount does not exceed the relevant limits set by the SGX-ST from time to time.

In this notice, “**Market Price**” means a price equal to the average of the last dealt prices for the Shares on the SGX-ST over the three (3) consecutive days on which the SGX-ST is open for trading in securities (“**Market Days**”) immediately preceding the Date of Grant of an Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest third decimal place in the event of fractional prices, provided that in the case of a Market Day on which the Shares were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded.

## **ORDINARY RESOLUTION 3: THE PROPOSED ADOPTION OF THE SOUTHERN ARCHIPELAGO PERFORMANCE SHARE PLAN 2023 (“SAL PSP 2023”)**

### **THAT:**

- (a) the performance share plan to be known as the “Southern Archipelago Performance Share Plan 2023” (“**SAL PSP 2023**”), the rules of which (“**SAL PSP 2023 Rules**”) has been appended to and a summary of which is set out in the Circular and under which awards (“**Awards**”) of ordinary fully-paid Shares will be granted on such terms and conditions and in accordance with the SAL PSP 2023 Rules, be and is hereby approved and adopted;
- (b) the Directors, and/or such committee comprising Directors duly authorised and appointed by the Board to administer the SAL PSP 2023, be and are hereby authorised:
  - (i) to establish and administer the SAL PSP 2023;
  - (ii) to modify and/or amend the SAL PSP 2023 from time to time provided that such modification and/or amendment is effected in accordance with the SAL PSP 2023 Rules and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the SAL PSP 2023;
  - (iii) in accordance with Section 161 of the Companies Act 1967 of Singapore, to offer and grant Awards in accordance with the SAL PSP 2023 Rules and to allot and issue or deliver from time to time such number of new Shares required pursuant to the vesting

of the Awards under the SAL PSP 2023 (provided that the aggregate number of Shares available pursuant to the SAL PSP 2023, the SAL ESOS 2023 and any other share-based incentive schemes or share plans of the Company (if any), shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding Treasury Shares and subsidiary holdings from time to time);

- (iv) subject to the same being allowed by law, to apply any Share purchased or acquired under any share purchase mandate and to deliver such existing Shares (including any shares held in treasury) towards the satisfaction of Awards granted under the SAL PSP 2023;
- (v) to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and authorised by this resolution; and
- (vi) to delegate any of the above to any committee of the Board.

**ORDINARY RESOLUTION 4: THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE THE NEW BUSINESSES ("PROPOSED DIVERSIFICATION")**

**THAT:**

- (a) approval be and is hereby granted for the diversification of the business activities of the Group to include the new businesses of hospitality and wellness ("**New Businesses**"), as more particularly described in Section 6 of the Circular; and
- (b) the Directors, and/or such committee comprising Directors duly authorised and appointed by the Board to manage the New Businesses, be and are hereby authorised:
  - (i) to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and authorised by this resolution; and
  - (ii) to delegate any of the above to any committee of the Board.

**By Order of the Board**

Tong Shan, Helen  
Company Secretary

26 July 2023

IMPORTANT: PLEASE READ NOTES OVERLEAF

## Explanatory Notes:

1. Ordinary Resolutions 1 and 2, if passed, will empower the Committee to grant Options to eligible Scheme Participants in accordance with the Rules of the SAL ESOS 2023. Subject to any adjustment pursuant to Rule 10 of the SAL ESOS 2023, the price at which a Scheme Participant shall subscribe for each Share upon the exercise of an Option shall be (a) the Market Price; or (b) a price which is set at a discount to the Market Price, provided that: (i) the maximum discount shall not exceed twenty per cent. (20%) of the Market Price (or such other percentage or amount as may be determined by the Committee and permitted by the SGX-ST); and (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the SAL ESOS 2023 at a discount not exceeding the maximum discount as aforesaid. The Committee has the discretion to determine the number of Shares comprised in the Option to be granted, and the Exercise Price. Please refer to Sections 3.2 and 4 of the Circular for a summary of the Rules of the SAL ESOS 2023, and Appendix I to the Circular for the Rules of the SAL ESOS 2023.
2. Ordinary Resolution 3, if passed, will empower the Committee to grant Awards to eligible Plan Participants in accordance with the Rules of the SAL PSP 2023. Awards represent the right of a Plan Participant to receive fully-paid Shares free of charge, upon the Plan Participant achieving prescribed performance targets and/or when due recognition should be given to any good work performance and/or significant contribution to the Group. The Committee has the discretion to determine the number of Shares which are the subject of the Award to be granted. Please refer to Section 5.2 of the Circular for a summary of the Rules of the SAL PSP 2023, and Appendix II to the Circular for the Rules of the SAL PSP 2023.

## Notes:

1. The members of the Company are invited to attend physically at the EGM. There will be no option for shareholders to participate virtually. Printed copies of this notice of EGM ("**Notice of EGM**") and the Proxy Form will not be sent to members. Instead, this Notice and Proxy Form will be sent to members by electronic means via publication on the Company's website at the URL <https://southernarchipelago.com/announcements/> and made available on the SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
2. Submission of instrument appointing proxy(ies) to vote at the EGM:
  - (a) Shareholders (whether individual or corporate) who attend the EGM may cast their votes in real time for the resolutions to be tabled at the EGM.
  - (b) Alternatively, Shareholders may exercise his/her/their voting rights at the EGM via their appointed proxy(ies), or appoint the Chairman of the meeting as his/her/their proxy to attend, speak and vote on his/her/their behalf at the EGM. A proxy need not be a member of the Company. In appointing the proxy(ies), a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
  - (c) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholder concerned to be represented by each proxy shall be specified in the instrument.
  - (d) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant Intermediary**" shall have the meaning ascribed to it in Section 181 of the Companies Act:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence holder to provide under the Securities and Futures Act and who holds shares in that capacity; and
- (c) CPF Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act 1953 of Singapore providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

- (e) The instrument appointing the proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
  - (i) If sent personally or by post, be lodged at the office of B.A.C.S. Private Limited at 77 Robinson Road #06-03 Singapore 068896; or
  - (ii) If submitted by email, be received by B.A.C.S. Private Limited at: main@zicoholdings.com

in either case, by 9.30 a.m. on 7 August 2023, being not less than seventy-two (72) hours before the time appointed for holding the EGM (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid. Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

The proxy form must be under the hand of the appointor or on his/her/their attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of their attorney or officer duly authorised.

- (f) For investors who hold shares through relevant intermediaries, including CPF and SRS investors, who wish to appoint the proxy(ies) should contact their relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares, to submit their voting instructions at least seven (7) working days prior to the date of the EGM.
- (g) In the case of a member whose shares are entered against his/her/their name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any instrument appointing the proxy or proxies lodged if such member, being appointor, is not shown to have shares entered against his/her/their name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

### 3. Submission of Questions

- (a) A member of the Company may also submit questions related to the resolutions to be tabled for approval at the EGM. To do so, all questions must be submitted by 4 August 2023 (being seven (7) calendar days from the date of the Notice of EGM) via the following:
  - (i) email to: gm\_admin@southernarchipelago.com; or
  - (ii) post to the registered office of Southern Archipelago Ltd. at Apex @ Henderson 201 Henderson Road #05-19 Singapore 159545.

Members submitting questions are requested to state: (i) their full name; and (ii) the member's identification/ registration number, failing which the Company shall be entitled to regard the submission as invalid.

- (b) The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the EGM and publish its response on the SGXNET. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
- (c) Where substantial and relevant questions are unable to be answered prior to the EGM, the Company will address them at the EGM. The Company will publish the minutes as well as responses to the questions received for the EGM on the SGXNET and on the Company's corporate website within one (1) month after the date of the EGM.

#### **Important Reminders:**

Due to the constantly evolving COVID-19 situation, subject to any legislative amendments and any directives or guidelines from government agencies or regulatory authorities, the Company may be required to change its Meeting arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the EGM.

#### **Personal data privacy:**

By submitting (a) an instrument appointing the proxy(ies) to attend, speak and vote at the EGM and/or any adjournment thereof, (b) details for the registration to observe the proceedings of the EGM, or (c) submitting any question prior to the EGM in accordance with this Notice of EGM, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents, advisers or service providers, as the case may be) for the following purposes:

- (i) processing and administration by the Company (or its agents, advisers or service providers) of proxy forms for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);

- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the EGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the EGM related to the resolutions to be tabled for approval at the EGM and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents, advisers or service providers, as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes of the EGM. Accordingly, the personal data of a Shareholder (such as name, presence at the EGM and any questions raised or motions proposed/seconded) may be recorded by the Company for such purpose.



# SOUTHERN ARCHIPELAGO LTD.

(Formerly known as Blumont Group Ltd.)

(Company Registration Number: 199302554G)

(Incorporated in the Republic of Singapore)

## PROXY FORM

### FOR EXTRAORDINARY GENERAL MEETING

This proxy form has been made available on SGXNET and the Company's website and may be accessed at the URL <https://southernarchipelago.com/announcements/>. A printed copy of this proxy form will NOT be despatched to members of the Company.

#### IMPORTANT

1. All capitalised terms used in this proxy form which are not defined herein shall unless the context otherwise requires have the same meanings ascribed to them in the Company's circular to shareholders dated 26 July 2023 (including supplements and modifications thereto).
2. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purported to be used by them.
3. Please read the notes to this proxy form.

\*I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No./Co. Reg. No.)

of \_\_\_\_\_ (Address)

being a Shareholder/Shareholders\* of SOUTHERN ARCHIPELAGO LTD. ("**Company**"), hereby appoint –

Name	Email Address	NRIC/Passport No./ Co. Reg. No.	Proportion of Shareholdings (%)

\*and/or

Name	Email Address	NRIC/Passport No./ Co. Reg. No.	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Extraordinary General Meeting of the Company ("**EGM**"), as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the EGM to be held at Level 2 Room Nautica III Republic of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887 on 10 August 2023 at 9:30 a.m. and at any adjournment thereof. \*I/We direct \*my/our \*proxy/proxies to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the appointment of a proxy will be treated as invalid.

All resolutions put to the vote at the EGM shall be decided by way of poll. If you wish to exercise all your votes "For" or "Against", or "Abstain" from the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" from each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, not to vote on that Resolution.

ORDINARY RESOLUTIONS	For	Against	Abstain
Resolution 1: To approve the proposed adoption of the Southern Archipelago Employee Share Option Scheme 2023 (" <b>SAL ESOS 2023</b> ")			
Resolution 2: To approve the proposed grant of Options at a discount under the SAL ESOS 2023			
Resolution 3: To approve the proposed adoption of the Southern Archipelago Performance Share Plan 2023 (" <b>SAL PSP 2023</b> ")			
Resolution 4: To approve the proposed diversification of the Group's business to include the New Businesses			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Total number of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

Signature of Member(s)/Common Seal of Corporate Member(s)

\* Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM**



## NOTES:

1. Please insert the total number of shares in the capital of the Company (“Shares”) held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the Shares registered in your name(s).
2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies or appoint the Chairman of the EGM as his/her/their proxy to attend, speak and vote on his/her/their behalf at the EGM. A proxy need not be a member of the Company.
3. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“Relevant Intermediary” shall have the meaning ascribed to it in Section 181 of the Companies Act:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence holder to provide under the Securities and Futures Act and who holds shares in that capacity; and
- (c) CPF Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act 1953 of Singapore providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

Please note that if any of your shareholdings are not specified in the list provided by the Relevant intermediary to the Company, the Company may in its sole discretion disallow the appointment of the said proxy at the EGM.

4. In appointing the proxy(ies), a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. Where such member’s proxy form appoints more than one (1) proxy, the proportion of the shareholder concerned to be represented by each proxy shall be specified in the instrument.
5. The instrument appointing the proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
  - a. If sent personally or by post, be lodged at the office of B.A.C.S. Private Limited at 77 Robinson Road #06-03 Singapore 068896; or
  - b. If submitted by email, be received by B.A.C.S. Private Limited at [main@zicoholdings.com](mailto:main@zicoholdings.com)in either case, by 9.30 a.m. on 7 August 2023, being not less than seventy-two (72) hours before the time appointed for holding the EGM (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid. Shareholders are strongly encouraged to submit completed proxy forms electronically via email.
6. This proxy form must be under the hand of the appointor or on his/her/their attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of their attorney or officer duly authorised.
7. For investors who hold Shares through relevant intermediaries, including CPF and SRS investors, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. Investors who wish to appoint the proxy(ies) should contact their relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) to submit their voting instructions at least seven (7) working days before the EGM.

## GENERAL

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

## IMPORTANT REMINDERS

Due to the constantly evolving COVID-19 situation, subject to any legislative amendments and any directives or guidelines from government agencies or regulatory authorities, the Company may be required to change its Meeting arrangements at short notice. Members are advised to regularly check the Company’s website or announcements released on SGXNET for updates on the Meeting.

## PERSONAL DATA PRIVACY

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 26 July 2023.



