

CIH



CHINA INTERNATIONAL HOLDINGS LIMITED

(Registration No. 23356)
(Incorporated in Bermuda)

CIRCULAR DATED 9 June 2020

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

This Circular is issued by China International Holdings Limited ("Company"). If you are in any doubt as to the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined in the section titled "DEFINITIONS" of this Circular.

If you have sold or transferred all your shares in the capital of the Company, you should hand this Circular at once to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

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

This Circular has been published on SGXNET (www.sgx.com) and (sg.conveneagm.com/cihgrp_agm_sgm_2020). A printed copy of this Circular will NOT be sent to Shareholders.

Due to the current COVID-19 restriction orders in Singapore, the SGM will be conducted only by electronic means and Shareholders will NOT be able to physically attend the meeting. Instead, alternative arrangements have been put in place to (a) broadcast the proceedings of the SGM through a "live" webcast comprising both video (audio-visual) and audio-only feeds, (b) submitting questions in advance of the SGM, and (c) voting by proxy at the SGM.

Please refer to sg.conveneagm.com/cihgrp_agm_sgm_2020 for more information about the Company, including the Letter to Shareholders dated 9 June 2020, the Notice of SGM and the Proxy Form.

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

(A) THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE;

(B) THE PROPOSED ADOPTION OF THE CIHL EMPLOYEE SHARE OPTION SCHEME; AND

(C) THE PROPOSED ADOPTION OF THE CIHL PERFORMANCE SHARE PLAN.

IMPORTANT DATES AND TIMES

Last date and time to pre-register and submit questions:	27 June 2020 at 9:45 a.m.
Last date and time for lodgement of Proxy Form:	27 June 2020 at 9:45 a.m.
Date and time by which verified Shareholders/ Investors should receive an email with details on how to attend the Special General Meeting:	28 June 2020 at 9:45 a.m.
Date and time of Special General Meeting:	29 June 2020 at 9:45 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 9:30 a.m. on the same day and at the same place)
Place of Special General Meeting:	The Extraordinary General Meeting will be held by way of electronic means

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DEFINITIONS

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

- "2019 Mandate"** : The share buy-back mandate renewed at the SGM of the Company held on 26 April 2019;
- "Act"** : The Companies Act (Chapter 50) of Singapore, as may be amended or modified from time to time;
- "AGM"** : The annual general meeting of the Company;
- "Approval Date"** : The date of the SGM at which the proposed renewal of the Share Buy-Back Mandate is approved;
- "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 and/or its subsidiaries and over which the Company has control;
- "Associate"** : (a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- "Average Closing Price"** : The average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the On-Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant 5-Market Day period;
- "Awards"** : A contingent award of Shares granted under the CIHL PSP;

“Bermuda Companies Act”	: The Companies Act 1981 of Bermuda, as amended or modified from time to time;
“Board”	: The Board of Directors of the Company, as at the Latest Practicable Date;
“Bye-laws”	: The bye-laws of the Company as amended, supplemented or modified from time to time;
“CDP”	: The Central Depository (Pte) Limited;
"CIHL ESOS"	: The Company's employee share option scheme as provided under paragraph 3.1 of this Circular;
"CIHL ESOS Rules"	: Rules of the CIHL ESOS as set out in Appendix A to this Circular;
"CIHL PSP"	: The Company's performance share plan as provided under paragraph 4 of this Circular;
"CIHL PSP Rules"	: Rules of the CIHL PSP as set out in Appendix B to this Circular;
“Circular”	: This circular to Shareholders dated 9 June 2020 in respect of the Proposed Resolutions;
"Committee" or "Remuneration Committee"	: The Remuneration Committee of the Company, comprising Directors duly authorised, appointed and nominated by the Board to administer the CIHL ESOS or the CIHL PSP or both, as the case may be;
“Company” or "CIHL"	: China International Holdings Limited;
“Control”	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
“Controlling Shareholder”	: A person who (i) holds directly or indirectly fifteen per cent (15%) or more of the total voting rights in the Company (the SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder) or (ii) in fact exercises control over the Company;
"Date of Grant"	: In relation to an Award, the date on which the Award is granted, and in relation to an Option, the date on which the Option is granted, as the case may be;
“Depositor Proxy Form”	: The proxy form which is despatched with this Circular allowing a Depositor to appoint the Chairman of the SGM to attend and vote as CDP’s proxy at the SGM;

“Director”	: A director of the Company for the time being;
“EPS”	: Earnings per Share;
“Executive Director”	: A Director who performs an executive function;
“Expired 2010 ESOS”	: The employee share option scheme of the Company approved by the Shareholders on 8 March 2010;
“Expired 2010 PSP”	: The employee performance share plan of the Company approved by the Shareholders on 8 March 2010;
“FY”	: Financial year ended or ending 31 December, as the case may be;
“FY2019”	: Financial year ended 31 December 2019;
“Group”	: The Company and its Subsidiaries;
“Highest Last Dealt Price”	: The highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;
“Independent Director”	: Any independent Director of the Company for the time being;
“Internal Policies”	: The Company’s policy and guideline for dealing with securities and operational manual on regulatory compliance, which sets out the regulations and required procedures relating to share buybacks;
“Latest Practicable Date”	: 27 May 2020, being the latest practicable date prior to the printing of this Circular;
“Listing Manual”	: The listing manual of the SGX-ST and its relevant rule(s), as amended or modified from time to time;
“Market Day”	: A day on which the SGX-ST is open for trading in securities;
“New Shares”	: The new Shares which may be allotted or issued from time to time under the CIHL ESOS or CIHL PSP, as the case may be;
“Notice of SGM”	: Notice of the SGM dated 9 June 2020 set out at page SGM-1 of this Circular;
“NTA”	: Net tangible assets;

“Non-Executive Director”	: Any Director of the Company who does not perform an executive function (which shall include any Independent Director);
“Off-Market Purchases”	: Off-market purchases (if effected otherwise than on the SGX-ST) pursuant to an equal access scheme(s) (as defined in section 76C of the Act), which scheme(s) shall satisfy all the conditions prescribed by the Listing Manual;
“On-Market Purchases”	: On-market purchases through the SGX-ST’s ready market, or as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose;
"Options"	: The right to subscribe for Shares granted or to be granted pursuant to the CIHL ESOS and for the time being subsisting;
“Participant”	: The holder of an Option under the CIHL ESOS or Award under the CIHL PSP, as the case may be;
"Performance Condition"	: In relation to an Award, the performance conditions to be met by a Participant and taken into account by the Committee, as further elaborated under paragraph 4.2(a)(i)(h) of this Circular;
“PRC”	: The People’s Republic of China;
“Proxy Form”	: The Shareholder Proxy Form and/or Depositor Proxy Form;
"Proposed Resolutions"	: Has the meaning ascribed to it in paragraph 1.1 of this Circular;
“Register of Members”	: The register of members of the Company;
"Release"	: The release of an Award for vesting as may be approved by the Committee;
“SGM”	: The special general meeting of the Company to be convened and held on 29 June 2020 at 9:45 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 9:30 a.m. on the same day and at the same place), notice of which is set out on page SGM-1 of this Circular;
“SGX-ST”	: The Singapore Exchange Securities Trading Limited;
“Share Buy-Back Mandate”	: The proposed general mandate to be given by the Shareholders to authorise the Directors to exercise all powers of the Company to purchase or acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular;

“Share Purchase”	: The purchase of Shares by the Company pursuant to the Share Buy-Back Mandate;
“Share Transfer Agent”	: The Company’s Singapore share transfer agent, being, Boardroom Corporate & Advisory Services Pte Ltd;
“Shareholder Proxy Form”	: The proxy form which is despatched with this Circular allowing a Shareholder to appoint the Chairman of the SGM as proxy to attend and vote on its behalf at the SGM;
“Shareholders”	: Registered holders of the Shares;
“Shares”	: Ordinary shares of a par value of S\$0.05 each in the share capital of the Company;
“Subsidiaries”	: Has the meaning ascribed to it in section 5 of the Act;
“Subsidiary Holdings”	: Has the meaning ascribed to it in the Listing Manual;
“Substantial Shareholder”	: A person who has an interest or interests in one or more voting Shares and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares;
“Take-over Code”	: The Singapore Code on Take-overs and Mergers;
“Treasury Share”	: A Share that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled; and
“Vesting Period”	: In relation to an Award, a period or periods the duration of which is to be determined by the Committee at the Date of Grant of the Award; and in relation to an Option, over the period from the Date of Grant of the Option(s) to the vesting date.
Currencies, Units and Others	
“%” or “per cent”	: Percentage or per centum;
“RMB” and “RMB cents”	: PRC Renminbi and cents, respectively, being the lawful currency of PRC; and
“S\$” and “cents”	: Singapore dollars and cents, respectively, being the lawful currency of Singapore.

The terms “Depositor”, “Depository” and “Depository Agent” shall have the same meanings ascribed to them in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore.

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 the neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Bermuda Companies Act, the Listing Manual or any statutory modification thereof, and used in this Circular but not defined herein, shall have the meaning assigned to it under the Act, the Bermuda Companies Act, the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

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

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

Unless otherwise stated, the following exchange rate has been used in this Circular:

S\$1.00: RMB 5.0244.

The exchange rate as set out above is used for illustration purposes only and should not be construed as a representation that the relevant amounts have been or could be converted at the rate above or at any other rate or at all.

LETTER TO SHAREHOLDERS

CHINA INTERNATIONAL HOLDINGS LIMITED

(Registration No. 23356)
(Incorporated in Bermuda)

Directors		Registered Office
Shan Chang	(Non-Executive Chairman)	Clarendon House
Zhang Rong Xiang	(Managing Director)	2 Church Street
Zhu Jun	(Executive Director)	Hamilton HM 11
Shen Xia	(Executive Director and Chief Financial Officer)	Bermuda
Chee Teck Kwong, Patrick	(Independent Director)	
Teo Woon Keng John	(Independent Director)	

9 June 2020

To: The Shareholders of the Company

Dear Sir / Madam,

1. INTRODUCTION

1.1 The Board wishes to convene a SGM to be held at 9:45 a.m. on 29 June 2020 (or as soon thereafter following the conclusion or adjournment of the AGM to be held on the same day and at the same place) to seek Shareholders' approval for the following matters:

- (a) The proposed renewal of the Share Buy-Back Mandate;
- (b) the proposed adoption of the CIHL ESOS; and
- (c) the proposed adoption of the CIHL PSP,
(together, the "Proposed Resolutions").

1.2 The purpose of this Circular is to provide Shareholders with information relating to the Proposed Resolutions to be tabled at the SGM, notice of which is set out on page SGM-1 of this Circular.

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

2. PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Introduction

The Share Buy-Back Mandate is a general mandate to be given by the Shareholders that allows the Company to purchase or acquire its issued Shares at any time during the duration and on the terms of the Share Buy-Back Mandate. It is a requirement under the Listing Manual and Bye-law 7(B) that if the Company wishes to purchase or acquire its own shares it should obtain approval of its shareholders at a general meeting. At the special general meeting of the Company held on 30 April 2009, Shareholders had approved the adoption of the Share Buy-Back Mandate to enable the Company to purchase or otherwise acquire Shares and to hold such Shares as Treasury Shares.

At the special general meeting held on 26 April 2019, the Shareholders had approved a resolution in relation to the renewal of the Share Buy-Back Mandate (the “2019 Mandate”).

The authority conferred on the Directors pursuant to the 2019 Mandate will expire on the earliest of:

- (a) The conclusion of the next AGM of the Company;
- (b) The date by which the next AGM of the Company is required to be held;
- (c) The date on which the purchases of Shares by the Company are carried out to the full extent mandated; or
- (d) The date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in a general meeting.

The forthcoming AGM of the Company will be held on 29 June 2020. Consequently, the 2019 Mandate will expire at the conclusion of the said AGM.

Accordingly, approval is being sought from Shareholders as at the date of the SGM for the renewal of the Share Buy-Back Mandate. It is proposed that the proposed renewal of the Share Buy-Back Mandate be tabled as an ordinary resolution (as defined in the Bye-laws) for Shareholders’ approval.

2.2 Rationale for the Proposed Renewal of the Share Buy-Back Mandate

The Company proposes to seek Shareholders’ approval for the proposed renewal of the Share Buy-Back Mandate to give Directors the flexibility to undertake share purchases or acquisitions of up to ten per cent (10%) of the Company’s total issued Shares (excluding Treasury Shares and Subsidiary Holdings, if any), as at the date of passing of the resolution at the SGM, as described in paragraph 2.3 below at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (a) In managing the business of the Company, management strives to increase Shareholders’ value by improving, inter alia, the return on equity of the Company. A buy-back of Shares at the

appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

- (b) The Directors believe that the Share Buy-Back Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the earnings and/or net asset value per Share.
- (c) The Directors further believe that buy-backs of Shares by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholder confidence.

The Share Purchases will only be undertaken as and when the Directors consider it to be in the best interests of the Company. If and when circumstances permit, the Directors will decide whether to effect the Share Purchases via On-Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out buy-backs of Shares to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity, the orderly trading of the Shares, the financial position of the Company and/or result in the Company being delisted from the SGX-ST. For example, the Directors will ensure that a buy-back of Shares will not be carried out to such an extent that the free float of the Company's Shares held by the public falls to below ten per cent (10%).

Any Share Purchase will have to be made in accordance with, and in the manner prescribed by, the Bermuda Companies Act, the memorandum of association of the Company, the Bye-laws, Internal Policies, and such other laws and regulations as may, for the time being, be applicable. As the Company is listed on the SGX-ST, it is also required to comply with Part XIII of Chapter 8 of the Listing Manual, which relates to the purchase or acquisition of issued ordinary shares in the capital of a company listed on the SGX-ST.

2.3 The terms of the proposed Share Buy-Back Mandate

The authority and limitations placed on the Share Purchases by the Company under the proposed Share Buy-Back Mandate, if the renewal of which is approved at the SGM, are summarised below:

2.3.1 Maximum number of Shares

As at the Latest Practicable Date, the issued and paid-up share capital (excluding Treasury Shares and Subsidiary Holdings, if any) of the Company is S\$3,561,676.65 comprising 71,233,533 Shares of par value S\$0.05 each.

Pursuant to the Share Buy-Back Mandate, the Company may only acquire Shares that are issued and fully paid-up.

In accordance with Rule 882 of the Listing Manual, the total number of Shares that may be purchased is limited to that number of Shares representing not more than ten per cent (10%) of the issued ordinary share capital of the Company as at the Approval Date. Any Shares which are held as Treasury Shares or Subsidiary Holdings will be disregarded for purposes of computing the ten per cent (10%) limit.

For illustrative purposes only, on the basis of 71,233,533 Shares (excluding Treasury Shares and Subsidiary Holdings, if any) in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the SGM, not more than 7,123,353 Shares (representing ten per cent (10%) of the Shares in issue (excluding Treasury Shares and Subsidiary Holdings, if any) as at the Approval Date) of par value S\$0.05 each may be purchased or acquired by the Company pursuant to the proposed Share Buy-back Mandate.

The Company may not acquire its own Shares if as a result thereof, the issued share capital of the Company would be reduced below the minimum subscribed capital specified in the memorandum of association of the Company.

2.3.2 Duration of authority

If approved, the Share Buy-Back Mandate will take effect from the date of passing of the resolution approving the proposed renewal of the said mandate at the SGM and continue in force up to the earliest of:

- (i) the conclusion of the next AGM;
- (ii) the date by which such AGM is required to be held;
- (iii) the date on which the Share Purchases are carried out to the full extent mandated; or
- (iv) the date on which the authority contained in the Share Buy-Back Mandate is revoked or varied by an ordinary resolution (as defined in the Bye-laws) of the Shareholders in general meeting.

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

2.3.3 Manner of Share Purchases

Share Purchases may be made by way of:

- (i) On-Market Purchases; and/or
- (ii) Off-Market Purchases.

The Directors may impose such terms and conditions which are not in consistent with the Share Buy-Back Mandate, the Listing Manual, the memorandum of association of the Company, the Bye-laws, the Bermuda Companies Act, section 76C of the Act and any other applicable laws and regulations as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

As announced on 6 March 2019, the Company has adopted the Internal Policies in order to tighten its internal controls with respect to share buybacks. Pursuant to the Internal Policies, the Company shall complete a prescribed checklist and obtain the prior approval of the audit committee or the Board before conducting any share buybacks.

While the Company is not bound by section 76C of the Act, any equal access scheme pursuant to the Share Buy-Back Mandate will need to satisfy the conditions of section 76C of the Act pursuant to Rule 882 of the Listing Manual. Under section 76C of the Act, an equal access scheme must satisfy all of the following conditions:

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

In addition, Rule 885 of the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

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

2.3.4 Maximum Purchase Price

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

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

- (i) in the case of an On-Market Purchase, one hundred and five per cent (105%) of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, one hundred and twenty per cent (120%) of the Highest Last Dealt Price of the Shares,

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

“Average Closing Price” means average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the On-Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period; and

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase.

For the purpose of the definition of “Highest Last Dealt Price” above, “day of the making of the offer” means the day on which the Company announces its intention to make an offer for the Share Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of purchased Shares

Under the Bermuda Companies Act, any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is purchased or acquired to be held, and is held by the Company as a Treasury Share as permitted under the Bye-laws, and the Bermuda Companies Act. Where purchased or acquired Shares are cancelled and not held as Treasury Shares, the amount of the issued share capital of the Company will be diminished by the nominal value of such Shares purchased or acquired by the Company. However, this shall not be taken as reducing the amount of the Company’s authorised share capital.

Any Shares purchased or acquired by the Company (and not held as Treasury Shares by the Company) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled by the Company as soon as reasonably practicable following the settlement of any such purchase.

2.4.1 Purchased Shares held as Treasury Shares

Under the Bermuda Companies Act, a company may purchase its own shares if authorised by its memorandum of association or bye-laws. The shares so purchased shall be cancelled or, if authorised by its memorandum of association or bye-laws, held as treasury shares. If the shares purchased are cancelled, the amount of the company's issued share capital, but not its authorised share capital, will be diminished by the aggregate nominal value of those shares accordingly. Under the laws of Bermuda, if a company holds shares as treasury shares, the company shall be entered in the register of members as the member holding the treasury shares but the company is not permitted to exercise any rights in respect of those shares.

A company may not acquire its own shares to be held as treasury shares if, as a result of the acquisition, all of the company's issued shares, other than the shares to be held as treasury shares, would be non-voting shares.

No acquisition by a company of its own shares, regardless whether or not to be held as treasury shares may be effected if on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the acquisition would be, unable to pay its liabilities as they become due.

2.4.2 Voting and other rights

The Company cannot exercise any rights in respect of Treasury Shares, including any right to attend or vote at meetings, and any purported exercise of such a right is void.

In addition, no dividend may be paid, and no other distribution of the Company's assets (whether in cash or otherwise) may be made, to the Company in respect of Treasury Shares. However, an allotment of Shares as fully paid bonus Shares in respect of Treasury Shares is allowed. Any Shares so allotted shall be treated for the purposes of the Bermuda Companies Act as if they had been acquired by the Company at the time they were allotted.

2.4.3 Disposal and cancellation

Where purchased Shares are held as Treasury Shares, the Company may:

- (i) continue to hold all or any of such Treasury Shares;
- (ii) dispose of or transfer all or any of the Treasury Shares for cash or other consideration; or
- (iii) cancel all or any of the Treasury Shares.

In the event of any sale, transfer and/or cancellation of Treasury Shares, the Company will immediately make an announcement stating the following:

- (i) day of the sale, transfer and/or cancellation;

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

2.5 Source of funds

2.5.1 In undertaking Share Purchases, the Company may only apply funds legally available for such purchase in accordance with the Bermuda Companies Act, the Bye-laws, and the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than cash or, in the case of an On-Market Share Purchase, for settlement other than in accordance with the trading rules of the SGX-ST.

2.5.2 Under the Bermuda Companies Act, a purchase of shares may only be funded out of the capital paid up on the shares to be purchased, or out of the funds of the company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of shares made for the purpose of the purchase, and the premium (if any) payable on the purchase (i.e. the amount paid in excess of the nominal value of the shares to be purchased) must be provided for out of the funds of the company which would otherwise be available for dividend or distribution, or out of the company's share premium account before the shares are purchased.

2.5.3 The Company may use its internal resources of funds, external borrowings, or a combination of internal resources and external borrowings to finance buy-backs of its Shares. It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy-Back Mandate on the net asset value and EPS as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchase. The Directors will only make purchases or acquisitions pursuant to the Share Buy-Back Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or would not cause the Company to be insolvent.

2.6 Financial effects of the Share Buy-Back Mandate

2.6.1 General

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buy-Back Mandate will depend on, inter alia, the number of Shares purchased or acquired and the price paid for such Shares and the manner in which the purchase is funded.

Where purchased Shares are cancelled, the Company's total issued share capital will be diminished by the total nominal amount of those Shares purchased by the Company. The NTA of the Company and the

Group will be reduced by the aggregate purchase price paid by the Company for the Shares. The purchase price paid by the Company for the Shares (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

As at the Latest Practicable Date, the issued and paid-up capital of the Company is S\$3,561,676.65 comprising 71,233,533 Shares of par value S\$0.05 each. As at the Latest Practicable Date, there are no Treasury Shares or Subsidiary Holdings held by the Company and no Shares are reserved for issue by the Company.

2.6.2 Assumptions

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2019, are based on the assumptions set out below:

- (i) the Share Buy-Back Mandate had been effective on the Latest Practicable Date and the Company had purchased a maximum of 7,123,353 Shares representing ten per cent (10%) of the total issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings, if any) as at the Latest Practicable Date out of capital; and
- (ii) the consideration for the purchase or acquisition of the Shares are funded solely by the internal funds and/or external borrowings.

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

- (i) Number of Shares purchased or acquired

Based on the issued and paid-up ordinary share capital of the Company as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the SGM, the purchase by the Company of up to the maximum limit of ten per cent (10%) of its issued share capital (excluding Treasury Shares and Subsidiary Holdings, if any) will result in the purchase or acquisition of 7,123,353 Shares.

- (ii) Maximum price paid for Shares purchased or acquired

(a) In the case of an On-Market Purchase by the Company and assuming that the Company purchases or acquires 7,123,353 Shares at the Maximum Price of S\$0.200 for one (1) Share (being the price equivalent to five per cent (5%) above the average of the closing market prices of the Shares over the last five (5) Market Days preceding the Latest Practicable Date on which transactions in the Shares were recorded), the maximum amount of funds required for the purchase or acquisition of 7,123,353 Shares is S\$1.425 million, approximately equivalent to RMB 7.158 million.

(b) In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 7,123,353 Shares at the Maximum Price of S\$0.228 for one (1) Share (being the price equivalent to twenty per cent (20%) above the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately

preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 7,123,353 Shares is S\$1.624 million, approximately equivalent to RMB 8.160 million.

2.6.3 Illustration of financial effects

The financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate, on the audited accounts of the Group and the Company for FY2019 as if the Share Buy-Back Mandate had been effective on 31 December 2019 are presented below.

Given that the Group does not have sufficient profits to make acquisitions of Shares up to the maximum limit of ten per cent (10%) of its issued share capital (excluding Treasury Shares and Subsidiary Holdings, if any) out of profits as at 31 December 2019, the Company will not be presenting such illustrations in this Circular.

(i) Share Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Purchases	After Share Purchases		Before Share Purchases	After Share Purchases	
		On-Market Share Purchase	Off-Market Share Purchase		On-Market Share Purchase	Off-Market Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 31 December 2019						
Shareholders' fund	65,899	64,474	64,275	99,926	98,501	98,302
NTA ⁽¹⁾	61,831	60,406	60,207	99,926	98,501	98,302
Current assets	71,641	70,216	70,017	87,768	86,343	86,144
Current liabilities	51,227	51,227	51,227	26,853	26,853	26,853
Working capital	20,414	18,989	18,790	60,915	59,490	59,291
Total borrowings	20,898	20,898	20,898	-	-	-
Number of Shares as at LPD ('000)	71,234	64,111	64,111	71,234	64,111	64,111
Financial Ratios						
NTA per Share (S\$)	0.87	0.94	0.94	1.40	1.54	1.53
Earnings/(loss) per Share (S\$)	0.052	0.058	0.058	(0.011)	(0.012)	(0.012)
Gearing (times) ⁽²⁾	0.32	0.32	0.32	-	-	-
Current ratio (times) ⁽³⁾	1.40	1.37	1.37	3.27	3.22	3.21

Notes:

⁽¹⁾ "NTA" equals Shareholders' funds less intangible assets.

⁽²⁾ "Gearing" equals total borrowings divided by Shareholders' funds.

⁽³⁾ "Current ratio" equals current assets divided by current liabilities.

(ii) Share Purchases made entirely out of capital and held as Treasury Shares

	Group			Company		
	Before Share Purchases	After Share Purchases		Before Share Purchases	After Share Purchases	
		On-Market Share Purchase	Off-Market Share Purchase		On-Market Share Purchase	Off-Market Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 31 December 2019						
Shareholders' fund	65,899	64,474	64,275	99,926	98,501	98,302
NTA ⁽¹⁾	61,831	60,406	60,207	99,926	98,501	98,302
Current assets	71,641	70,216	70,017	87,768	86,343	86,144
Current liabilities	51,227	51,227	51,227	26,853	26,853	26,853
Working capital	20,414	18,989	18,790	60,915	59,490	59,291
Total borrowings	20,898	20,898	20,898	-	-	-
Number of Shares as at LPD ('000)	71,234	64,111	64,111	71,234	64,111	64,111
Financial Ratios						
NTA per Share (S\$)	0.87	0.94	0.94	1.40	1.54	1.53
Earnings/(loss) per Share (S\$)	0.052	0.058	0.058	(0.011)	(0.012)	(0.012)
Gearing (times) ⁽²⁾	0.32	0.32	0.32	-	-	-
Current ratio (times) ⁽³⁾	1.40	1.37	1.37	3.27	3.22	3.21

Notes:

⁽¹⁾ "NTA" equals Shareholders' funds less intangible assets.

⁽²⁾ "Gearing" equals total borrowings divided by Shareholders' funds.

⁽³⁾ "Current ratio" equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited FY2019 numbers and is not necessarily representative of future financial performance.

Although the Share Buy-Back Mandate would authorise the Company to purchase or acquire such number of Shares representing up to ten per cent (10%) of the Company's issued share capital (excluding Treasury Shares and Subsidiary Holdings, if any) as at the date the proposed renewal of the Share Buy-Back Mandate is approved, the Company may not necessarily buy back or be able to buy back up to ten per cent (10%) of the issued share capital (excluding Treasury Shares and Subsidiary Holdings, if any) in full. The Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirement) and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a buy-back of Shares before execution. In addition, the Company may cancel all or part of the Shares repurchased or holds all or part of the Shares repurchased in treasury.

Purchases of Shares by the Company pursuant to the Share Buy-Back Mandate will only be made in circumstances where it is considered by the Board to be in the best interests of the Company. It should be noted that purchases pursuant to the Share Buy-Back Mandate may not be carried out to the full ten per cent (10%) as mandated. Further, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

2.7 Listing Manual

2.7.1 Under the Listing Manual, a listed company may only purchase shares by way of a market acquisition at a price which is not more than five per cent (5%) above the average closing market price. The term "average closing market price", as defined under the Listing Manual, means the average of the closing market prices of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period. The Maximum Price for a Share in relation to an On-Market Purchase and an Off-Market Purchase by the Company, referred to in paragraph 2.3.4 of this Circular, conforms to this restriction.

2.7.2 Reporting requirements

Additionally, the Listing Manual also specifies that a listed company shall notify all purchases or acquisitions of its shares to SGX-ST not later than 9:00 a.m.:

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

Such notification shall be in such form and shall include such details as may be prescribed in the Listing Manual, which include details of the total number of shares purchased and the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

2.7.3 No share purchase during development of price-sensitive information

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase of its own issued shares, the Company will not undertake any Share Purchase pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision until such price sensitive information has been publicly announced. In particular, in line with the best practices on dealings in securities issued by SGX-ST under Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares pursuant to the Share Buy-Back Mandate during the period commencing two weeks immediately preceding the announcement of the Company’s financial statements for each of the first three quarters of its financial year and one month immediately preceding the announcement of the Company’s financial statements of its full-year and ending on the date of the announcement of the relevant results.

2.7.4 Listing status on the SGX-ST

The Listing Manual also requires a listed company to ensure that at least ten per cent (10%) of its Shares is at all times held by public Shareholders. The term “public”, as defined under the Listing Manual, means persons other than the directors, substantial shareholders, chief executive officers or controlling shareholders of the company and its subsidiaries, as well as Associates of such persons.

As at the Latest Practicable Date, 16,191,998 Shares representing 22.73% of the issued share capital of the Company are held in the hands of the public. In the event that the Company purchases the maximum number of Shares representing ten per cent (10%) of its issued ordinary share capital from such public Shareholders, the resultant percentage of the issued Shares held by the public Shareholders would be reduced to approximately 14.15%.

Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake buy-backs of the Shares up to the full ten per cent (10%) limit pursuant to the proposed Share Buy- Back Mandate, without adversely affecting the orderly trading, liquidity and listing status of the Shares on the SGX-ST.

Save for its Shares, as at the Latest Practicable Date, the Company has no securities listed on the SGX-ST.

2.8 Tax implications

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

2.9 Take-over Code implications arising from Share Purchases

2.9.1 Obligation to make a take-over offer

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

Appendix 2 of the Take-over Code further provides that when the Company buys back its Shares, any resulting increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code.

2.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons will, inter alia, be presumed to be acting in concert:

- (i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for purchase of voting rights;
- (ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by its directors, their close relatives and related trusts;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (v) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent (10%) or more of the client's equity share capital;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, ownership or control of at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of a company will be regarded as the test for associated company status.

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

2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 is that:

- (a) unless exempted, directors of a company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such directors and their concert parties would increase to thirty per cent (30%) or more, or if the voting rights of such directors and their concert parties fall between thirty per cent (30%) and 50 per cent (50%) of the Company's voting rights, the voting rights of such directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months; and
- (b) a Shareholder who is not acting in concert with directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to thirty per cent (30%) or more, or if the voting rights of such directors and their concert parties fall between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate as the case may be.

However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after the Company's Share Purchases. For the purposes of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than one per cent (1%) in any period of six (6) months.

Shareholders (including Directors) and their concert parties who hold more than fifty per cent (50%) of the Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares.

If the Company decides to cease the Share Purchases before it has purchased in full such number of Shares authorised by its Shareholders at the SGM, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14 of the Take-over Code.

2.9.4 Application of the Take-over Code

The shareholdings of the Substantial Shareholders and Director(s) as at the Latest Practicable Date and after the Share Purchase by the Company (assuming the Company purchases the maximum number of 7,123,353 Shares under the Share Buy-Back Mandate, being ten per cent (10%) of the total number of shares in the issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings, if any) as at the Latest Practicable Date, and there was no change in the number of Shares held or deemed to be held by the Substantial Shareholders and Director(s) pursuant to the Share Buy-Back Mandate, as the case may be, are as follows:

	Before Share Purchases Number of Shares			After Share Purchase Number of Shares		
	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%
Directors						
Shan Chang	-	-	-	-	-	-
Zhang Rong Xiang	210,550	-	0.30	210,550	-	0.33
Zhu Jun	-	-	-	-	-	-
Shen Xia	-	-	-	-	-	-
Chee Teck Kwong, Patrick	-	-	-	-	-	-
Teo Woon Keng John	-	-	-	-	-	-
Substantial Shareholders (other than directors)						
Wellful Holdings Limited	20,052,308	-	28.15	20,052,308	-	31.28
China Construction Group Inc	11,001,256	-	15.44	11,001,256	-	17.16
Wisdom Accord Limited	7,500,000	-	10.53	7,500,000	-	11.70
Century Investment Company Limited	12,000,000	-	16.85	12,000,000	-	18.72
Lee Tat Kwong (Li Daguang)	4,277,421	-	6.00	4,277,421	-	6.67
Lin Rongqiang ⁽¹⁾	-	20,052,308	28.15	-	20,052,308	31.28
China Construction Holdings Limited ⁽²⁾	-	11,001,256	15.44	-	11,001,256	17.16
Fok Hei Yu ⁽³⁾	-	11,001,256	15.44	-	11,001,256	17.16
John Howard Batchelor ⁽³⁾	-	11,001,256	15.44	-	11,001,256	17.16
Zheng Dagang ⁽⁴⁾	-	7,500,000	10.53	-	7,500,000	11.70
Mu De Jun ⁽⁵⁾	-	12,000,000	16.85	-	12,000,000	18.72
Gong Xuan ⁽⁵⁾	-	12,000,000	16.85	-	12,000,000	18.72

Notes:

(*) *Based on 71,233,533 Shares issued as at Latest Practicable Date.*

- (1) *Wellful Holdings Limited is a company incorporated in the British Virgin Islands. Lin Rongqiang is the sole shareholder of Wellful Holdings Limited. Accordingly, Lin Rongqiang is deemed to be interested in the Shares held by Wellful Holdings Limited by virtue of Section 4 of the Securities and Futures Act (Cap 289).*
- (2) *China Construction Group Inc is a company incorporated in Bermuda. China Construction Holdings Limited is a company incorporated in Bermuda and is the sole shareholder of China Construction Group Inc. Accordingly, China Construction Holdings Limited is deemed to be interested in the Shares held by China Construction Group Inc by virtue of Section 4 of the Securities and Futures Act (Cap 289).*
- (3) *By way of a deed of appointment dated 28 August 2013, Mr. Fok Hei Yu and Mr. John Howard Batchelor were jointly and severally appointed as receivers over 100% of the shares in China Construction Group Inc. Accordingly, Mr. Fok Hei Yu and Mr. John Howard Batchelor are deemed to be interested in the Shares held by China Construction Group Inc by virtue of Section 4 of the Securities and Futures Act (Cap 289).*
- (4) *Wisdom Accord Limited is a company incorporated in the British Virgin Islands. Zheng Dagang is the sole shareholder of Wisdom Accord Limited. Accordingly, Zheng Dagang is deemed to be interested in the Shares held by Wisdom Accord Limited by virtue of Section 4 of the Securities and Futures Act (Cap 289).*
- (5) *Century Investment Company Ltd is a company incorporated in the British Virgin Islands. The shareholders of Century Investment Company Ltd are Mu Dejun and Gong Xuan holding 70% and 30% respectively of the total issued share capital. Accordingly, Mu Dejun and Gong Xuan are deemed to be interested in the Shares held by Century Investment Company Ltd by virtue of Section 4 of the Securities and Futures Act (Cap 289).*

2.9.5 Exemption

As at the Latest Practicable Date, Wellful Holdings Limited holds an aggregate of 20,052,308 Shares in the issued capital of the Company representing approximately 28.15% of the aggregate voting rights in the Company (excluding Treasury Shares and Subsidiary Holdings, if any).

The sole shareholder of Wellful Holdings Limited is Lin Rongqiang, holding 100% of the total issued share capital. Neither Wellful Holdings Limited nor Lin Rongqiang are considered parties acting in concert with any Director of the Company under the Take-over Code.

Pursuant to Rule 14 of the Take-over Code, Wellful Holdings Limited would incur an obligation to make a general offer for the Company in the event that their aggregate voting rights in the Company increases to thirty per cent (30%) as a result of the purchase of Shares by the Company under the Share Buy-back Mandate.

For the purposes of illustration, on the basis of 71,233,533 Shares in issue as at the Latest Practicable Date, assuming that (i) no further Shares are issued by the Company on or prior to the SGM approving the proposed renewal of the Share Buy-Back Mandate, (ii) the Company purchases the maximum number of 7,123,353 Shares under the Share Buy-Back Mandate, representing ten per cent (10%) of the total number of Shares in issue as at the date of the SGM, and (iii) the purchased Shares are either cancelled or held as Treasury Shares:

- (a) the total number of Shares in issue (excluding Treasury Shares and Subsidiary Holdings, if any) will be reduced from 71,233,533 to 64,110,180 Shares; and
- (b) the percentage of the aggregate voting rights in the Company held by Wellful Holdings Limited will increase approximately from 28.15% to 31.28%.

In accordance with the Share Buy-Back Guidance Note set out in Appendix 2 of the Take-over Code, Wellful Holdings Limited will not be required to make a general offer for the Company under Rule 14 of the Take-over Code in relation to the Share Buy-Back Mandate if as a result of the Company buying back its own Shares, the voting rights of the Wellful Holdings Limited in the Company increases to thirty per cent (30%) or more, as it is a Shareholder who is not acting in concert with the Directors.

If the Company ceases to buy back its Shares under the renewed Share Buy-Back Mandate and the resultant aggregate voting rights held by Wellful Holdings Limited and its concert parties as a result of the buy-back of Shares is less than thirty per cent (30%), Wellful Holdings Limited and its concert parties may acquire further voting rights in the Company. However, the increase in their percentage of total voting rights in the Company as a result of the Share Purchases will be taken into account together with any voting rights acquired by Wellful Holdings Limited (by whatever means) in determining whether Wellful Holdings Limited and its concert parties have increased their aggregate voting rights in the Company to thirty per cent (30%) or more.

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

Save as disclosed, none of the other Substantial Shareholders or Directors (together with persons acting in concert with it or them) will become obligated to make a mandatory take-over offer for the Company under the Share Buy-Back Mandate if the Company purchases up to the maximum ten per cent (10%) of the issued Shares (excluding Treasury Shares and Subsidiary Holdings, if any) under the Share Buy-Back Mandate.

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

2.10 Details of Share Purchases pursuant to a Share Buy-Back Mandate

The Company did not purchase or acquire any Shares during the 12-month period immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, the Company has no Treasury Shares.

2.11 Limits on shareholdings

There are no limitations under Bermuda law on the rights of registered holders of Shares to hold or vote their Shares, solely by reason that they are non-Bermudians. The Company does not have any limitation under its Bye-laws on the shareholdings of the Shareholders. However, Bye-law 192(B) of the Bye-laws requires that for so long as the shares of the Company are listed on a Designated Stock Exchange (which is defined in the Bye-laws to include the SGX-ST), substantial shareholders (having the meaning ascribed to it in the Act) have to disclose particulars of the shares in the Company beneficially owned by them and of any change in the percentage level of such interests. Such requirement to disclose does not apply to The Central Depository (Pte) Limited. Additionally, under Rule 723 of the Listing Manual, a company should ensure that at least ten per cent (10%) of a class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) is at all times held by the public (as defined in the Listing Manual). The Company shall use its best efforts to ensure that it does not effect a Share Purchase if the Share Purchase would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

3. PROPOSED ADOPTION OF THE CIHL ESOS

3.1 Rationale for the CIHL ESOS

The Shareholders had, on 8 March 2010, approved the Expired 2010 ESOS, which has since expired on 9 March 2020 without being renewed.

Under the Expired 2010 ESOS, the options granted to the eligible participants thereunder are set out as follows:

Name of participant	Aggregate options granted ^(*)	Aggregate options exercised	Date of Grant	Expiry Date
Shan Chang	300,000	Nil	8 March 2010	7 March 2015
Zhang Rong Xiang	200,000	Nil	8 March 2010	7 March 2015
Zhu Jun	200,000	Nil	8 March 2010	7 March 2015
Lai Kin Ming, Kenny	75,000	Nil	8 March 2010	7 March 2015
Chee Teck Kwong, Patrick	75,000	Nil	8 March 2010	7 March 2015
Fong Weng Khiang	75,000	Nil	8 March 2010	7 March 2015

Name of participant	Aggregate options granted ^(*)	Aggregate options exercised	Date of Grant	Expiry Date
Shen Xia	150,000	Nil	17 May 2010	16 May 2015
Han Yange	75,000	Nil	19 July 2010	18 July 2015
Shan Chang	200,000	Nil	2 June 2011	1 June 2016
Zhang Rong Xiang	200,000	Nil	2 June 2011	1 June 2016
Zhu Jun	200,000	Nil	2 June 2011	1 June 2016
Shen Xia	200,000	Nil	2 June 2011	1 June 2016
Chee Teck Kwong, Patrick	125,000	Nil	2 June 2011	1 June 2016
Fong Weng Khiang	125,000	Nil	2 June 2011	1 June 2016
Han Yange	100,000	Nil	2 June 2011	1 June 2016
Lai Kin Ming, Kenny	75,000	Nil	2 June 2011	1 June 2016
Shan Chang	400,000	Nil	10 March 2014	9 March 2019
Zhang Rong Xiang	500,000	Nil	10 March 2014	9 March 2019
Zhu Jun	500,000	Nil	10 March 2014	9 March 2019
Chee Teck Kwong, Patrick	400,000	Nil	10 March 2014	9 March 2019
Shen Xia	500,000	Nil	10 March 2014	9 March 2019
Fong Weng Khiang	400,000	Nil	10 March 2014	9 March 2019

Notes:

(*) The number of aggregate options granted is calculated after taking into account the share consolidation exercise undertaken by the Company on 20 August 2015 to consolidate every 20 Shares into 1 Share.

The options above were granted pursuant to the rules of the Expired 2010 ESOS, and were/are not subject to any other conditions.

The Company believes that it is timely and desirable for a new share option scheme to be implemented by the Company. The Company recognises that in order to maintain the Group's competitiveness and for the Group to build sustainable businesses in the long term, the Company must be able to continue to attract, motivate, reward and maintain a core group of directors, executives and employees, and give recognition to those who have contributed significantly to the growth and performance of the Company and/or the Group.

Thus, the Company is proposing to introduce a new share option scheme of the Company ("Proposed CIHL ESOS") to commence upon its adoption by the Shareholders at the SGM.

The CIHL ESOS is being proposed with the following objectives:

- to attract, motivate and reward Participants for their contributions towards the success of the Group;
- to engender stronger ties and dedication to the Group through share ownership in the Company; and
- to recognise and acknowledge the Participants for their contributions to the Group.

Rationale for Participation of Non-Executive Directors (including Independent Directors)

The extension of the CIHL ESOS to Non-Executive Directors (including Independent Directors) allows the Group to have a fair and equitable system to reward Directors and employees who have made and who continue to make significant contributions to the long-term growth of the Group.

We believe that the CIHL ESOS will also enable us to attract, retain and provide incentives to its Participants to achieve higher standards of performance as well as encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services as well as motivating Participants to contribute towards the long-term growth of the Group.

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

In order to minimise any possible conflicts of interest, and so as not to compromise the objectivity of independent members of our Board who may, in the future, be selected to participate in the CIHL ESOS, our Non-Executive Directors (including Independent Directors) would primarily continue to be remunerated for their services by way of directors' fees. As the CIHL ESOS does specify a limit as to the amount of Shares to be comprised in Options that may be granted to any Participant in a financial year, it is envisaged that Options that may be granted to Non-Executive Directors (including Independent Directors) will be of token amounts and will not comprise (whether on an individual or collective basis) a significant portion of the Options available under the CIHL ESOS.

Our Remuneration Committee when deciding on the selection of Non-Executive Directors (including Independent Directors) to participate in the CIHL ESOS and the number of Shares to be offered (in accordance with the CIHL ESOS) 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. 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.

Where the Company extends the CIHL ESOS to Associated Company Employees, the Company will ensure that it has control over any such Associated Companies prior to extending the CIHL ESOS to such persons.

3.2 Principal features of the CIHL ESOS

The CIHL ESOS Rules are set out in Appendix A to this Circular. A summary of the CIHL ESOS, its rules and its principal features are described below. Unless the context otherwise requires, the capitalised terms used in this paragraph 3 shall bear the same meaning as ascribed to them under paragraph 2 of the CIHL ESOS Rules as set out in Appendix A to this Circular.

(a) Size of the CIHL ESOS

The aggregate number of New Shares over which Options may be granted under the CIHL ESOS and the CIHL PSP will be limited to fifteen per cent (15%) of the issued ordinary share capital of the Company (excluding Treasury Shares) (the “ESOS and PSP Limit”).

For illustrative purposes only, the issued share capital of the Company as at the Latest Practicable Date prior to the implementation of the CIHL ESOS is 71,233,533 Shares. The maximum number of Shares which may be issued pursuant to the CIHL ESOS is 10,685,030 Shares, assuming that there are no New Shares issuable under the CIHL PSP.

Shareholders should note that any increase in the number of issued Shares will have the effect of diluting the percentage shareholding of the existing Shareholders.

(b) Maximum Limits on Options

The eligibility of employees to participate in the CIHL ESOS and the number of Shares which are the subject of each Option at each Date of Grant to a Participant in accordance with the CIHL ESOS shall be determined at the absolute discretion of the Committee which shall take into account the performance of the Participant and such other general criteria as the Committee may consider appropriate as well as other limitations set forth under the rules of the Listing Manual and these CIHL ESOS Rules.

In determining the number of Options to be granted each year, the Committee shall have reference to the Company’s performance as reflected in the return on Shareholders’ funds (“ROF”) and the audited profit before tax (“PBT”) of that financial year.

(c) Eligibility

The persons eligible for selection to participate in the CIHL ESOS are:

- (i) Group Employees who have attained the age of eighteen (18) years;
- (ii) Associated Company Employees who have attained the age of eighteen (18) years and hold such rank as may be designated by the Remuneration Committee from time to time; and

(iii) Group Directors (including Non-Executive Directors and Independent Directors).

Controlling Shareholders and their Associates are not eligible to participate in the CIHL ESOS.

In order to minimise the potential conflict of interest and not to compromise the independence of the Non-Executive Directors (including Independent Directors), the Company does not intend to grant Options of significant sizes to the Non-Executive Directors (including Independent Directors). In particular, in the event that any Option is granted to Non-Executive Directors (including Independent Directors) of the Company, the quantum of such Options will not be of such significance as will affect or compromise the independence of such Director.

Where the Company extends the CIHL ESOS to Associated Company Employees, the Company will ensure that it has control over any such Associated Companies prior to extending the CIHL ESOS to such persons.

The Company will consider, inter alia, the contributions of each individual to the success and development of the Group when selecting them for participation in the CIHL ESOS. The selection of eligible persons for participation in the CIHL ESOS, the number of Shares to be comprised in Options that may be granted, and the manner and bases by which the contributions of Participants will be measured, are described in paragraphs 3.2(e) and (j) below under the sub-headings “Subscription Prices” and “Entitlements, Grants and Acceptance of Options” respectively.

There shall be no restriction on the eligibility of any Participant to participate in any other Share option schemes or Share award schemes implemented or to be implemented by the Company or any other Company within the Group.

The Committee shall have absolute discretion to decide whether a person who is participating in the CIHL ESOS shall be eligible to participate in any other Share option scheme implemented by the Company or any other company within the Group.

(d) Administration of the CIHL ESOS

The CIHL ESOS will be administered by the Committee, appointed by the Board to administer the CIHL ESOS. In accordance with the requirements of the SGX-ST, a member of the Committee who is also a Participant of the CIHL ESOS must not be involved in its deliberations in respect of Options to be granted to or held by him. Shareholders who are eligible to participate in the CIHL ESOS shall abstain from voting on any resolution relating to the CIHL ESOS.

(e) Subscription Prices

The CIHL ESOS is designed to provide the Company with the flexibility in structuring Options. Hence, the Company may utilise Options as a means by which the Company may reward and give recognition to Participants for their contributions, or as a tool for motivating and encouraging Participants’ performance towards set goals over future periods.

Under the CIHL ESOS, the Company will have the flexibility to grant Options at subscription prices which are: (i) at the market price of a Share at the time of the grant; and/or (ii) at a discount (up-front) to the market price of a Share at the time of the grant. Not more than a twenty per cent (20%) discount to the market price of a Share at the time of grant may be given. In making any determination on option (ii) above, the Committee has such liberty to take into consideration such criteria as the Committee may, in its absolute discretion, deem appropriate, including but not limited to:

- (i) the performance of the Group;
- (ii) the years of service and individual performance of a Participant;
- (iii) the contribution of the Participant to the success and development of the Group and/or the Company; and
- (iv) the prevailing market conditions.

The Company believes that the ability to grant Options at a discount will help to place the Company in a more competitive position in the recruitment and retention of staff in an intensely competitive international environment for talented managers and support personnel. Such Options would offer the Company additional means to strengthen ties, and/or encourage Participants to focus their energies on striving to improve their own performance and the performance of the Company and the Group, as these Options offer greater opportunity for price appreciation.

It should be further noted that while a maximum discount of twenty per cent (20%) is proposed, it does not imply that all Options granted will have or include a discount. The giving of a discount (and the quantum of the discount that may be given) will depend on certain factors and their circumstances of each case, as explained above.

With a discretion to grant Options at the market price, or having a discount feature, in addition to or in combination with the grant of Options at the market price, the Company will have much greater flexibility to structure the Group's incentive and rewards system in a constructive manner by combining immediate or short-term cash-based rewards (such as bonuses and annual wage supplements) with longer term cash-linked rewards which do not entail an immediate direct cash expenditure for the Group.

In relation to Participants who are not Group Employees, their inclusion as persons who may receive Options with discounts will provide the Company with a means to acknowledge their contribution to the success and development of the Group, including in the case of Group Directors, the flexibility to review and explore, a means of compensating them by way of a combination of directors' fees and share options in cases where contributions have been made or are expected to be made over a period of time.

(f) Market Price Options

These Options are granted with subscription prices that are set at the market price of the Shares at the time of their grant.

The “market price” of a Share is the price determined by the Committee to be equal to the average of the last dealt prices for a Share, by reference to the daily official list or other publication of the SGX-ST, for the five (5) consecutive Market Days (being days on which there were transactions in the Shares on the SGX-ST) immediately preceding the date of the Option, rounded up in the case of cents (if applicable) to the nearest whole cent.

(g) Up-front Discount Options

Options may be granted with up-front discounts to the market price of the Shares at the time of their grant. It is anticipated that up-front discounts would be given under circumstances (including but not limited to) the following:

- (i) Where due to speculative forces, the market price of the Shares at the time of the grant of the Options is not reflective of the financial performance of the Company (having regard to indicators such as return on equity and/or earnings growth). With discretion to grant Options with an up-front discount to the market price, the Company would be less vulnerable to market sentiments and external forces affecting the stock market at the time that Options are to be granted. Conversely, these Options are likely to continue to have a real and personal value to the Participants as they may be exercised eventually.
- (ii) Where it is more meaningful for the Company to acknowledge a Participant’s achievements through an up-front discounted price option rather than paying him a cash bonus or a large cash bonus. These Options operate as a form of cashless reward from the Company, with a greater potential for capital appreciation than market price Options, and without the performance targets associated with incentive (deferred discount) Options.
- (iii) Where more compelling motivation is required in order to attract new talents into the Group and/or retain talented individuals. As stock options become more significant components of employee remuneration packages and the grant of options with a discount element becomes more common place, discretion to grant Options with up-front discounted subscription prices will provide the Company with a means to maintain the competitiveness of the Group’s compensation strategy.

(h) Quantum of Discount

Under the present guidelines of the SGX-ST, the maximum discount that may be given is twenty per cent (20%) of the market price for the Shares at the time of the grant of the Option. By adopting a discount quantum to the fullest extent permitted, the Company would have the most flexibility to utilise the discount feature (with a potential discount of up to twenty per cent (20%) to the market price of a Share at the time of grant being the most that can be given) as a means to achieve the objectives in granting Options with up-front discounts and the means to use Options more creatively as part of the Group’s incentive and reward system.

The determination of whether a discount will be given, and the quantum of the discount, will be decided upon on a case by case basis, taking into account the individual merits and factors described above pertaining to the specific participant to whom the Option is to be granted, and the objective that is desired to be achieved by the Company through the grant of the Option.

The discount quantum may differ from one Participant to another, subject in any case, to a discount of not more than twenty per cent (20%) to the prevailing market price of a Share at the time of grant.

For illustrative purposes only, based on the last transacted price for a Share of \$0.1900 on the Latest Practicable Date, a discount of twenty per cent (20%) to such price, would result in a Subscription Price of \$0.152.

Notwithstanding the discount feature, the Subscription Price for each Share shall not be less than the nominal (par) value of the Share.

(i) Variation in Share Capital

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise, but shall not include the issue of securities as consideration for an acquisition) shall take place, then:

- (i) the Subscription Price of the Shares, the nominal amount, class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (ii) the nominal amount, class and/or number of Shares over which future Options may be granted under the CIHL ESOS,

shall be adjusted in such manner as the Committee may determine to be appropriate. Any adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder of the Company does not receive.

Every adjustment shall (except in respect of a capitalisation issue) be subject to the written confirmation of the Auditors (acting only as experts and not as arbitrators) that in their opinion, such adjustment is fair and reasonable.

(j) Entitlements, Grants and Acceptance of Options

The selection of, and the actual number of Shares to be offered under Options to, Participants of the CIHL ESOS will be determined by the Committee at its absolute discretion, which will take into account criteria such as his rank, performance, years of service and potential for future development, and his contribution to the success and development of the Group.

Options may be granted under the CIHL ESOS at any time during the period while the CIHL ESOS is in force. With the discretion to determine the timing for the grant of Options under the CIHL ESOS, the Company

may make Options grants in conjunction with salary or performance reviews and recruitment exercises.

Options are personal to the persons to whom they are granted, and may not be transferred, charged assigned, pledged or otherwise disposed of in whole or in part, without the prior approval of the Committee. An offer of an Option made to a Grantee under the CIHL ESOS, if not accepted by the Grantee within thirty (30) days from the date of the offer, will lapse. Upon acceptance of the offer, the Grantee must pay to the Company a consideration of S\$1.00.

(k) Validity Period of Options

The validity period of Options that are granted under the CIHL ESOS will be subject to prevailing legislation applicable on the Date of Grant of the Options. Based on legislation prevailing as at the Latest Practicable Date, Options granted to Participants will have a validity period of 5 years from the Date of Grant of the Options.

Save for Options with up-front discounts, which Options shall not vest earlier than the second anniversary of the Date of Grant of the Options, Options generally may be exercised after the first anniversary of the Date of Grant of the Options (but before the expiration of the validity period applicable to the relevant Options), and in accordance with a vesting schedule and the conditions (if any) to be determined by the Committee on the Date of Grant of the relevant Options.

(l) Rights of Shares Arising

Shares allotted and issued pursuant to the exercise of Options granted under the CIHL ESOS shall be subject to the Bye-laws, and will rank paripassu in all respects with the then existing issued Shares, save for any dividend or other distribution the record date for which precedes the date of exercise of the Option.

(m) Termination of Options

Special provisions in the CIHL ESOS deal with the lapse or earlier exercise of Options in circumstances which include the termination of the Participant's employment, the bankruptcy of the Participant, the death of the Participant, a take-over of the Company, and the winding-up of the Company.

(n) Modifications to the CIHL ESOS

Subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary, the rules of the CIHL ESOS may be altered by a resolution of the Committee provided that no alteration shall adversely affect the rights attached to Options granted prior to such alteration except with the consent in writing of the Participants, nor shall any alteration be made in relation to the matters under Rules 844 to 849, and Rules 853 and 854 of the Listing Manual to the advantage of Participants except with the prior sanction of the Company in general meeting.

No modifications shall be made to the CIHL ESOS, if, as a result the Participant receives a benefit that a Shareholder does not receive and any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

(o) Duration of the CIHL ESOS

The CIHL ESOS will continue in operation, at the absolute discretion of the Committee, for a maximum duration of 10 years commencing from its adoption by Shareholders at the SGM.

The CIHL ESOS may be continued for any further period thereafter with the approval of the Company in general meeting and of any relevant authorities which may then be required.

(p) Disclosures in the Annual Report

The Company shall make the following disclosures in its annual report (where applicable):-

- (i) The names of the members of the Committee administering the CIHL ESOS;
- (ii) The information in the table below for the following Participants:-
 - Directors of the Company;
 - Participants who are Controlling Shareholders and their Associates; and
 - Participants other than those above, who receive five per cent (5%) or more of the total number of Options available under the CIHL ESOS;

Name of Participant	Options granted during the financial year under review (including terms)	Aggregate Options granted since commencement of CIHL ESOS to end of financial year under review	Aggregate Options exercised since commencement of the CIHL ESOS to end of financial year under review	Aggregate Options outstanding at end of financial year under review
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- (iii) 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 CIHL ESOS, during the financial year under review;

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 the CIHL ESOS to the end of the financial year under review;

- (iv) 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 discount granted; and

(v) If any of the above is not applicable, an appropriate negative statement must be included.

3.3 Financial Effects of the CIHL ESOS

Based on the International Financial Reporting Standards as currently applied, the financial effects of the CIHL ESOS on the Company are as follows:

(a) Consideration of Option(s) at each grant to Participants

Under the CIHL ESOS, a Participant who is granted an Option pays a nominal consideration of S\$1.00 to the Company on his acceptance of the offer of an Option. In so far as such Options are granted at a consideration which is less than their fair value at the time of grant, there will be a cost to the Company (in that the Company will receive from the Participant upon the grant of the Option to him, a consideration that is less than the fair value of the Option), the size of which will depend on the amount of Options granted pursuant to the CIHL ESOS and their validity period. If such costs were to be recognised, it would have to be charged to the Company's consolidated income statement at the time that the Options are granted.

(b) Potential cost of issuing the Option(s)

International Financial Reporting Standard 2 "Share-based Payment" ("IFRS 2") relating to share-based payment took effect for all companies (listed and non-listed companies) beginning 1 January 2005. Under IFRS 2, the recognition of an expense in respect of Option(s) granted under the CIHL ESOS is required. The expense will be based on the fair value of the Option(s) at each Date of Grant of the Option(s) and will be recognised over the Vesting Period. This fair value is normally estimated by applying the option pricing model at the Date of Grant, taking into account the terms and conditions of the grant of the Option(s) and recognised as a charge to the Company's consolidated income statement over the Vesting Period, with a corresponding credit to the Company's reserve account.

Before the end of the Vesting Period and at the end of each accounting year, the estimate of the number of Option(s) that are expected to vest in each Participant by the vesting date is revised, and the impact of the revised estimate is recognised in the consolidated income statement with a corresponding adjustment to the Company's reserve account. After the vesting date, no adjustment of the charge to the consolidated income statement is made.

(c) Share Capital

The CIHL ESOS will result in an increase in the issued share capital of the Company to the extent of the New Shares that will be allotted and issued pursuant to the exercise of the Option(s) granted under the CIHL ESOS. This will in turn depend on, inter alia, the number of New Shares comprised in the Option(s) granted, the number of Option(s) that are accepted and exercised and the exercise price of the Shares comprised in the Option(s).

(d) NTA

The issue of New Shares upon the exercise of the Option(s) granted under the CIHL ESOS 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 will be accretive if the exercise price is above the Company's consolidated NTA per Share, but dilutive otherwise.

(e) EPS

The CIHL ESOS will have a dilutive impact on the basic EPS following the increase in the Company's number of issued New Shares to the extent that the New Shares are allotted and issued upon the exercise of the Options.

Outstanding Options without being exercised are dilutive to the calculation of diluted EPS when the exercise price of the issue of ordinary Shares is less than the average market price of ordinary Shares during the period.

Options have a dilutive effect only when the average market price of ordinary Shares during the period exceeds the exercise price of the Options.

3.4 In-Principle Approval

The SGX-ST has given its in-principle approval to the listing of, and quotation for, the New Shares that may be issued upon the exercise of Options granted pursuant to the CIHL ESOS, subject to Shareholders' approval of the CIHL ESOS.

The approval of the SGX-ST is not to be taken as an indication of the merits of the proposed CIHL ESOS, the New Shares, the Company and/or its subsidiaries.

4. PROPOSED ADOPTION OF THE CIHL PSP

4.1 Rationale for the CIHL PSP

The Shareholders had, on 8 March 2010, approved the Expired 2010 PSP, which has since expired on 9 March 2020 without being renewed.

Under the Expired 2010 PSP, no Shares were awarded to any eligible participant thereunder since the commencement of the Expired 2010 PSP.

Following the above and in addition to the CIHL ESOS, the Company is also proposing to implement an employee share award scheme known as the "CIHL PSP" whereby eligible participants are conferred rights by the Company to be issued or transferred Shares (hereinafter referred to as "Awards"). The Company

has taken steps to align itself with and embrace global and local trends and best practices in compensation to achieve the objectives set out below.

The rationale of the CIHL PSP is to provide an opportunity for the Directors and key management personnel of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty, higher standards of performance, and to give recognition to employees of the Group who have contributed to the success of the Group. The Participants are not required to pay for the grant of Awards or for the Shares allotted or allocated pursuant to an Award.

The Company believes that by adopting both the CIHL ESOS and the CIHL PSP, the Company will have greater flexibility in tailoring reward and incentive packages suitable for Participants and aligning Participants' interests with those of the Shareholders. The Company believes that this will in turn inculcate in Participants a stronger and more lasting sense of identification with the Group, and further strengthen the Company's competitiveness in attracting and retaining talented employees, especially employees who have the requisite knowledge, technical skills and experience whom the Company believes could contribute to the development and growth of the Group. Both the CIHL ESOS and the CIHL PSP are intended to complement each other in the Group's continuing efforts to reward, retain and motivate Participants to achieve better performance.

Further, while the CIHL ESOS is aimed at enticing talented employees who have the requisite knowledge, technical skills and experience to join the Group, the CIHL PSP is aimed at motivating existing employees and officers of the Group to work towards achieving the Performance Conditions, which will in turn contribute towards the success and development of the Company.

The CIHL PSP is a share incentive plan and is an integral part of employee incentive compensation in the Company's variable wage system. The CIHL PSP will give Participants an opportunity to have a direct interest in the value of the Shares and help to achieve the following objectives:

- (a) to motivate Participants to optimise their performance standards, productivity and efficiency, to strive towards performance excellence and to maintain a high level of contribution to the Group by relating their total remuneration to the performance of the Group;
- (b) to make employee remuneration sufficiently competitive to attract potential employees with relevant skills to contribute to the Group by recognising contributions made or to be made and to create value for the Shareholders;
- (c) to retain key employees and Directors of the Group whose contributions are essential to the long-term growth and profit ability of the Group;
- (d) to promote commitment, dedication and instil loyalty, thereby resulting in a stronger identification by employees with the long-term prosperity of the Group; and
- (e) to foster an ownership culture within the Group which aligns the interest of the Participants with the interest of the Shareholders.

Rationale for Participation of Non-Executive Directors (including Independent Directors)

Under the Listing Manual, the Group has some flexibility in formulating a share scheme that recognises and benefits not only persons who are in the employment of the Group but also Non-Executive Directors (including Independent Directors), as well as directors and employees of Associated Companies, who are not employed by the Group but who nevertheless work closely with the Group and/or are in the position to contribute their experience, knowledge and expertise to the development and success of the Group.

The extension of the CIHL PSP to our Non-Executive Directors (including Independent Directors) allows the Group to have a fair and equitable system to reward Directors and employees who have made and who continue to make significant contributions to the long-term growth of the Group.

We believe that the CIHL PSP will also enable us to attract, retain and provide incentives to its Participants to achieve higher standards of performance as well as encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services as well as motivating Participants to contribute towards the long-term growth of the Group.

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

As it is not the intention of the Board that the Independent Directors be compensated to the extent that their independence will be compromised, the Company does not intend to grant Awards of significant sizes to Independent Directors and our Independent Directors would primarily continue to be remunerated for their services by way of directors' fees.

As the CIHL PSP does not specify a limit as to the amount of Shares to be comprised in Awards that may be granted to any Participant in a financial year, it is envisaged that Awards that may be granted to Non-Executive Directors (including Independent Directors) will be of token amounts and will not comprise (whether on an individual or collective basis) a significant portion of the Awards available under the CIHL PSP.

Our Remuneration Committee when deciding on the selection of Non-Executive Directors (including Independent Directors) to participate in the CIHL PSP and the number of Shares to be offered (in accordance with the CIHL PSP) 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. In particular for Independent Directors, any Award will be measured and balanced against considerations if such Award could interfere or reasonably be perceived to interfere with the exercise of independent judgment of the Independent Director. 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. Given the above, the Board is of the view that the CIHL PSP will not compromise the objectivity and independence of the Independent Directors. For the avoidance of doubt, any Awards granted to Non-Executive Directors (including Independent Directors) shall form part of directors' fees which will be subject to Shareholders' approval at the annual general meeting of the Company.

Where the Company extends the CIHL ESOS to Associated Company Employees, the Company will ensure that it has control over any such Associated Companies prior to extending the CIHL ESOS to such persons.

4.2 Principle features of the CIHL PSP

The CIHL PSP Rules are set out in Appendix B to this Circular. A summary of the CIHL PSP, its rules and its principal features are described below. Unless the context otherwise requires, the capitalised terms used in this paragraph 4 shall bear the same meaning as ascribed to them under paragraph 2 of the CIHL PSP Rules as set out in Appendix B to this Circular.

(a) Size of the CIHL PSP

The aggregate number of New Shares over which Awards may be granted under the CIHL PSP, and any other existing share schemes or share option schemes (which includes the CIHL ESOS) shall not exceed fifteen per cent (15%) of the issued ordinary share capital of the Company (excluding Treasury Shares).

For illustrative purposes only, the issued share capital of the Company as at the Latest Practicable Date prior to the release of the Awards and implementation of the CIHL PSP is 71,233,533 Shares. The maximum number of Shares which may be issued pursuant to the CIHL PSP is 10,685,030 Shares, assuming that there are no New Shares issuable under the CIHL ESOS.

Shareholders should note that any increase in the number of issued Shares will have the effect of diluting the percentage shareholding of the existing Shareholders.

(b) Maximum Limits on Awards

The eligibility of employees to participate in the CIHL PSP and the number of Shares which are the subject of each Award at each Date of Grant to a Participant in accordance with the CIHL PSP shall be determined at the absolute discretion of the Committee which shall take into account the performance of the Participant and such other general criteria as the Committee may consider appropriate as well as other limitations set forth under the rules of the Listing Manual and these CIHL PSP Rules.

In determining the number of Shares to be awarded each year the Committee shall have reference to the Company's performance as reflected in the return on Shareholders' funds ("ROF") and the audited profit before tax ("PBT") of that financial year.

(c) Eligibility

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

- (i) Group Executives who have attained the age of eighteen (18) years and hold such rank as may be designated by the Committee from time to time;
- (ii) Associated Company employees who have attained the age of eighteen (18) years and hold such rank as may be designated by the Committee from time to time; and
- (iii) Non-Executive Directors (including Independent Directors) who, in the opinion of the Committee, have contributed or will contribute to the success and the development of the Group.

Controlling Shareholders and their Associates are not eligible to participate in the CIHL PSP.

There shall be no restriction on the eligibility of any Participant to participate in any other Share option schemes or Share award schemes implemented or to be implemented by the Company or any other Company within the Group.

In order to minimise the potential conflict of interest and not to compromise the independence of the Non-Executive Directors (including Independent Directors), the Company does not intend to grant Awards of significant sizes to the Non-Executive Directors (including Independent Directors). In particular, in the event that any Award is granted to Non-Executive Directors (including Independent Directors) of the Company, the quantum of such Awards will not be of such significance as will affect or compromise the independence of such Director.

Where the Company extends the CIHL ESOS to Associated Company Employees, the Company will ensure that it has control over any such Associated Companies prior to extending the CIHL ESOS to such persons.

The Company will consider, inter alia, the contributions of each individual to the success and development of the Group when selecting them for participation in the CIHL PSP. The selection of eligible persons for participation in the CIHL PSP, the number of Shares to be comprised in Awards that may be granted, and the manner and bases by which the contributions of Participants will be measured, are described in Paragraph 4(f) below under the subheading "Grant of Awards".

The Committee shall have absolute discretion to decide whether a person who is participating in this CIHL PSP shall be eligible to participate in any other Share option scheme implemented by the Company or any other company within the Group.

(d) Administration of the CIHL PSP

The CIHL PSP shall be administered by the Committee of the Board with such discretion, powers and duties as are conferred on it by the Board. A member of the Committee shall not be involved in the deliberations of the Committee in respect of the grant of Awards to him. In exercising its discretion, the

Committee must act in accordance with any guidelines that may be provided by the Board. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board. Shareholders who are eligible to participate in the CIHL PSP shall abstain from voting on any resolution relating to the CIHL PSP.

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 CIHL PSP) for the implementation and administration of the CIHL PSP, to give effect to the provisions of the CIHL PSP and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit.

Any decision of the Committee, made pursuant to any provision of the CIHL PSP (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the CIHL PSP or any rule, regulation, or procedure thereunder or as to any rights under the CIHL PSP).

(e) Operation of the CIHL PSP

Subject to the prevailing legislation, the rules of the Listing Manual and the Bye-laws, the Company will have the flexibility to deliver Shares to the Participants upon vesting of their Awards by way of:

- (i) an issue of New Shares; or
- (ii) the purchase of existing Shares.

The Company has the flexibility, and if circumstances require, to approve the Release of an Award, wholly or partly, in the form of cash upon the settlement of such Awards rather than Shares.

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

Should the Shareholders approve of the proposed renewal of the Share Buy-Back Mandate at the SGM, the purchase of existing Shares by the Company under the Share Buyback Mandate, if held as Treasury Shares, may be used for the purpose of vesting the Award.

(f) Grant of Awards

Awards represent the right conferred by the Company on a Participant to be issued or transferred Shares in the Company, free of charge, in accordance with the Listing Manual.

The Committee may grant Awards at any time during the period the CIHL PSP is in force provided always that in the event that an announcement on any matter involving unpublished price sensitive information is made, Awards may only be granted after the second Market Day following the aforesaid announcement.

Where the grant of Awards to any Participant is subject to approval of specific resolution at a general meeting, the Committee shall grant such approved Awards within thirty (30) days from the conclusion of the general meeting that approved the resolution.

The Committee shall decide, in its absolute discretion, in relation to each Award to be granted to a Participant:

- (i) the Participant;
- (ii) the date on which the Award is to be granted;
- (iii) the number of Shares which are the subject of the Award;
- (iv) the prescribed Vesting Periods;
- (v) the extent to which Shares which are the subject of that Award shall be Released at the end of each Vesting Period; and
- (vi) the Performance Condition.

The offer of the Award shall be personal to the Participant to whom it is granted and any Award granted and accepted by a Participant under the CIHL PSP shall not be transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part unless approved by the Committee, but may be exercised by the Participant's duly appointed personal representative in the event of the death of the Participant.

The Committee may amend or waive the Vesting Period(s) and/or the Performance Condition in respect of any Award:-

- (i) if anything happens which causes the Committee to conclude that:
 - an amended Performance Condition would be a fairer measure of performance and would be no less difficult to satisfy; or
 - the Performance Condition should be waived; or
- (ii) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares of the Company, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the court under the Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company,

and the Committee shall notify the Participants of such amendment or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such amendment or waiver).

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

An Award or Released Award shall be personal to the Participant to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

(g) Acceptance of Awards

The grant of an Award to a Participant shall be accepted by the Participant within thirty (30) days from the Date of Grant. The Participant may accept or refuse the whole but not part of a grant of an Award. If the grant of an Award is not accepted by the Participant within thirty (30) days from the Date of Grant, the offer shall upon the expiry of the thirty (30) day period automatically lapse and shall be null and void.

(h) Release of Awards

Subject as provided in the CIHL PSP, an Award shall be Released, in accordance with any conditions that the Committee may, in its absolute discretion specify subject to the following proportions and Vesting Periods:

- (i) after the first anniversary of Date of Grant: maximum of thirty per cent (30%) of the Award granted;
- (ii) after the second anniversary of Date of Grant: the remaining balance of the Award granted.

In relation to Awards, as soon as reasonably practicable after the end of the relevant performance period, the Committee shall review the report of the Chairman and/or Chief Executive Officer on the job performance of the Participant concerned in respect of the Performance Condition specified in that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

The current Performance Conditions proposed by the Committee are (a) the net profit of the Group attributable to Shareholders; and (b) the pre-determined performance or service condition to be achieved by the individual Participants. Such pre-determined performance or service conditions shall be determined by the Committee in its absolute discretion, including but not limited to:

- (i) the performance of the Group;
- (ii) the years of service and individual performance of a Participant;
- (iii) the contribution of the Participant to the success and development of the Group and/or the Company; and
- (iv) the prevailing market conditions.

The Committee has the right to amend the Performance Conditions if the Committee decides that it would be equitable to do so.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the Participant has not continued to be an employee from the Date of Grant up to the end of the relevant performance period, that Award shall lapse and be of no value and shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the

Group as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Upon the expiry of each Vesting Period in relation to an Award, subject to the following herein below, the Company shall release to the relevant Participant the Shares to which his Award relates on the Vesting Date:

- (i) the Committee having determined that the Performance Condition has been satisfied;
- (ii) the relevant Participant having continued to be an employee from the Date of Grant up to the end of the relevant Vesting Period;
- (iii) the Committee being of the opinion that the job performance of the relevant Participant has been satisfactory as reported by the Chairman and/or Chief Executive Officer;
- (iv) such consents (including any approvals required by the SGX-ST) as may be necessary;
- (v) compliance with the terms of the Award, the CIHL PSP and the memorandum of association and Bye-laws of the Company;
- (vi) where Shares are to be allotted or transferred on the Release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (vii) where New Shares are to be allotted on the Release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST.

Shares which are the subject of a Released Award shall be vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the review by the Committee and on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.

Where New Shares are allotted upon the vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares.

Shares which are allotted or transferred on the release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.

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

- (i) be subject to all the provisions of the memorandum of association and Bye-laws of the Company; and
- (ii) rank for any dividend, right, allotment by other distribution the record date of which is on or after the relevant Vesting Date and (subject as aforesaid) will rank paripassu in all respects with the Shares then existing.

(i) Events Prior to Vesting Date

An Award, to the extent not yet Released, shall forthwith become void and cease to have an effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company or its subsidiaries or Associated Companies and their respective Directors or employees):

- (i) misconduct on the part of the Participant as determined by the Committee in its discretion;
- (ii) the Participant, for any reason whatsoever (whether by reason of wrongful dismissal or otherwise) ceases to be in the employment of the Company and/or any subsidiary or Associated Company (as the case may be) or in the event the company by which the Participant is employed ceases to be a company in the Group or an Associated Company (as the case may be); and/or
- (iii) the Participant commits any breach of any of the terms of his Awards.

The Awards shall be deemed not to have become void nor cease to have effect in accordance with the CIHL PSP if a Participant ceases to be employed before the Release of an Award by reason of:-

- (i) death of the Participant;
- (ii) ill-health, injury, disability or accident (in each case evidenced to the satisfaction of the Committee); or
- (iii) any other ground where the Release of the Award has been approved by the Committee in writing.

The Committee may waive the Vesting Period for all or any of the Awards not yet Released to the Participant or his duly appointed representative(s) under any of the above stated circumstances.

In the event of a take-over offer (whether conditional or unconditional) being made for all or any part of the Shares of the Company, all Awards to the extent not yet Released shall be Released to all Participants and the Vesting Period waived so that they be entitled to exercise their rights under the take-over offer, on the date on which such take-over offer is made or, if such take-over offer is conditional, the date on which the take-over offer becomes or is declared unconditional, as the case may be.

If before the Vesting Date, any of the following occurs:-

- (i) a Participant does or suffers any act or thing whereby he would or might be deprived of the legal or beneficial ownership of his Award;
- (ii) the bankruptcy of a Participant;
- (iii) the Participant, being a Non-Executive Director (including Independent Directors), ceasing to be a Director of the Company or the relevant subsidiary or an Associated Company, as the case may be, for any reason whatsoever;
- (iv) a take-over, winding-up or reconstruction of the Company; or
- (v) any other event approved by the Committee,

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

(j) Duration of the CIHL PSP

The CIHL PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing from its adoption by Shareholders at the SGM, provided always that the CIHL PSP may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The CIHL PSP may be terminated at any time by the Committee and by resolution of the Shareholders in general meeting, subject to all relevant approvals which may be required and if the CIHL PSP is so terminated, no further Awards shall be granted by the Company.

The termination of the CIHL PSP shall not affect such Awards which have been granted and accepted as provided in the CIHL PSP, whether such Awards have been exercised (whether fully or partially) or not.

(k) Adjustment Events

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise, but shall not include the issue of securities as consideration for an acquisition) shall take place, then:

- (i) the amount, class and/or number of Shares which are the subject of an Award to the extent not yet vested and the rights attached thereto; and/or
- (ii) the value, class and/or the maximum number of shares over which Awards may be granted under the CIHL PSP,

may at the option of the Committee be adjusted and in such manner as the Committee may determine to be appropriate.

No adjustment shall be made if, as a result the Participant receives a benefit that a Shareholder does not receive and any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for a private placement of Shares or as consideration for or in connection with an acquisition of any assets or upon the grant of Awards or conversion of any loan stock or any other securities convertible into Shares

or subscription rights of any warrants or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a Share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment.

When any adjustment has to be made pursuant to the CIHL PSP, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the value, class and number of Shares thereafter to be issued or transferred on the vesting of an Award and the date on which any adjustment shall take effect.

The Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made notwithstanding that no adjustment is required under the CIHL PSP, request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion fair and reasonable.

(I) Modifications to the CIHL PSP

Any or all of the provisions of the CIHL PSP may be modified and/or altered at any time and from time to time by resolution of the Board on the recommendation of the Committee, save that:-

- any modification or alteration which materially and adversely alters the rights attaching to any Award granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if the Awards were released to them upon the expiry of all the Vesting Periods applicable to the Awards, would together hold not less than three-quarters (3/4) of the total votes attached to the Shares which would fall to be vested upon the Release of all outstanding Awards held by all Participants who respond to the Company's request for such consent within twenty-one (21) days of the Company's despatch of the request;
- any modification or alteration which would be to the advantage of the Participants under the CIHL PSP shall be subject to the prior approval of the Shareholders in general meeting; and
- any modifications in relation to matters under Rules 844 to 849, and Rules 853 and 854 of the Listing Manual will not be altered to the advantage of the Participants without the prior approval of the Shareholders in general meeting.

The Committee may at any time by resolution (and without other formality or approval of the Participants, save for the prior approval of the SGX-ST) amend or alter the CIHL PSP in any way to the extent necessary to cause the CIHL PSP to comply with any statutory provision or the provision of the regulations of any

regulatory or other relevant authority or body (including the SGX-ST).

Written notice of any modification or alteration made in accordance with the CIHL PSP shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

(m) Disclosure in the Annual Report

The Company shall make the following disclosures in its annual report (where applicable):-

- (i) The names of the members of the Committee administering the CIHL PSP;
- (ii) The information in the table below for the following Participants:-
 - Directors of the Company;
 - Participants who are Controlling Shareholders and their Associates; and
 - Participants other than those above, who receive five per cent (5%) or more of the total number of Awards available under the CIHL PSP;

Name of Participant	Awards granted during the financial year under review (including terms)	Aggregate Awards granted since commencement of Plan to end of financial year under review	Aggregate Awards Released since commencement of the CIHL PSP to end of financial year under review	Aggregate Awards as not yet Released at end of financial year under review
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- 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 CIHL PSP, during the financial year under review; 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 the CIHL PSP to the end of the financial year under review;
- (iii) That Participants were not required to pay for the grant of any Awards to them; and
- (iv) If any of the above is not applicable, an appropriate negative statement must be included.

4.3 Financial Effects of the CIHL PSP

The financial effects of the Company granting the Awards under the CIHL PSP are as follows:

(a) Cost of Awards

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

IFRS 2 is effective for the financial statements of the Company for the financial year beginning 1 January 2005. Participants will receive Shares in settlement of the Awards. The receipt of the Awards by the Participants would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the consolidated income statement over the Vesting Period of an Award and a corresponding credit to reserve account. For Awards, the total amount of charge over the Vesting Period is based on the market price at the Date of Grant adjusted to take into the account the terms and conditions (see following paragraph where there are non-market conditions attached) upon which the Awards were granted. Before the end of the Vesting Period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the consolidated income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the consolidated income statement is made.

The amount charged to the consolidated income statement would be the same whether the Company settles the Awards using New Shares or existing Shares. In the case of Awards, the amount of the charge to the consolidated income statement also depends on whether or not the performance target attached to an Award is “market condition”, that is a condition which is related to the market price of the Shares. If the performance target is not a market condition, the fair value of the Shares granted at the Date of Grant is used to compute the amount to be charged to the consolidated income statement at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, if the Awards do not ultimately vest, the amount charged to the consolidated income statement would be reversed at the end of the Vesting Period.

(b) Share Capital

The CIHL PSP will result in an increase in the Company’s issued share capital only if New Shares are issued to Participants. The number of New Shares issued will depend on, inter alia, the size of the Awards granted, and the prevailing market price of the Shares on the SGX-ST. However, if existing Shares are purchased for delivery to Participants in lieu of issuing New Shares to Participants, the CIHL PSP will have no impact on the Company's issued share capital.

(c) NTA

The proposed Plan is likely to result in a charge to the Company’s consolidated income statement over the Vesting Period for the Awards. The amount of the charge will be computed in accordance with IFRS 2.

When New Shares are issued under the CIHL PSP, there would be no effect on the NTA. However, if instead of issuing New Shares to the Participants under the CIHL PSP, existing Shares are purchased for delivery to Participants, the NTA would be impacted by the cost of the Shares purchased.

It should be noted that the grant of Awards to Participants under the CIHL PSP will generally be contingent upon the Participants meeting the prescribed Performance Conditions.

(d) EPS

The CIHL PSP is likely to result in a charge to the Company's consolidated income statement over the Vesting Period of the Awards. The amount of the charge will be computed in accordance with IFRS 2.

It should again be noted that the delivery of New Shares to Participants of the CIHL PSP will generally be contingent upon the Participants meeting the prescribed Performance Conditions.

(e) Dilutive Impact

It is expected that any dilutive impact of the CIHL PSP on the NTA and the EPS would not be significant.

4.4 In-Principle Approval

The SGX-ST has given its in-principle approval to the listing of, and quotation for, the new Shares that may be issued upon the exercise of Awards granted pursuant to the CIHL PSP, subject to Shareholders' approval of the CIHL PSP.

The approval of the SGX-ST is not to be taken as an indication of the merits of the proposed CIHL PSP, the New Shares, the Company and/or its subsidiaries.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors' and Substantial Shareholders in the Shares as recorded in the register of Directors' shareholdings and register of Substantial Shareholders, respectively, as at the Latest Practicable Date, are as follows:

5.1 Interests of Directors

Save as disclosed in the table below, none of the Directors has any interest, direct or indirect, in the share capital of the Company or any of its subsidiaries.

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Shan Chang	-	-	-	-	-	-
Zhang Rong Xiang	210,550	0.30	-	-	210,550	0.30
Zhu Jun	-	-	-	-	-	-
Shen Xia	-	-	-	-	-	-
Chee Teck Kwong, Patrick	-	-	-	-	-	-
Teo Woon Keng John	-	-	-	-	-	-

5.2 Interests of Substantial Shareholders

As at the Latest Practicable Date, the shareholdings of the Substantial Shareholders are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ^(*)	Number of Shares	% ^(*)	Number of Shares	% ^(*)
Wellful Holdings Limited	20,052,308	28.15	-	-	20,052,308	28.15
China Construction Group Inc	11,001,256	15.44	-	-	11,001,256	15.44
Wisdom Accord Limited	7,500,000	10.53	-	-	7,500,000	10.53
Century Investment Company Limited	12,000,000	16.85	-	-	12,000,000	16.85
Lee Tat Kwong (Li Daguang)	4,277,421	6.00	-	-	4,277,421	6.00
Lin Rongqiang ⁽¹⁾	-	-	20,052,308	28.15	20,052,308	28.15
China Construction Holdings Limited ⁽²⁾	-	-	11,001,256	15.44	11,001,256	15.44
Fok Hei Yu ⁽³⁾	-	-	11,001,256	15.44	11,001,256	15.44
John Howard Batchelor ⁽³⁾	-	-	11,001,256	15.44	11,001,256	15.44
Zheng Dagang ⁽⁴⁾	-	-	7,500,000	10.53	7,500,000	10.53
Mu De Jun ⁽⁵⁾	-	-	12,000,000	16.85	12,000,000	16.85
Gong Xuan ⁽⁵⁾	-	-	12,000,000	16.85	12,000,000	16.85

Notes:

^(*) Based on 71,233,533 Shares issued as at the Latest Practicable Date.

⁽¹⁾ Wellful Holdings Limited is a company incorporated in the British Virgin Islands. Lin Rongqiang is the sole shareholder of Wellful Holdings Limited. Accordingly, Lin Rongqiang is deemed to be interested in the Shares held by Wellful Holdings Limited by virtue of Section 4 of the Securities and Futures Act (Cap 289).

⁽²⁾ China Construction Group Inc is a company incorporated in Bermuda. China Construction Holdings Limited is a company incorporated in Bermuda and is the sole shareholder of China Construction Group Inc. Accordingly, China Construction Holdings Limited is deemed to be interested in the Shares held by China Construction Group Inc by virtue of Section 4 of the Securities and Futures Act (Cap 289).

⁽³⁾ By way of a deed of appointment dated 28 August 2013, Mr. Fok Hei Yu and Mr. John Howard Batchelor were jointly and severally appointed as receivers over 100% of the shares in China Construction Group Inc.

Accordingly, Mr. Fok Hei Yu and Mr. John Howard Batchelor are deemed to be interested in the Shares held by China Construction Group Inc by virtue of Section 4 of the Securities and Futures Act (Cap 289).

- (4) Wisdom Accord Limited is a company incorporated in the British Virgin Islands. Zheng Dagang is the sole shareholder of Wisdom Accord Limited. Accordingly, Zheng Dagang is deemed to be interested in the Shares held by Wisdom Accord Limited by virtue of Section 4 of the Securities and Futures Act (Cap 289).
- (5) Century Investment Company Ltd is a company incorporated in the British Virgin Islands. The shareholders of Century Investment Company Ltd are Mu Dejun and Gong Xuan holding 70% and 30% respectively of the total issued share capital. Accordingly, Mu Dejun and Gong Xuan are deemed to be interested in the Shares held by Century Investment Company Ltd by virtue of Section 4 of the Securities and Futures Act (Cap 289).

6. SPECIAL GENERAL MEETING

The Board is convening a special general meeting to be held on 29 June 2020 at 9:45 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 9:30 a.m. on the same day and at the same place) for the purpose of considering, and if thought fit, passing the Proposed Resolutions (with or without modifications) set out in the Notice of SGM on page SGM-1 of this Circular as ordinary resolutions of the Company.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1 Conduct of SGM in light of COVID-19 Outbreak

In view of the elevated safe distancing measures imposed by the Singapore Government due to the COVID-19 outbreak, the Company will be conducting the SGM wholly by electronic means in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “Order”) and the Joint Statement of the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on 13 April 2020 titled “Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period” (the “Joint Guidance”).

7.2 Documents and Information relating to the SGM

Please refer to sg.conveneagm.com/cihgrp_agm_sgm_2020 for more information about the Company, including the Letter to Shareholders dated 9 June 2020, the Notice of SGM and the Proxy Form.

In view of the rapidly evolving COVID-19 situation, Shareholders should note that the manner of conduct of the SGM may be subject to further changes at short notice. Shareholders are advised to check SGXNET and sg.conveneagm.com/cihgrp_agm_sgm_2020 regularly for updates.

8. DIRECTORS' RECOMMENDATION

8.1 Proposed Renewal of the Share Buy-Back Mandate

The Directors, having carefully considered the terms and rationale of the proposed renewal of the Share Buy-Back Mandate as set out in paragraph 2, are of the view that the proposed renewal of the Share Buy-Back Mandate is in the best interest of the Company and accordingly, recommend that Shareholders vote in favour of Ordinary Resolution 1 relating to the proposed renewal of the Share Buy-Back Mandate to be proposed at the SGM.

8.2 Proposed Adoption of the CIHL ESOS

The Directors are all eligible to participate in, and are therefore interested in the CIHL ESOS. They have accordingly abstained from making any recommendation to the Shareholders on Ordinary Resolution 2 relating to the proposed adoption of the CIHL ESOS.

Each Director shall also decline to accept appointment as proxies for any Shareholder to vote in respect of Ordinary Resolution 2 unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which the votes are to be cast in respect of Ordinary Resolution 2.

8.3 Proposed Adoption of the CIHL PSP

The Directors are all eligible to participate in, and are therefore interested in the CIHL PSP. They have accordingly abstained from making any recommendation to the Shareholders on Ordinary Resolution 3 relating to the proposed adoption of the CIHL PSP.

Each Director shall also decline to accept appointment as proxies for any Shareholder to vote in respect of Ordinary Resolution 3 unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which the votes are to be cast in respect of Ordinary Resolution 3.

Shareholders are advised to read this Circular in its entirety and for any Shareholder who may require advice in the context of his specific investment, to consult his professional adviser.

9. 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 Resolutions, the issuer 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.

10. ABSTENTION FROM VOTING

Shareholders (including Directors who are Shareholders) who are entitled to participate in the CIHL ESOS or the CIHL Plan, shall abstain from voting at the SGM on Ordinary Resolutions 2 and 3 as set out in the Notice of SGM and shall not accept appointment as proxies for voting at the SGM in respect of the aforesaid resolutions, unless special instructions have been given in the proxy form on how the votes are to be cast for each of the aforesaid resolutions.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the office of the Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, during normal business hours from the date of this Circular up to and including the date of the SGM:

- (i) The memorandum of association of the Company and the Bye-laws;
- (ii) The Company's annual report for FY2019;
- (iii) The CIHL ESOS Rules; and
- (iv) The CIHL PSP Rules.

Yours faithfully
For and on behalf of
the Board of Directors of
China International Holdings Limited

Shan Chang
Chairman

APPENDIX A—RULES OF THE CIHL ESOS

1. NAME OF THE CIHL EMPLOYEE SHARE OPTION SCHEME

The CIHL Employee Share Option Scheme shall be called the “CIHL ESOS”.

2. DEFINITIONS

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

“Act”	: The Companies Act, 1981 of Bermuda.
“Aggregate Subscription Cost”	: The total amount payable for Shares which may be acquired on the exercise of an Option.
“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 and/or its Subsidiaries and over which the Company has control.
“Associated Company Employee”	: An employee of an Associated Company (including directors of the Associated Company) selected by the Committee to participate in the CIHL ESOS in accordance with Rule 4.
“Auditors”	: The auditors of the Company for the time being.
“CDP”	: The Central Depository (Pte) Limited.
“CIHL ESOS”	: The CIHL employee share option scheme, as the same may be modified or altered from time to time.
“CIHL ESOS Rules”	: These rules of the CIHL ESOS.
“CPF”	: Central Provident Fund.
“Commencement Date”	: The date on which the CIHL ESOS is adopted by the Company in general meeting.
“Committee or Remuneration Committee”	: The Remuneration Committee of the Company, comprising Directors of the Company duly authorised and appointed by the Board of Directors of the Company to administer the CIHL ESOS.

“Company”	: China International Holdings Limited, a company incorporated in Bermuda.
“Date of Grant”	: In relation to an Option, the date on which the Option is granted pursuant to Rule 6.1.
“Discount Price Option”	: The right to subscribe for Shares granted or to be granted pursuant to the CIHL ESOS and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 7.2.
“Exercise Period”	: The period for the exercise of an Option, being a period commencing after the 1st anniversary of the Date of Grant and expiring on the 5th anniversary of such Date of Grant, subject as provided in Rules 8 and 9 and to any other conditions as may be determined by the Committee from time to time, provided always that any conditions that may be determined by the Committee as aforesaid shall not be to the advantage of a Participant except with such approvals as may be required pursuant to Rule 13.
“Executive Director”	: A director who is an employee of the Group and who performs and executive function.
“Grantee”	: The person to whom an offer of an Option is made.
“Group”	: The Company and its subsidiaries and its Associated Companies (as they may exist from time to time).
“Group Employee”	: An employee of the Company and/or its subsidiaries (including Executive Director) selected by the Committee to participate in the CIHL ESOS in accordance with Rule 4.
“Group Director”	: A director of the Company and/or its subsidiaries (including the Non-Executive Directors and Independent Directors), as the case may be, and is selected by the Committee to participate in the CIHL ESOS in accordance with Rule 4.1(a)(iii).
“Independent Director”	: An independent director of the Company and/or its subsidiaries, as the case may be.
“Listing Manual”	: The Listing Manual of the SGX-ST.
“Market Day”	: A day on which the SGX-ST is open for trading of securities.
“Market Price Option”	: The right to subscribe for Shares granted or to be granted pursuant to the CIHL ESOS and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 7.1.

“Non-Executive Director”	: A director of the Company and/or its subsidiaries who does not perform an executive function (which shall include any Independent Director).
“Option”	: The right to subscribe for Shares granted or to be granted pursuant to the CIHL ESOS and for the time being subsisting.
“Participant”	: The holder of an Option (including, where applicable, the executor or personal representative of such holder).
“SGX-ST”	: Singapore Exchange Securities Trading Limited (including any successor entity or body).
“Shares”	: Ordinary shares in the capital of the Company.
“Subscription Price”	: The price at which a Participant shall subscribe for each Share upon the exercise of an Option as determined in accordance with Rule 7, and any adjustment made pursuant to Rule 11.
“Trading Day”	: A day on which the Shares are traded on the SGX-ST.
“Vesting Schedule”	: In relation to an Option, a schedule for vesting of Shares comprised in that Option during the Exercise Period in relation to that Option to be determined by the Committee on the Date of Grant of that Option.
“\$”	: Singapore dollar.
“%”	: Percentage or per centum.

2.2 For the purposes of the CIHL ESOS:

- (a) in relation to a company (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (b) in relation to the Company, references to a Controlling Shareholder thereof shall mean an individual who is a Controlling Shareholder at the relevant time; and
- (c) the terms “Controlling Shareholder” and “Associate” (in relation to a controlling shareholder), shall have the meanings respectively assigned to them in the Listing Manual (or other equivalent listing rules for the time being of the SGX-ST).

2.3 The terms “Depositor”, “Depository” and “Depository Agent” shall have the same meanings ascribed to them in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore, and the term “subsidiary” shall have the same meaning ascribed to it in Section 5 of the Companies Act (Cap 50) of Singapore.

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

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

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

3. OBJECTIVES OF THE CIHL ESOS

The CIHL ESOS is a share incentive scheme. The CIHL ESOS is proposed on the basis that it is important to retain and to give recognition to Group Employees, and to give recognition to Non-Executive Directors (including Independent Directors) who have contributed to the success and development of the Company and/or the Group. The CIHL ESOS will give such persons an opportunity to have a real and personal direct interest in the Company and to align the interests of such persons with those of the shareholders of the Company.

4. ELIGIBILITY OF PARTICIPANTS

4.1 Any of the following persons shall be eligible to participate in the CIHL ESOS, at the absolute discretion of the Committee:

- (i) Group Employees who have attained the age of eighteen (18) years;
- (ii) Associated Company Employees who have attained the age of eighteen (18) years and hold such rank as may be designated by the Remuneration Committee from time to time; and
- (iii) Group Directors (including Non-Executive Directors and Independent Directors).

4.2 Controlling Shareholders and their Associates are not eligible to participate in the CIHL ESOS.

4.3 There shall be no restriction on the eligibility of any Participant to participate in any other Share option schemes or Share award schemes implemented or to be implemented by the Company or any other company within the Group.

5. LIMITATIONS ON THE SIZE OF THE CIHL ESOS

5.1 The aggregate number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of (a) all Options granted under the CIHL ESOS, and (b) all awards granted under the Company's performance share plan and any other

share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the issued ordinary share capital of the Company on the day preceding that date.

6. GRANT AND ACCEPTANCE OF OPTIONS

- 6.1** The Committee may, subject as provided in Rule 5, grant Options at any time, and from time to time during the period when the CIHL ESOS is in force in its absolute discretion.
- 6.2** The number of Shares comprised in Options to be offered to a Grantee in accordance with the CIHL ESOS shall be determined at the absolute discretion of the Committee, who shall take into account, criteria such as his rank, performance, years of service and potential for future development and his contribution to the success and development of the Group.
- 6.3** The Letter of Offer to grant the Option shall be in, or substantially in, the form set out in Schedule 1 subject to such modification as the Committee may from time to time determine.
- 6.4** An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.
- 6.5** The offer of the grant of an Option under this Rule 6 must be accepted by the Grantee within 30 days from the Date of Grant of that Option and, in any event, not later than 5.00 p.m. on the 30th day from such Date of Grant by completing, signing and returning the Acceptance Form in, or substantially in, the form set out in Schedule 2 subject to such modification as the Committee may from time to time determine, accompanied by payment of \$1.00 as consideration.
- 6.6** A Grantee may accept or refuse the offer of the grant of an Option in whole or in part. If only part of the offer is accepted, the Grantee must accept the offer in integral multiples of 1,000 Shares.
- 6.7** If a grant of an Option is not accepted in the manner as provided in Rule 6.5, such offer shall, upon the expiry of the 30 day period, automatically lapse and become null, void and of no effect.

7. SUBSCRIPTION PRICE

- 7.1** Subject to any adjustment pursuant to Rule 11, the Subscription Price for each Share in respect of which a Market Price Option is exercisable shall be the Market Price.

The "Market Price" shall be the price which is equal to the average of the last dealt prices for the Share, as determined by reference to the daily official list or any other publication published by the SGX-ST for the five (5) consecutive Trading Days immediately preceding the Date of Grant of that

Option, rounded up in the case of cents (if applicable) to the nearest whole cent.

Subject as otherwise provided in Rules 8 and 9, a Market Price Option shall not vest earlier than the 1st anniversary of its Date of Grant.

- 7.2** Subject to any adjustment pursuant to Rule 11, the Subscription Price for each Share in respect of which a Discount Price Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at a price which is set at a discount to the Market Price (as determined in accordance with Rule 7.1), provided that the maximum discount shall not exceed twenty per cent (20%) of the Market Price.

Subject as otherwise provided in Rules 8 and 9, a Discount Price Option shall not vest earlier than the 2nd anniversary of its Date of Grant.

- 7.3** Where the Subscription Price, as determined under any of the foregoing provisions of this Rule 7, is less than the nominal amount of a Share, the Subscription Price shall be the nominal amount.

- 7.4** In making any determination on Rule 7.2 above, the Committee has such liberty to take into consideration such criteria as the Committee may, in its absolute discretion, deem appropriate, including but not limited to:

- (a) the performance of the Group;
- (b) the years of service and individual performance of a Participant;
- (c) the contribution of the Participant to the success and development of the Group and/or the Company; and
- (d) the prevailing market conditions.

8. RIGHTS TO EXERCISE OPTIONS

- 8.1** Subject as provided in this Rule 8 and Rule 9, an Option shall be exercisable (in whole or in part) during the Exercise Period applicable to that Option, and in accordance with the Vesting Schedule and the conditions (if any) applicable to that Option.

- 8.2** An Option shall, to the extent unexercised, immediately lapse without any claim against the Company:

- (a) subject to Rules 8.3 and 8.4, on the first anniversary of the Participant ceasing to be in the employment of the Group, for any reason whatsoever; or
- (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option.

For the purpose of Rule 8.2(a), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice

shall be withdrawn prior to its effective date.

8.3 If a Participant ceases to be employed by the Group by reason of his:

- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee); or
- (b) redundancy; or
- (c) retirement at or after the legal retirement age; or
- (d) retirement before the legal retirement age with the consent of the Committee,

or any other reason approved in writing by the Committee (including his resignation from employment following a demerger, change in management, or restructuring of (or affecting the business of) the company in which he is employed, he may, at the discretion of the Committee, exercise any Option in respect of such number of Shares comprised in that Option within the period of one (1) year after the date of such cessation of employment or such longer period as may be determined by the Committee in its absolute discretion (but before the expiry of the Exercise Period), and upon the expiry of such period, the Option shall lapse. The Committee may, in exercising its discretion, allow the Option to be exercised at any time, notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Exercise Period in respect of such Option.

8.4 If a Participant ceases to be employed by the Group:

- (a) by reason of the company in which he is employed ceasing to be a company within the Group due to a demerger, change of controlling stockholder, take-over, divestment, winding-up (whether or not voluntary and whether for the purposes of reorganisation, amalgamation or reconstruction) or merger, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group; or
- (b) for any other similar reason, provided the Committee gives its consent in writing,

he may, at the discretion of the Committee, exercise any Option then remaining unexercised in the manner and at the times provided in Rule 8.1, or within such other period during the Exercise Period as may be determined by the Committee in its absolute discretion.

8.5 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the discretion of the Committee, be exercised by the duly appointed personal representatives of the Participant within the period of eighteen (18) months after his death or such longer period as may be determined by the Committee in its absolute discretion (but before the expiry of the Exercise Period), and upon the expiry of such period, the Option shall lapse. The Committee may, in exercising its discretion, allow the Option to be exercised at any time notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Exercise Period in respect of such Option.

8.6 If a Participant being a director ceases to be a director in the Group for any reason whatsoever, any Option then held by him shall, to the extent unexercised, immediately lapse on the first anniversary of

the above said cessation without any claim against the Company, unless otherwise determined by the Committee in its absolute discretion. In exercising such discretion, the Committee may also determine the period during which such Option may continue to be exercisable, provided that such period may not in any event extend beyond the Exercise Period applicable to such Option.

- 8.7** Notwithstanding any provision herein to the contrary, the Committee may, in its absolute discretion, by notice to the Participants, suspend the exercise of any Option for such period as the Committee may determine, provided that the period of suspension shall not exceed in aggregate sixty (60) days in any one year.

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

- 9.1** Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise any Option held by him and as yet unexercised at the discretion of the Committee in respect of such number of Shares comprised in that Option as may be determined by the Committee in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six-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 (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or
- (b) the date of expiry of the Exercise Period relating thereto,

where upon the Option then remaining unexercised shall lapse.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8, remain exercisable until the expiry of the Exercise Period relating thereto.

- 9.2** If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void. In the event that a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to each Participant and thereupon, every Participant shall be entitled to exercise his Option (if not already exercised) to its full extent or to the extent specified (such exercise

to occur not later than two (2) business days prior to the proposed shareholders' meeting referred to above) by notice in writing to the Company, stating that the Option is thereby exercised and the number of shares in respect of which it is exercised, accompanied by a remittance for the full amount of the subscription price for the shares in respect of which the notice is given, and the Company shall, as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed shareholders' meeting, allot such number of shares to the Participant which fall to be issued pursuant to the exercise of the Option. The Company shall give notice to the Participants of the passing of such resolution within seven (7) days after the passing thereof.

- 9.3** In the event of a members' solvent voluntary winding-up (other than for amalgamation or reconstruction), the Participant shall be entitled, notwithstanding Rule 8 but subject to Rule 9.5, within thirty (30) days of the passing of the resolution of such winding-up (but not after the expiry of the Exercise Period relating thereto), to exercise any unexercised Option at the discretion of the Committee in respect of such number of Shares comprised in that Option as may be determined by the Committee, after which such unexercised Option shall lapse and become null and void.
- 9.4** If in connection with the making of a general offer referred to in Rule 9.1 or the order referred to in Rule 9.2 or the winding-up referred to in Rule 9.3, 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 Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 9.
- 9.5** To the extent that an Option is not exercised within the periods referred to in this Rule 9, it shall lapse and become null and void.

10. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

- 10.1** Subject to Rule 8.1, an Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in an Option Exercise Form, in or substantially in, the form set out in Schedule 3 subject to such modification as the Committee may from time to time determine. Such notice must be accompanied by a remittance for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Committee may require. Subject as otherwise provided in these Rules, an Option shall be treated as validly exercised upon receipt by the Company of the said notice, duly completed and signed, the Aggregate Subscription Cost in respect of the relevant number of Shares comprised in the Option being exercised, and such other documentation as are required by the Committee.
- 10.2** All payments to be made by a Participant shall be by cheque, cashier's order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.

10.3 Shares allotted and issued pursuant to the exercise of an Option by a Participant shall be issued in the name of CDP for the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.

10.4 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 the compliance with the terms of the CIHL ESOS and the memorandum of association and Bye-laws of the Company, the Company shall, within ten (10) Market Days after the exercise of an Option, allot the relevant Shares and despatch to CDP the relevant certificates by ordinary post or such other mode as the Committee may deem fit.

The Company shall, as soon as practicable after such allotment and conversion, apply to the SGX-ST (and any other stock exchange on which the Shares are quoted or listed) for permission to deal in and for quotation of such Shares.

10.5 Shares allotted and issued pursuant to the exercise of an Option by a Participant shall:

- (a) be subject to all the provisions of the memorandum of association and Bye-laws of the Company; and
- (b) shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank paripassu with other existing Shares then in issue.

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

10.6 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

11. VARIATION OF CAPITAL

11.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the Company shall make a declaration of a dividend (whether interim or final and whether in cash or in specie), then the Committee may determine whether:

- (a) the Subscription Price for the Shares, the nominal value, class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the nominal value, class and/or number of Shares over which Options may be granted under the CIHL ESOS,

shall be adjusted and, if so, the manner in which such adjustment shall be made. Any adjustment under this Rule 11 should be made in such a way that a Participant will not receive a benefit that a shareholder does not receive.

11.2 Unless the Committee considers an adjustment to be appropriate:

- (a) the issue of new Shares on the exercise of options or other convertibles issued by the Company from time to time or pursuant to any scrip dividend scheme for the time being of the Company; or
- (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 of the Company (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment. The issue of securities by the Company as consideration for an acquisition shall not be regarded as an event requiring adjustment.

11.3 Notwithstanding the provisions of Rule 11.1:

- (a) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation (bonus) issue of new Shares) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable; and
- (b) (if applicable laws at the relevant time require that the Shares have a nominal (or par) value) no such adjustment shall be made if as a result, the Subscription Price shall fall below the nominal value of a Share and if such adjustment would, but for this paragraph (b), result in the Subscription Price being less than the nominal value of a Share, the Subscription Price payable shall be the nominal value.

11.4 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Subscription Price thereafter in effect and (as applicable) the nominal value, class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

12. ADMINISTRATION OF THE CIHL ESOS

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

12.2 The Committee shall have the power, from time to time, to make and vary such regulations (not being in consistent with the CIHL ESOS) for the implementation and administration of the CIHL ESOS as it thinks fit.

12.3 Any decision of the Committee made pursuant to any provision of the CIHL ESOS (other than a matter to be certified by the Auditors) including any decisions pertaining to disputes as to the interpretation of the CIHL ESOS or any rule, regulation, procedure thereunder or as to any rights under the CIHL ESOS, shall be final and binding.

13. MODIFICATIONS TO THE CIHL ESOS

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

- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-fourths (3/4) of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
- (b) the definitions of “Group”, “Group Employee”, “Group Director”, “Committee”, “Exercise Period”, “Participant”, “Grantee” and “Subscription Price” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10.1, 10.5, 12 and this Rule 13 shall not be altered to the advantage of Participants except with the prior approval of the Company's shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST, or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary, nor shall any alteration be made under Rules 844 to 849, and Rules 853 and 854 of the Listing Manual to the advantage of Participants except with the prior sanction of the Company in general meeting.

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 CIHL ESOS in any way to the extent necessary to cause the CIHL ESOS 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 Participants.

14. NOTICES

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- 14.1** Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other address (including electronic mail address or facsimile number), and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 14.2** Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 14.3** Any notice or other communication from a Participant to the Company shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by the Participant when left at the address specified in Rule 14.2, or if sent by post, on the day following the date of posting or if sent by electronic mail or facsimile transmission, on the day of despatch.
- 14.4** An offer, grant, acceptance and/or exercise of an Option, including without any limitation, the Letter of Offer under Rule 6.3, the completed Acceptance Form under Rule 6.5 and/or Option Exercise Form under Rule 10.1, and/or any correspondence in relation thereto, may be communicated electronically through any form of electronic communication approved by the Committee for such purposes from time to time incorporating, if the Committee deems necessary, the use of security and/or identification procedures and devices approved by the Committee.

15. TERMS OF EMPLOYMENT UNAFFECTED

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

16. DURATION OF THE CIHL ESOS

- 16.1** The CIHL ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Commencement Date, provided always that the CIHL ESOS may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

16.2 The CIHL ESOS may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required and if the CIHL ESOS is so terminated, no further Options shall be offered by the Company hereunder.

16.3 The termination of the CIHL ESOS shall not affect Options which have been granted and accepted as provided in Rule 6.5, whether such Options have been exercised (whether fully or partially) or not.

17. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the CIHL ESOS shall be borne by that Participant.

18. COSTS AND EXPENSES OF THE CIHL ESOS

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

18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the CIHL ESOS to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the CIHL ESOS 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.

19. DISCLOSURE IN ANNUAL REPORT

In compliance with disclosure requirements and/or listing rules for the time being of the SGX-ST and/or applicable laws, the Company will disclose information relating to Options granted pursuant to the CIHL ESOS, including but not limited to disclosures relating to the following in its annual reports during the operation of the CIHL ESOS (where applicable):

- i. the names of the members of the Committee;
- ii. the information required in the table below for the following Participants:
 - a. Directors of the Company; and
 - b. Controlling Shareholders and their Associates; and
 - c. Participants (other than those above) who receive five per cent (5%) or more of the total number of Options available under the CIHL ESOS.

Name of Participant:			
Participant's corporate rank/title:			
The following particulars relating to Options granted under the CIHL ESOS:			
Options granted during financial year under review (including terms)	Aggregate number of Options granted since commencement of the CIHL ESOS to end of financial year under review	Aggregate number of Options exercised since commencement of the CIHL ESOS to end of financial year under review	Aggregate number of Options outstanding as at end of financial year under review

- iii. ● 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 CIHL ESOS, during the financial year under review;
- 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 the CIHL ESOS to the end of the financial year under review;
- iv. 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 discount granted; and
- v. any other information required to be so disclosed pursuant to the Listing Manual of the SGX-ST 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.

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing any Shares, or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 10.4 (and any other stock exchange on which the Shares are quoted or listed).

21. DISPUTES

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

22. GOVERNING LAW

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

APPENDIX A - SCHEDULE 1

Form of Letter of Offer

Serial No.

Date:

To: [Name]
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam

We have the pleasure of informing you that you have been selected to participate in the CIHL Employee Share Option Scheme (the "CIHL ESOS"). Terms as defined in the CIHL ESOS shall have the same meaning when used in this letter.

Accordingly, in consideration of the payment of a sum of \$1.00, an offer is hereby made to grant you an option (the "Option") to subscribe for and be allotted ordinary shares of \$0.05 each ("Shares") in China International Holdings Limited at the price of \$ _____ for each Share (the "Subscription Price").

+The Exercise Period applicable to the Option is as follows:

Exercise Period	
Commencement Date	Expiration Date

The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Committee duly authorised and appointed to administer the CIHL ESOS.

The Option shall be subject to the terms of this letter and the rules of the CIHL ESOS (which may be amended from time to time). A copy of the rules of the CIHL ESOS is enclosed herewith.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of \$1.00 not later than 5.00 p.m. on _____, failing which this offer will lapse.

Yours faithfully,

Vesting Schedule

Subject to the CIHL ESOS and the terms of the Letter of Offer dated _____
Options may normally be exercised, during the Exercise Period, at the following times and in the following manner:

Vesting Schedule	% of Shares over which the Option is exercisable
+On or before	Nil
From to	%
After	%

In relation to the Option, if the Participant, during any of the periods specified above, exercises that Option for such number of Shares which, in aggregate, represents less than the number of Shares for which the Participant may exercise in respect of such period, the balance of the Shares comprised in that Option for which the 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) which the Participant may exercise in the next succeeding period or periods.

- + The Exercise Period will commence after the 1st anniversary of the Date of Grant.
- # Conditions (if any) to be attached to the exercise of the Option will be determined by the Committee at its absolute discretion.

APPENDIX A — SCHEDULE 2

Acceptance Form

To: The Committee
CIHL ESOS
c/o Room 806, 8/F, Kai Tak Commercial Building,

317-319 Des Voeux Road Central, Hong Kong

Closing Date for Acceptance of Offer _____

Number of Shares Offered Subscription _____

Price for each Share Total Amount _____

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 CIHL ESOS referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ ordinary shares of \$0.05 each ("Shares") in the capital of China International Holdings Limited (the "Company") at the price of \$_____ for each Share and enclose cash for \$1.00 as consideration for the Option. I confirm that my acceptance will not result in the contravention of any applicable law or regulation in relation to options to subscribe for or acquire shares, or the ownership of shares in, the Company.

I understand that I am not obliged to exercise the Option. I confirm that at the date hereof:

- (a) I am not an undischarged bankrupt; and
- (b) I am not a controlling shareholder, or an associate of a controlling shareholder, of the Company.

I further acknowledge that 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.

I agree to keep confidential all information pertaining to the grant of the Option to me.

Please print in block letters

Name in full: _____

Designation: _____

Address: _____

Nationality: _____

*NRIC/Passport No: _____

Signature: _____

Date: _____

* Delete accordingly

Note:

(1) *An Option may be accepted in full or in integral multiples of 1,000 Shares.*

The terms “controlling shareholder” and “associate” have the meanings respectively assigned to them by the Listing Manual of the Singapore Exchange Securities Trading Limited.

APPENDIX A - SCHEDULE 3

Form of Exercise of Option

Total number of ordinary shares of \$0.05 each (the "Shares") offered at \$_____ for each Share under the CIHL ESOS on _____ (the date of the Grant) :

Number of Shares previously allotted thereunder :

Outstanding balance of Shares to be allotted thereunder :

Number of Shares now to be subscribed :

To: The Committee
CIHL ESOS
c/o Room 806, 8/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares in China International Holdings Limited (the "Company") at \$_____ for each Share.
2. Paragraph 2(A) below is to be completed if CPF monies are not being used in payment for the Shares. Paragraph 2(B) below is to be completed if CPF monies are being used in payment for the Shares. Either Paragraph 2(A) or Paragraph 2(B) should be completed only.
 - 2A * I enclose a *cheque/cashier's order/banker's draft/postal order no. _____ for \$_____ by way of subscription for the total number of the said Shares. I request the Company to allot and issue the said Shares referred to in paragraph 1 above, and which on issue are to be converted into stock units in the capital of the Company, in the name of The Central Depository (Pte) Limited ("CDP") and to deliver to CDP (at my own risk) the certificate(s) for the stock units for credit to my securities account as specified below, and I hereby agree to bear such fees or other charges as may be imposed by CDP and any stamp duty payable in respect thereof.
 - 2B * I wish to pay the total subscription price of \$_____ ("Aggregate Subscription Cost") for the said Shares by utilising CPF monies standing to the credit of my CPF Investment Account specified below. I enclose herewith a CPF withdrawal form, and irrevocably and unconditionally authorise the Company to obtain or disclose all necessary information from or to the Agent Bank named below, to submit the above-mentioned form to the said Agent Bank and to request such Agent Bank to forward the cashier's order or cheque for an amount equal to the Aggregate Subscription Cost in payment for the said Shares to the Company. I agree that the Company shall not in any way be liable if for any reason whatsoever the cashier's order or cheque is not issued or is not received by the Company. I request the Company to allot and issue the said Shares referred to in paragraph 1 above, and which on issue are to be converted into Shares in

the capital of the Company, in the name of The Central Depository (Pte) Limited (“CDP”) and to deliver to CDP (at my own risk) the certificate(s) for the Shares, and I hereby agree to bear such fees or other charges as may be imposed by CDP and any stamp duty payable in respect thereof. I request the Company to instruct CDP to credit the said Shares to the account of such nominee of the Agent Bank as shall have been notified by the Agent Bank to the Company.

CPF Investment Account No. :

Name of Agent Bank :

3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the CIHL ESOS and the memorandum of association and Bye-laws of the Company.
4. 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: _____

* Delete accordingly

APPENDIX B – RULES OF THE CIHL PSP

1. NAME OF THE CIHL PERFORMANCE SHARE PLAN

This CIHL Performance Share Plan shall be called the “CIHL PSP”.

2. DEFINITIONS

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

“Act”	: The Companies Act, 1981 of Bermuda, as may be amended or modified from time to time.
“Adoption Date”	: The date on which the CIHL PSP is adopted by the Company in general meeting.
“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 and/or its Subsidiaries and over which the Company has control.
“Associated Company Employee”	: An employee of an Associated Company (including directors of the Associated Company) selected by the Committee to participate in the CIHL PSP in accordance with Rule 4.
“Auditors”	: The auditors for the time being of the Company.
“Award”	: A contingent award of Shares granted under Rule 5.
“Award Letter”	: A letter in such form as the Committee shall approve, confirming an Award granted to a Participant by the Committee.
“CDP”	: The Central Depository (Pte) Limited.
“CIHL PSP”	: The Company's performance share plan, as the same may be modified or altered from time to time.
“CIHL PSP Rules”	: These rules of the CIHL PSP.
“Committee” or “Remuneration Committee”	: The Remuneration Committee of the Company, comprising Directors of the Company duly authorised, appointed and nominated by the Board to administer the CIHL PSP.

“Company”	China International Holdings Limited, a company incorporated in Bermuda.
“Controlling Shareholder”	A person who: (a) holds directly or indirectly fifteen per cent (15%) or more of the total voting rights in the company; or (b) in fact exercises control over a company.
“Directors”	The directors of the Company and/or its subsidiaries.
“Date of Grant”	In relation to an Award, the date on which the Award is granted pursuant to Rule 5.
“Group”	The Company and its subsidiaries and its Associated Companies (as they may exist from time to time).
“Group Executive”	Any employee of the Group (including any Group Executive Director) selected by the Committee to participate in the CIHL PSP in accordance with Rule 4.1.
“Group Executive Director”	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function.
“Independent Director”	An independent director of the Company and/or its subsidiaries, as the case may be.
“Listing Manual”	The Listing Manual of the SGX-ST.
“Market Value”	In relation to a Share, on any day:- (a) the average of the highest and lowest trading price of a Share on the Stock Exchange on the three (3) immediately preceding Trading Days; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
“Non-Executive Director”	A director of the Company and/or its subsidiaries, other than a Group Executive Director (which shall include any Independent Director).
“Participant”	A Group Executive or a Non-Executive Director who has been granted an Award.
“Performance Period”	In relation to an Award, a period, the duration of which is to be determined by the Committee on the Date of Grant, commencing on the Start Date in relation to that Award during which the Performance Condition is to be satisfied.

“Release”	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly.
“Release Schedule”	In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period.
“Released Award”	An Award in respect of which the Performance Period relating to that Award has ended and which has been released in accordance with Rule 7.
“Retention Period”	In relation to an Award, such period commencing on the Vesting Date in relation to that Award as may be determined by the Committee on the Date of Grant.
“SGX-ST”	The Singapore Exchange Securities Trading Limited (including any successor entity or body).
“Shares”	Ordinary Shares in the capital of the Company.
“Start Date”	The first day of the Performance Period.
“Stock Exchange”	The SGX-ST or any other stock exchange on which the Shares are quoted or listed.
“Trading Day”	A day on which the Shares are traded on the SGX-ST.
“Vesting”	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly.
“Vesting Date”	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7.
“\$”	Singapore dollars.
“%”	Percentage or per centum.

- 2.2** For purposes of the CIHL PSP, the terms “Associates”, “Controlling Shareholders” and “control” shall have the meanings ascribed to them by the Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST (as modified, supplemented or amended from time to time).
- 2.3** The terms “Depositor”, “Depository” and “Depository Agent” shall have the same meanings ascribed to them in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore, and the term “subsidiary” shall have the same meaning ascribed to it in Section 5 of the Companies Act (Cap 50) of Singapore.
- 2.4** Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.5** Any reference to a time of a day in the CIHL PSP is a reference to Singapore time.
- 2.6** Any reference in the CIHL PSP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in these CIHL PSP Rules shall have the meaning assigned to it under the Act.

3. OBJECTIVES OF THE CIHL PSP

The CIHL PSP is a share incentive plan. The CIHL PSP is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees who have contributed to the growth of the Group. The CIHL PSP will give Participants an opportunity to have a personal equity interest in the Company at no direct cost to its profitability and will help to achieve the following positive objectives:

- (a) the retention of key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group; and
- (b) to align the interests of the Participants with the interests of the Shareholders.

It is proposed that the Non-Executive Directors (including Independent Directors) be eligible to participate in the CIHL PSP as the Company recognises that the contributions and continued dedication of our Non-Executive Directors (including Independent Directors) are essential to the future growth and development of the Group. The CIHL PSP will also provide the Company with greater flexibility in structuring the compensation packages of the Non-Executive Directors (including Independent Directors).

4. ELIGIBILITY OF PARTICIPANTS

- 4.1** The following persons shall be eligible to participate in the CIHL PSP at the absolute discretion of the Committee:-
- (a) Group Executives who have attained the age of eighteen (18) years and hold such rank as may be designated by the Committee from time to time;
 - (b) Associated Company employees who have attained the age of eighteen (18) years and hold such rank as may be designated by the Committee from time to time; and
 - (c) Non-Executive Directors (including Independent Directors) who, in the opinion of the Committee, have contributed or will contribute to the success and the development of the Group.
- 4.2** The Non-Executive Directors' (including Independent Directors') eligibility to participate in the CIHL PSP shall be at the absolute discretion of the Committee, which would be exercised judiciously. In addition, such person must satisfy Rule 4.1(b) and (c) above.
- 4.3** Group Executives, Non-Executive Directors (including Independent Directors) who are eligible and selected by the Committee to participate in the CIHL PSP may be eligible for participation in any other share incentive scheme implemented by the Company.
- 4.4** Controlling Shareholders and their Associates are not eligible to participate in the CIHL PSP.
- 4.5** Subject to the Act and any requirement of the Stock Exchange, the terms of eligibility for participation in the CIHL PSP may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

5. GRANT OF AWARDS

- 5.1** Subject as provided in Rule 8, the Committee may grant Awards to Group Executives and/or Non-Executive Directors (including Independent Directors), in each case, as the Committee may select in its absolute discretion, at any time during the period when the CIHL PSP is in force.
- 5.2** The number of Shares which are the subject of each Award to be granted to a Group Executive and/or a Non-Executive Director (including Independent Directors) in accordance with the CIHL PSP shall be determined at the absolute discretion of the Committee, which shall take into account, in respect of a Group Executive, criteria such as his job performance, level of responsibility and potential for future development of that Group Executive, and, in respect of a Non-Executive Director (including Independent Directors), criteria such as his contribution to the success and development of the Group.

5.3 The Committee shall decide in relation to an Award:-

- (a) the Participant;
 - i. the Date of Grant;
 - ii. the Start Date;
 - iii. the Performance Period;
 - iv. the number of Shares which are the subject of the Award;
 - v. the Performance Condition;
 - vi. the Release Schedule; and
 - vii. the Retention Period.

5.4 The Committee may amend or waive the Performance Period, the Performance Condition, the Release Schedule and the Retention Period in respect of any Award:-

- (a) in the event of a take-over offer being made for the Shares or if, under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
- (b) if anything happens which causes the Committee to conclude that:-
 - (i) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition and/or Release Schedule should be waived, and shall notify the Participants of such change or waiver.

5.5 As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:-

- (a) the Date of Grant;
 - i. the Start Date;
 - ii. the Performance Period;
 - iii. the number of Shares which are the subject of the Award;
 - iv. the Performance Condition;
 - v. the Release Schedule; and
 - vi. the Retention Period.

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

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with

the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

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

- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion; or
- (b) subject to Rule 6.2(b), where the Participant is a Group Executive, upon the Participant ceasing to be in the employment of the Group, for any reason whatsoever.

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

6.2 In any of the following events, namely:-

- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
- (b) where the Participant being a Group Executive, ceases to be in the employment of the Group, as the case may be, by reason of:-
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age; or
 - (iv) retirement before the legal retirement age with the consent of the Committee;
- (c) where a Participant, being a Non-Executive Director (including Independent Directors), ceases to be a director of the Company or, as the case may be, any subsidiary or Associated Company of the Company, for any reason whatsoever;
- (d) the death of a Participant; or
- (e) any other event approved by the Committee,

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject

to the provisions of the CIHL PSP.

6.3 Without prejudice to the provisions of Rule 5.5, if before the Vesting Date, any of the following occurs:-

- (a) a take-over offer for the Shares becomes or is declared unconditional;
- (b) 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 under the Act; or
- (c) the shareholders of the Company pass a resolution for a members' solvent voluntary winding-up (other than for amalgamation or reconstruction),

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

7. RELEASE OF AWARDS

7.1 Review of Performance Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied (whether fully or partially) or exceeded, and provided that:
 - (i) the relevant Participant has continued to be a Group Executive or a Non-Executive Director (including Independent Directors), as the case may be, from the Date of Grant up to the end of the Performance Period;
 - (ii) the Committee being of the opinion that the job performance of the relevant Participant has been satisfactory as reported by the Chairman and/or Chief Executive Officer;
 - (iii) such consents (including any approvals required by the SGX-ST) as may be necessary being duly obtained;
 - (iv) it is in compliance with the terms of the Award, the CIHL PSP and the memorandum of association and Bye-laws of the Company;
 - (v) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and

- (vi) where New Shares are to be allotted on the release of an Award, the Company being satisfied that the Shares which are the subject of the released Award will be listed for quotation on the SGX-ST,

then the Company shall Release to that Participant the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value. The Awards will be Released in the following proportions and Vesting Periods:

- (aa) after the first anniversary of the Date of Grant: maximum of 30% of the Award Granted; and
- (bb) after the second anniversary of the Date of Grant: the remaining balance of the Award granted.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make adjustments to the audited results of the Company or the Group as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1(a) and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- (c) Where new Shares are allotted and issued and/or existing Shares are transferred upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment and issue and/or transfer, apply to the Stock Exchange for permission to deal in and for quotation of such Shares.

7.2 Shares allotted or transferred on Release of Award

Shares which are allotted and issued and/or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.

7.3 Ranking of Shares

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

- (a) be subject to all the provisions of the memorandum of association and Bye-laws of the Company; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or

recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank paripassu with other existing Shares then in issue.

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

7.4 Cash Awards

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

7.5 Moratorium

Shares which are allotted or transferred on the Release of an Award to a Participant shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee.

8. LIMITATION ON THE SIZE OF THE CIHL PSP

8.1 The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the CIHL PSP on any date, when added to the number of Shares issued and issuable and/or transferred and transferrable in respect of (a) all Awards granted under the CIHL PSP, and (b) all options granted under the Company’s employee share option scheme and any other share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the issued share capital of the Company (including treasury shares) on the day preceding that date.

8.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the CIHL PSP.

9. ADJUSTMENT EVENTS

9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, 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; and/or
- (b) the class and/or number of Shares in respect of which Awards may be granted under the CIHL PSP,

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

9.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the Stock Exchange during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

9.3 Notwithstanding the provisions of Rule 9.1:

- (a) no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

9.5 The Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made notwithstanding that no adjustment is required under the CIHL PSP, request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion fair and reasonable.

10. ADMINISTRATION OF THE CIHL PSP

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

10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the CIHL PSP) for the implementation and administration of the CIHL PSP, to give effect to the provisions of the CIHL PSP and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as they may, in their

absolute discretion, think fit. Any matter pertaining or pursuant to the CIHL PSP and any dispute and uncertainty as to the interpretation of the CIHL PSP, any rule, regulation or procedure thereunder or any rights under the CIHL PSP shall be determined by the Committee.

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

10.4 Any decision or determination of the Committee made pursuant to any provision of the CIHL PSP (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

11. NOTICES

11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.

11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.

11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. MODIFICATIONS TO THE CIHL PSP

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

- (a) no modification or alteration shall alter adversely the rights attached to any Award granted

prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full;

- (b) the definitions of “Group Executive”, “Participant” and “Performance Period” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company's shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the Stock Exchange and such other regulatory authorities as may be necessary, and any modifications in relation to matters under Rules 844 to 849, and Rules 853 and 854 of the Listing Manual will not be made to the advantage of the Participants without the prior approval of the Shareholders in general meeting.

12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality save for the prior approval of the Stock Exchange) amend or alter the CIHL PSP in any way to the extent necessary to cause the CIHL PSP to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the Stock Exchange).

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

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

14. DURATION OF THE CIHL PSP

14.1 The CIHL PSP 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, provided always that the CIHL PSP may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

14.2 The CIHL PSP may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals

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

- 14.3** The termination of the CIHL PSP shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

15. TAXES

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

16. COSTS AND EXPENSES OF THE CIHL PSP

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

- 16.2** Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the CIHL PSP to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the CIHL PSP including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

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

18. DISCLOSURE IN ANNUAL REPORT

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

- (a) the names of the members of the Committee administering the CIHL PSP;
- (b) the information in respect of Awards granted to the following Participants in the table set out

below:

- (i) Directors of the Company;
- (ii) Controlling Shareholders and their Associates; and
- (iii) Participants, other than those above, who receive five per cent (5%) or more of the total number of Shares available under the CIHL PSP.

Name of Participant	Awards granted during financial year under review (Including terms)	Aggregate Awards granted since commencement of Plan to end of financial year under review	Aggregate Awards exercised since commencement of Plan to end of financial year under review	Aggregate Awards outstanding as at end of financial year under review

19. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any shareholders' resolution relating to the CIHL PSP.

20. 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.

21. GOVERNING LAW

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

NOTICE OF SPECIAL GENERAL MEETING

CHINA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration No. 23356)

All references to the Circular in this Notice of Special General Meeting (“Notice”) shall mean the Company’s Circular to Shareholders dated 9 June 2020 (the “Circular”). All capitalised terms used in this Notice but not otherwise defined herein shall have the meanings given to them in the Circular.

Please refer to sg.conveneagm.com/cihgrp_agm_sgm_2020 for more information about the Company, including the Letter to Shareholders dated 9 June 2020, the Notice of SGM and the Proxy Form.

NOTICE IS HEREBY GIVEN that a Special General Meeting of China International Holdings Limited (“Company”) will be held by way of electronic means on 29 June 2020 at 9:45a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9:30 a.m. on the same day and at the same place for the purpose of considering and, if thought fit, passing, with or without modifications, the following ordinary resolutions:

ORDINARY RESOLUTION 1: THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

That:

- (a)** approval be and is hereby given for the exercise by the directors of the Company (“Directors”) of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares of a par value of S\$0.05 each in the share capital of the Company (“Shares”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), and subject to the Minimum Free Float (as hereinafter defined) at such price or price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) on-market purchases, transacted on the ready market of the Singapore Exchange Securities Trading Limited (“SGX-ST”), or as the case may be, other stock exchange for the time being on which the Shares may be listed or quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose (“On-Market Share Purchases”); and/or
 - (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by section 76C of the Companies Act (Chapter 50) of Singapore and the Listing Manual of the SGX-ST (“Off-Market Share Purchases”),

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and otherwise in accordance with all other applicable laws and regulations (including the provisions of the Companies Act 1981 of Bermuda, as amended, supplemented or modified from time to time (“Bermuda Companies Act”)) and the provisions in the Listing Manual of the SGX-ST as may for the time being as applicable. (“Share Buy-Back Mandate”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the absolute discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Bermuda Companies Act;
- (c) the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Ordinary Resolution and expiring on the earliest of:
 - (i) the conclusion of the next annual general meeting (“AGM”) of the Company;
 - (ii) the date by which the next AGM of the Company is required to be held;
 - (iii) the date on which the purchases of Shares by the Company are carried out to the full extent mandated; or
 - (iv) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in a general meeting.

(d) in this Ordinary Resolution:

“Prescribed Limit” means the number of Shares representing ten per cent (10%) of the total issued ordinary share capital of the Company (excluding Treasury Shares and Subsidiary Holdings, if any) as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Bermuda Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any Treasury Shares that may be held by the Company from time to time);

“Relevant Period” means the period commencing from the date on which this Ordinary Resolution is passed and expiring on the earliest of (i) the date the next annual general meeting of the Company is held or is required to be held, or (ii) the date on which the purchases of the Shares are carried out to the full extent mandated, under the Share Buy-Back Mandate, or (iii) the date on which the Share Buy-Back Mandate is varied or superseded by resolution of the shareholders of the Company in general meeting;

“Minimum Free Float” means at least ten per cent (10%) of the total number of issued Shares of the Company (excluding Treasury Shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public;

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage,

commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price;
- (ii) in the case of an Off-Market Share Purchase, 120% of the Highest Last Dealt Price,

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days, being a day on which the SGX-ST is open for securities trading (“Market Day”), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Share immediately preceding the day of the making of the offer pursuant to the Off-Market Share Purchase; and

For the purpose of the definition of Highest Last Dealt Price above, “day of the making of the offer” means the day on which the Company announces its intention to make an offer for the Off- Market Share Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

- (e) the Directors and any one of them be and is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider expedient, necessary, desirable, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

ORDINARY RESOLUTION 2: PROPOSED ADOPTION OF THE CIHL ESOS

That:

- (a) the share option scheme to be known as the “CIHL ESOS” under which options will be granted to such persons on such terms and conditions and in accordance with such rules as set out in the Company's Circular be and is hereby approved; and
- (b) the Directors of the Company be and are hereby authorised:
 - (i) to implement and establish the CIHL ESOS;
 - (ii) to modify and/or amend the CIHL ESOS from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the CIHL ESOS and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the CIHL ESOS; and

- (iii) to offer and grant options in accordance with the provisions of the CIHL ESOS and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the CIHL ESOS, provided that the aggregate number of new Shares to be issued pursuant to the CIHL ESOS shall not exceed fifteen per cent (15%) of the issued ordinary share capital of the Company from time to time; and
- (c) subject to and contingent upon the passing of Ordinary Resolution 2(a) and 2(b) above, approval be and is hereby given for offers and grants of options to be made pursuant to and during the subsistence of the CIHL ESOS with subscription prices that are set at, or adjusted by, a discount to the market price of the Shares (as determined in accordance with the provisions of the CIHL ESOS), and in no event shall the subscription price for a Share be less than the nominal value of the Share.

ORDINARY RESOLUTION 3: THE PROPOSED ADOPTION OF THE CIHL PSP

That:

- (a) the share award scheme to be known as the “CIHL PSP” under which awards (“Awards”) of fully-paid Shares will be issued free of charge to such persons on such terms and conditions and in accordance with such rules as set out in the Company's Circular be and is hereby approved; and
- (b) the Directors of the Company be and are hereby authorised:
 - (i) to implement and establish the CIHL PSP;
 - (ii) to modify and/or amend the CIHL PSP from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the CIHL PSP and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the CIHL PSP; and
 - (iii) to offer and grant options in accordance with the provisions of the CIHL PSP and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the grant of the Awards under the CIHL PSP, provided that the aggregate number of new Shares to be issued pursuant to the CIHL PSP shall not exceed fifteen per cent (15%) of the issued ordinary share capital of the Company from time to time.

Yours faithfully
For and on behalf of
the Board of Directors of
China International Holdings Limited

Claudia Teo Kwee Yee
Company Secretary
9 June 2020

Notes:

In compliance with the Order and the Joint Guidance, a Shareholder who wishes to vote at the SGM can only do so by appointing the Chairman of the SGM to act as his/her proxy to vote on his/her behalf in respect of all the Shares held by him/her. In the Proxy Form, a Shareholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the SGM. If no specific direction as to voting is given, the Chairman of the SGM will vote or abstain from voting at his/her discretion. All valid votes cast via proxy on each resolution will be counted.

Investors holding Shares through relevant intermediaries (as defined under Section 181 of the Act), should not use the Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions.

The instrument appointing a proxy must be deposited by post to the office of the Share Transfer Agent of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the time of the SGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.