

CIRCULAR DATED 28 OCTOBER 2016

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

This Circular is issued by Cedar Strategic Holdings Ltd (the “**Company**”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

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

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular. The issue of a listing and quotation notice in respect of the Consolidated Shares (as defined herein) and the New Shares (as defined herein) by the SGX-ST is not to be taken as an indication of the merits of the Share Consolidation (as defined herein), the Consolidated Shares, the Scheme (as defined herein), the Plan (as defined herein), the New Shares, the Company, its subsidiaries and their securities.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Nathaniel C.V., Registered Professional, RHT Capital Pte. Ltd. at Six Battery Road, #10-01, Singapore 049909, telephone no. (65) 6381 6757.



**CEDAR STRATEGIC HOLDINGS LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198003839Z)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO:**

- (1) **THE PROPOSED CONSOLIDATION (THE “SHARE CONSOLIDATION”) OF EVERY TWENTY-FIVE (25) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE (“CONSOLIDATED SHARE”);**
- (2) **THE PROPOSED CAPITAL REDUCTION;**
- (3) **THE PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2016 (THE “SCHEME”);**
- (4) **THE PROPOSED TERMINATION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2009 (THE “PREVIOUS SCHEME”);**
- (5) **THE PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. PERFORMANCE SHARE PLAN 2016 (THE “PLAN”);**
- (6) **THE PROPOSED SHARE PURCHASE MANDATE; AND**
- (7) **THE PROPOSED ADOPTION OF A NEW CONSTITUTION FOR THE COMPANY.**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgment of Proxy Form	:	19 November 2016 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	21 November 2016 at 9.30 a.m.
Place of Extraordinary General Meeting	:	137 Cecil Street Hengda Building #03-01 Singapore 069537



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## DEFINITIONS

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

- “ACRA”** : The Accounting and Corporate Regulatory Authority of Singapore
- “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 Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any 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
- “Auditors”** : The auditors of the Company for the time being
- “Award”** : A contingent award of Shares granted under the Plan and for the time being subsisting
- “Board”** : The board of Directors
- “Books Closure Date”** : The time and date to be determined by the Directors, on and at which the Register of Members and share transfer books of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares and the entitlements of Warrantholders to the Consolidated Warrants pursuant to the Share Consolidation
- “Capital Reduction”** : The proposed capital reduction exercise to be undertaken by the Company pursuant to Section 78C of the Companies Act to reduce the issued and paid-up share capital of the Company
- “Capital Reduction Resolution”** : Shall have the meaning ascribed to it in paragraph 3.5(a) of this Circular

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## DEFINITIONS

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<b>“Catalist”</b>	:	The Catalist Board of the SGX-ST
<b>“Catalist Rules”</b>	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended up to the Latest Practicable Date
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 28 October 2016
<b>“Committee”</b>	:	The Remuneration Committee of the Company, or such other committee comprising Directors and such other persons (if any) duly authorised and appointed by the Board to administer the Scheme and/or the Plan from time to time
<b>“Company” or “CSH”</b>	:	Cedar Strategic Holdings Ltd.
<b>“Companies Act”</b>	:	Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time
<b>“Consolidated Shares”</b>	:	Shares following the Share Consolidation
<b>“Constitution”</b>	:	The Constitution of the Company, as amended from time to time
<b>“Consolidated Options”</b>	:	The consolidated Outstanding Options following the Share Consolidation
<b>“Consolidated Warrants”</b>	:	The consolidated Outstanding Warrants following the Share Consolidation
<b>“Control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<b>“Controlling Shareholder”</b>	:	A person who: (a) holds directly or indirectly 15% or more of all voting shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder); or (b) in fact exercises Control over the Company
<b>“CPF”</b>	:	Central Provident Fund
<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date and each a <b>“Director”</b>
<b>“Effective Trading Date”</b>	:	Has the meaning ascribed to it in paragraph 2.5 of this Circular

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## DEFINITIONS

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- “EGM”** : The extraordinary general meeting of the Company to be held on on 21 November 2016 at 137 Cecil Street, Hengda Building #03-01, Singapore 069537 at 9.30 a.m.
- “EPS”** : Earnings per Share
- “Exercise Period”** : The period for the exercise of an Option being: (a) in the case of a Market Price Option, a period commencing after the first anniversary of the Offer Date of that Option and expiring on the 10th anniversary of such Offer Date, subject as provided in Rules 8 and 10 of the Scheme and any other conditions as may be determined by the Committee from time to time; and (b) in the case of an Incentive Option, a period commencing after the second anniversary of the Offer Date of that Option and expiring on the 10th anniversary of such Offer Date, subject as provided in Rules 8 and 10 of the Scheme and any other conditions as may be determined by the Committee
- “Exercise Price”** : The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with the Rule 7 of the Scheme, or such adjusted price as may be applicable pursuant to Rule 11 of the Scheme
- “Existing Constitution”** : The memorandum and articles of association of the Company which were in force immediately before 3 January 2016
- “Financial Year”** : Financial year of the Company ended or ending 31 December (as the case may be)
- “FRS 102”** : Financial Reporting Standard 102
- “Group”** : The Company and its subsidiaries
- “Group Employee”** : Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the Scheme and/or the Plan in accordance with the rules thereof
- “Group Executive Director”** : A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
- “Incentive Option”** : The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which, the Exercise Price is set at a discount to the Market Price



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## DEFINITIONS

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<b><i>“Independent Shareholders”</i></b>	:	Shareholders other than Shareholders who are Participants and Shareholders who are Associates of the Participants
<b><i>“Latest Practicable Date”</i></b>	:	18 October 2016, being the latest practicable date prior to the printing of this Circular
<b><i>“Market Day”</i></b>	:	A day on which the SGX-ST is open for trading of securities
<b><i>“Market Price”</i></b>	:	The average of the last dealt prices for a Share determined by reference to the daily Official List (as defined in the Catalist Rules) published by the SGX-ST for a period of five consecutive Market Days immediately prior to the relevant Offer Date of the Option, provided always that in the case of a Market Day on which the Shares of the Company are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the smallest decimal point permissible for trade on Catalist in the event of fractional prices
<b><i>“Market Price Option”</i></b>	:	The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Exercise Price is at a price equal to the Market Price
<b><i>“NAV”</i></b>	:	Net asset value
<b><i>“New Constitution”</i></b>	:	The proposed new Constitution which will replace the Existing Constitution
<b><i>“New Share Certificates”</i></b>	:	Share certificates for the Consolidated Shares
<b><i>“New Shares”</i></b>	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options granted under the Scheme and/or pursuant to the vesting of Awards granted under the Plan as the case may be
<b><i>“Notice of EGM”</i></b>	:	The notice of the EGM which is set out on page 85 of this Circular
<b><i>“NTA”</i></b>	:	Net tangible assets
<b><i>“Offer Date”</i></b>	:	In relation to an Option, the date on which an offer to grant an Option is made and in relation to an Award, the date on which an Award is made
<b><i>“Official List”</i></b>	:	The list of issuers maintained by the SGX-ST in relation to Catalist

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## DEFINITIONS

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- “Old Share Certificates”** : Share certificates for the existing Shares
- “Option”** : The right to subscribe for Shares granted pursuant to the Rules of the Scheme
- “Outstanding Options”** : The 400,000,000 options granted under the Previous Scheme (each option carrying the right to subscribe for one (1) new Share in the capital of the Company at an exercise price of S\$0.003 exercisable from the date falling 24 months after the date of the grant up till 17 May 2026) existing as at the Latest Practicable Date that were previously issued by the Company and that may be exercised on or prior to the Books Closure Date
- “Outstanding Warrants”** : The 1,277,777,777 warrants (each warrant carrying the right to subscribe for one (1) new Share in the capital of the Company at an exercise price of S\$0.0036 with an exercise period expiring at 5.00 pm on the day immediately preceding the third anniversary of the date of issue of such warrants) existing as at the Latest Practicable Date that were previously issued by the Company and that may be exercised on or prior to the Books Closure Date
- “Participant”** : A person who is selected by the Committee to participate in the Scheme and/or the Plan in accordance with the respective rules thereof
- “Performance Period”** : The performance period during which the Performance Targets shall be satisfied, if any
- “Performance Target”** : The performance target prescribed by the Committee to be fulfilled by a Participant for any particular Performance Period under the Plan, if any
- “Plan”** : The proposed Cedar Strategic Holdings Ltd. Performance Share Plan 2016 to be adopted by the Company, as modified or altered from time to time
- “Previous Scheme”** : The Cedar Strategic Holdings Ltd. Employee Share Option Scheme approved by the Shareholders at an extraordinary general meeting of the Company held on 21 August 2009, which, upon the Shareholders approval, is to be replaced with the proposed Scheme
- “Public Shareholders”** : Persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its Subsidiaries, as well as the Associates of such persons

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## DEFINITIONS

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<b>“Record Date”</b>	:	The date as at the close of business on which Shareholders of the Company must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be)
<b>“Register of Members”</b>	:	Register of members of the Company
<b>“Rights Issue”</b>	:	Renounceable non-underwritten rights issue of up to 5,822,280,292 new Shares in the capital of the Company as detailed in the offer information statement dated 24 August 2016
<b>“RMB” and “fen”</b>	:	Renminbi and fen respectively, being the lawful currency of the People’s Republic of China
<b>“Rules”</b>	:	The Rules of the Scheme or the Rules of the Plan, as applicable, and as the same may be amended from time to time
<b>“Scheme”</b>	:	The proposed Cedar Strategic Holdings Ltd. Employee Share Option Scheme 2016 to be adopted by the Company, as modified or altered from time to time
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
<b>“Securities and Futures Act”</b>	:	Securities and Futures Act, Chapter 289, of Singapore, as amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“SGXNET”</b>	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<b>“Shareholders”</b>	:	The registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context so admits, mean the Depositors whose securities accounts are credited with such Shares
<b>“Share Consolidation”</b>	:	The proposed consolidation of every twenty-five (25) Shares held by Shareholders as at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded

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## DEFINITIONS

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<b>“Share Purchase Mandate”</b>	:	The general mandate proposed to be given to the Company for the purchase or acquisition by the Company of its issued Shares
<b>“Share Registrar”</b>	:	The share registrar of the Company
<b>“Shares”</b>	:	Issued and paid-up ordinary shares in the capital of the Company, and each a <b>“Share”</b>
<b>“Sponsor”</b>	:	RHT Capital Pte. Ltd.
<b>“Substantial Shareholder”</b>	:	A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares
<b>“Vesting Period”</b>	:	The period during which an Award may vest, if any
<b>“Vesting Schedule”</b>	:	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 Target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period
<b>“VWAP”</b>	:	Volume weighted average price
<b>“Warrantholders”</b>	:	Holders of the Outstanding Warrants
<b>“2016 Shares”</b>	:	Shall have the meaning ascribed in paragraph 2.3 of this Circular
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
<b>“%” or “per cent.”</b>	:	Per centum or percentage

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

The terms **“subsidiaries”** and **“related corporations”** shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

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

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

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## DEFINITIONS

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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 Companies Act, the Catalist Rules, the Take-over Code or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Catalist Rules, the Take-over Code or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

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

Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that person.

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## LETTER TO SHAREHOLDERS

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CEDAR  
Strategic

### **CEDAR STRATEGIC HOLDINGS LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198003839Z)

#### **Board of Directors:**

Christopher Chong Meng Tak (*Non-Executive Chairman/Independent Director*)  
Tan Thiam Hee (*Chief Executive Officer and Executive Director*)  
Wong Pak Him Patrick (*Executive Director*)  
Peter Tan (*Independent Director*)  
Teo Cheng Kwee (*Non-Executive Director*)

#### **Registered Office:**

80 Raffles Place  
#26-05 UOB Plaza 1  
Singapore 048624

28 October 2016

To: The Shareholders of Cedar Strategic Holdings Ltd

Dear Sir/Madam

- (1) **THE PROPOSED CONSOLIDATION (THE “SHARE CONSOLIDATION”) OF EVERY TWENTY-FIVE (25) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE (“CONSOLIDATED SHARE”);**
- (2) **THE PROPOSED CAPITAL REDUCTION;**
- (3) **THE PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2016 (THE “SCHEME”);**
- (4) **THE PROPOSED TERMINATION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2009 (THE “PREVIOUS SCHEME”);**
- (5) **THE PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. PERFORMANCE SHARE PLAN 2016 (THE “PLAN”);**
- (6) **THE PROPOSED SHARE PURCHASE MANDATE; AND**
- (7) **THE PROPOSED ADOPTION OF A NEW CONSTITUTION FOR THE COMPANY.**

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## LETTER TO SHAREHOLDERS

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### 1 INTRODUCTION

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

The Board is proposing to convene an EGM to seek Shareholders' approval in respect of the following matters:

- (a) the Share Consolidation;
- (b) the Capital Reduction;
- (c) the proposed adoption of the Scheme;
- (d) the proposed termination of the Previous Scheme;
- (e) the proposed adoption of the Plan;
- (f) the proposed Share Purchase Mandate; and
- (g) the proposed adoption of a New Constitution for the Company.

#### 1.2 **Purpose of this Circular**

1.2.1 The purpose of this Circular is to provide Shareholders with information pertaining to the aforementioned Resolutions and to seek Shareholders' approval in relation thereto at the EGM to be held at 137 Cecil Street, Hengda Building #03-01, Singapore 069537 on 21 November 2016 (Monday) at 9.30 a.m.. The Notice of EGM is set out on pages 85 to 90 of this Circular.

1.2.2 This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

1.2.3 **The Sponsor and the SGX-ST take no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.**

### 2 THE PROPOSED SHARE CONSOLIDATION OF EVERY TWENTY-FIVE (25) EXISTING SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) CONSOLIDATED SHARE

#### 2.1 **Introduction**

The Company is seeking Shareholders' approval at the EGM to undertake the Share Consolidation pursuant to which the Company will consolidate every twenty-five (25) existing Shares into one (1) Consolidated Share. Pursuant to the Share Consolidation, the Company proposes to consolidate every twenty-five (25) existing Shares into one (1) Consolidated Share. The Company will make announcement(s) to notify Shareholders of the Books Closure Date as soon as reasonably practicable after the EGM.

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## LETTER TO SHAREHOLDERS

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Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Share Consolidation, based on their holdings of the Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company.

Shareholders who hold less than twenty-five (25) existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the proposed Share Consolidation are advised to purchase additional existing Shares so as to increase the number of existing Shares held to a multiple of twenty-five (25) existing Shares prior to the Books Closure Date.

Each Consolidated Share shall rank *pari passu* in all respects with each other, and will be traded in board lots of one hundred (100) Consolidated Shares.

As at the Latest Practicable Date, the Company has an issued share capital of approximately S\$112,439,820 divided into 15,550,174,212 Shares.

On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date and the Share Consolidation takes effect prior to the Capital Reduction, following the completion of the Share Consolidation, the Company will have an issued share capital of approximately S\$112,439,820 divided into 622,006,968 Consolidated Shares.

**The Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Group.**

Shareholders are not required to make any payment to the Company in respect of the Share Consolidation. The Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to rounding.

Subject to Shareholders' approval being obtained for the Share Consolidation at the EGM, Shareholders' holdings of the Consolidated Shares arising from the Share Consolidation will be ascertained on the Books Closure Date.



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## LETTER TO SHAREHOLDERS

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### 2.2 Rationale for the Share Consolidation

The Directors believe that the Share Consolidation will generally be beneficial to the Company and its Shareholders.

For the past six (6) months prior to the Latest Practicable Date, the absolute price of the Shares had traded in a range between S\$0.001 and S\$0.005. The highest and lowest market prices for each such month and the transacted volume of the Shares traded on the SGX-ST for each such month, up to the Latest Practicable Date, are as follows:

Month	Lowest Price (S\$)	Highest Price (S\$)	Volume of Shares traded	Percentage Fluctuation between the Lowest and Highest Price (%)
April 2016	0.001	0.003	543,422,500	200.00
May 2016	0.002	0.004	1,199,456,000	100.00
June 2016	0.002	0.004	1,549,610,800	100.00
July 2016	0.002	0.004	219,213,900	100.00
August 2016	0.002	0.003	123,971,000	50.00
September 2016	0.002	0.004	368,717,700	100.00
October 2016 to the Latest Practicable Date	0.002	0.005	638,420,800	150.00

Source: Share Investor <sup>(1)</sup>

Note:

- (1) Share Investor has not consented to the inclusion of the price range of Shares quoted under this paragraph. The Company has included the above price range in its proper form and context in this Circular and has not verified the accuracy of such information. The Company is not aware of any disclaimers made by Share Investor in relation to the above information.

The Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares outstanding, and the trading price per Consolidated Share should theoretically be proportionally higher than the trading price per Share prior to the Share Consolidation. This will reduce the fluctuation in magnitude of the Company's Share price and market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.

The Share Consolidation may also improve the profile of the Company amongst institutional investors and the coverage of the Company amongst research houses and fund managers. This may, in turn, increase market interest and activity in the Shares, and generally make the Shares more attractive to investors.

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## LETTER TO SHAREHOLDERS

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The VWAP and the theoretical adjustment to the VWAP of the Company's Shares for the six-month period up to and including the Latest Practicable Date are as follows:

VWAP for the six-month period up to and including the Latest Practicable Date	S\$0.0029
Assuming that the Proposed Share Consolidation was carried out prior to the six-month period up to and including the Latest Practicable Date:	
Adjusted VWAP for the six-month period up to and including the Latest Practicable Date	S\$0.0725

**Shareholders should note, however, that there can be no assurance that the Share Consolidation will achieve the desired results as stated in this paragraph 2.2, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

### 2.3 Financial Effects of the Share Consolidation

For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2015 ("FY2015"), the pro forma financial effects of the Share Consolidation on the Company are set out below. The pro forma financial effects are calculated based on the assumption that the Share Consolidation was completed on 31 December 2015 and that the Capital Reduction as set out in paragraph 3 did not take place.

**The Directors note that the pro forma financial effects have been prepared solely for illustrative purposes and do not necessarily reflect the actual future financial position and performance of the Company following completion of the Share Consolidation.**

**Further, the Directors also note that the pro forma financial effects based on the latest audited consolidated financial statements of the Company for FY2015 would not necessarily provide a comprehensive illustration of the actual future financial position and performance of the Company following completion of the Share Consolidation as the Company has, since its FY2015 audited consolidated financial statements, increased its issued share capital to approximately S\$112,439,820 divided into 15,550,174,212 Shares as at the Latest Practicable Date further to the Shares which were issued in 2016:**

- (i) the 500,000,000 Shares issued and allotted to Mr Zhu Xiaolin on 31 March 2016;**
- (ii) the 450,000,000 Shares issued and allotted to Mr Tao Xucheng on 31 March 2016;**
- (iii) the 500,000,000 Shares issued and allotted to Mr Teo Cheng Kwee on 31 March 2016;**
- (iv) the 450,000,000 Shares issued and allotted to Mr Wong Pak Him, Patrick on 31 March 2016;**
- (v) the 500,000,000 Shares issued and allotted to Mr Luo Shandong on 7 April 2016; and**
- (vi) the 5,183,391,404 Shares being issued and allotted pursuant to the Rights Issue on 19 September 2016,**

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(collectively, the “2016 Shares”).

Accordingly, Shareholders should note that the following pro forma financial effects of the Share Consolidation have been calculated to take into consideration the enlarged share capital of the Company as mentioned above.

(a) Share Capital

The pro forma financial effects of the Share Consolidation on the share capital of the Company for FY2015 after adjusting for the 2016 Shares are as follows:

	Before the Share Consolidation	After the Share Consolidation
Number of issued Shares	15,550,174,212	622,006,968
Amount of share capital (S\$)	112,439,820	112,439,820

(b) EPS

The pro forma financial effects of the Share Consolidation on the EPS of the Company for FY2015 after adjusting for the 2016 Shares are as follows:

	Before the Share Consolidation	After the Share Consolidation
Profit after taxation and minority interests (RMB'000)	6,995	6,995
Number of paid-up Shares	15,550,174,212	622,006,968
Weighted average number of Shares during the financial year	15,550,174,212	622,006,968
EPS (fen)	0.05	1.12

(c) NAV

The pro forma financial effects of the Share Consolidation on the NAV of the Company for FY2015 after adjusting for the 2016 Shares are as follows:

	Before the Share Consolidation	After the Share Consolidation
Net asset (RMB'000)	65,558	65,558
Number of issued Shares	15,550,174,212	622,006,968
NAV per Share (fen)	0.42	10.54

(d) Gearing

The Share Consolidation will have no material impact on the gearing of the Group.

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## LETTER TO SHAREHOLDERS

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### 2.4 Adjustments to the Outstanding Warrants and Outstanding Options

As at the Latest Practicable Date, the Company has 1,277,777,777 Outstanding Warrants, each Outstanding Warrant carrying the right to subscribe for one (1) new Share and 400,000,000 Outstanding Options, each Outstanding Option carrying the right to subscribe for one (1) new Share.

Pursuant to the terms and conditions of the Outstanding Warrants, the Share Consolidation will constitute an event giving rise to adjustments to the exercise price payable for each new Share on the exercise of the Outstanding Warrants and the number of the Outstanding Warrants.

The adjustments to the Outstanding Warrants as stated below have been certified by the Auditors of the Company:

- (a) the number of Outstanding Warrants will be adjusted on the basis that twenty-five (25) Outstanding Warrants will be consolidated into one (1) Consolidated Warrant;
- (b) the existing exercise price of each Outstanding Warrant will be adjusted from S\$0.0036 to S\$0.09 for each Consolidated Warrant;
- (c) each Consolidated Warrant shall carry the right to subscribe for one (1) new Consolidated Share in the capital of the Company; and
- (d) the adjustment to the number of Outstanding Warrants will be rounded downwards to the nearest whole Consolidated Warrant.

The adjustments to the Outstanding Warrants will not result in any material impact on the share capital, NAV and EPS of the Company.

Pursuant to the rules of the Previous Scheme, the exercise price payable for each new Share on the exercise of the Outstanding Options and the number of the Outstanding Options may at the option of the Committee of the Previous Scheme be adjusted in such manner as the Committee of the Previous Scheme determines to be appropriate. The Committee of the Previous Scheme has determined that adjustments are to be made to the Outstanding Options as follows:

- (a) the number of Outstanding Options will be adjusted on the basis that twenty-five (25) Outstanding Options will be consolidated into one (1) Consolidated Option;
- (b) the existing exercise price of each Outstanding Option will be adjusted from S\$0.003 to S\$0.075 for each Consolidated Option;
- (c) each Consolidated Option shall carry the right to subscribe for one (1) new Consolidated Share in the Capital of the Company; and
- (d) the adjustment to the number of Outstanding Options will be rounded downwards to the nearest whole Consolidated Option.

The adjustments to the Outstanding Options will not result in any impact on the share capital, NAV and EPS of the Company.

The adjustments will be effective from the close of the Market Day immediately preceding the date on which the Share Consolidation becomes effective.

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## LETTER TO SHAREHOLDERS

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### 2.5 Conditions of the Share Consolidation

The implementation of the Share Consolidation is subject to Shareholders' approval by way of an ordinary resolution at the EGM.

Application has been made to the SGX-ST for the dealing in, listing of and quotation of the Consolidated Shares on Catalist. An appropriate announcement on receipt of the listing and quotation notice, if granted, will be made in due course.

Shareholders should take note that the listing and quotation notice from the SGX-ST, if granted, relates only to the dealing in, listing of and quotation of the Consolidated Shares on the SGX-ST and is not to be taken as an indication of the merits of the Consolidated Shares, the Share Consolidation and/or the Company.

Subject to the approval of the Share Consolidation by Shareholders at the EGM, an announcement will be made by the Company in due course to notify Shareholders of the date when the Share Consolidation will become effective and the date on which the Consolidated Shares will commence trading on the SGX-ST in board lots of one hundred (100) Consolidated Shares (the "**Effective Trading Date**").

### 2.6 Updating of Register of Members and Depository Register

If Shareholders' approval has been obtained for the Share Consolidation at the EGM, Shareholders' holdings of the Consolidated Shares arising from the Share Consolidation will be determined on the Books Closure Date, whereupon the Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders based on their shareholdings in the Company as at the Books Closure Date. Trading will be in board lots of one hundred (100) Consolidated Shares on the Effective Trading Date.

#### (a) Deposit of Share Certificates with CDP

Shareholders who hold Old Share Certificates in their own names and who wish to deposit the same with CDP and have their Consolidated Shares (after the Share Consolidation) credited to their Securities Accounts maintained with CDP, must deposit their Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than twelve (12) Market Days prior to the Books Closure Date. After the Books Closure Date, CDP will only accept deposit of New Share Certificates.

Shareholders who wish to deposit their Old Share Certificates with CDP after the Books Closure Date must first deliver such Old Share Certificates to the Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, for cancellation and issue of the New Share Certificates in replacement thereof as described below. The New Share Certificates will be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within ten (10) Market Days from the date of receipt of their Old Share Certificates. Upon receipt of the New Share Certificates, Shareholders may then proceed to deposit these New Share Certificates with CDP.

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## LETTER TO SHAREHOLDERS

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(b) Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least twelve (12) Market Days prior to the Books Closure Date need not take any action. The Company will arrange with CDP to facilitate the issue of New Share Certificates pursuant to the Share Consolidation.

**Shareholders who have not deposited their Old Share Certificates at least twelve (12) Market Days prior to the Books Closure Date or who do not wish to deposit their Old Share Certificates with CDP are advised to deliver all their Old Share Certificates to the Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, as soon as possible after they have been notified of the Books Closure Date and preferably, not later than five (5) Market Days after the Books Closure Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar for the receipt of the Old Share Certificates tendered. The New Share Certificates will be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within ten (10) Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.**

Shareholders are to deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out in this paragraph 2.6 only after the announcement of the Books Closure Date by the Company.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have been delivered to the Share Registrar for cancellation.

Please notify the Share Registrar B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, if you have lost any of your Old Share Certificates or if there is any change in your address from that reflected in the Register of Members.

(c) Share Certificates Not Valid for Settlement of Trades on the SGX-ST

Shareholders are reminded that their Old Share Certificates will not be valid for settlement of trading in the Shares on the SGX-ST, as the Company is under a book-entry (scripless) settlement system. After the date on which the Share Consolidation becomes effective, the Old Share Certificates will continue to be accepted by the Share Registrar for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar. The New Share Certificates will not be valid for delivery for trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

### 2.7 Trading Arrangements for the Shares and for Odd Lots

(a) Trading Arrangements for the Shares

Subject to Shareholders' approval for the Share Consolidation at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of one hundred (100) Consolidated Shares. Accordingly, every twenty-five (25)

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## LETTER TO SHAREHOLDERS

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Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

(b) Trading Arrangements for Odd Lots of Consolidated Shares

**All fractional entitlements arising upon the completion of the Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Shareholders should also note that in the event the Directors, in their absolute discretion, decide to cancel the aggregated fractions of Consolidated Shares arising from the Share Consolidation, affected Shareholders will not be paid for such fractional shares cancelled and not issued.**

The Shares are currently traded in board lots of one hundred (100) Shares in the ready market. Following the Share Consolidation, the Securities Accounts of Shareholders (being Depositors) may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of one hundred (100) Consolidated Shares). The market for trading of such odd lots of Consolidated Shares may be illiquid. Shareholders (being Depositors) who receive odd lots of Consolidated Shares pursuant to the Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded on the SGX-ST's unit share market which, following the Share Consolidation, would allow trading in odd lots with a minimum size of one (1) Consolidated Share.

### **3 THE PROPOSED CAPITAL REDUCTION**

#### **3.1 Introduction**

The Company is proposing to undertake the proposed Capital Reduction pursuant to Section 78C of the Companies Act to partially write off accumulated losses of the Company amounting to RMB580,787,000 (equivalent to approximately S\$119,155,000) as at 31 December 2015. The accumulated losses proposed to be written off pursuant to the proposed Capital Reduction is S\$112,000,000 (the "**Accumulated Losses**").

Section 78C of the Companies Act requires that a public company proposing to undertake a capital reduction exercise should, *inter alia*, obtain the approval of its shareholders at a general meeting by way of a special resolution to be tabled at such general meeting.

The purpose of the proposed Capital Reduction is to cancel issued and paid-up share capital of the Company no longer represented by available assets due to the Accumulated Losses. The Accumulated Losses arose mainly due to prior years' operating losses and impairment losses.

**The Capital Reduction will not result in a cancellation of Shares, or a change in the number of Shares issued by the Company immediately after the Capital Reduction.**



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## LETTER TO SHAREHOLDERS

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### 3.2 Rationale of the Capital Reduction

The Directors are of the view that the Capital Reduction would serve to rationalise the balance sheet of the Company to reflect more accurately the value of its underlying assets, and thus the financial position of the Company. In addition, the Capital Reduction will facilitate any future equity-related fund-raising to recapitalise and strengthen the balance sheet of the Company.

The Company would also be in a better position to retain profits and enhance its ability to pay dividends in the future if the Accumulated Losses are written off, thus enhancing Shareholders' return on equity. If the Capital Reduction is not carried out, the Company may not be able to declare any dividends to its Shareholders until all of the Company's accumulated losses are fully eliminated by future years' profits. Hence, the Directors believe that it is in the best interests of the Company and its Shareholders to undertake the Capital Reduction to eliminate the Accumulated Losses to facilitate future declaration of dividends, if appropriate.

### 3.3 Details of the Capital Reduction

The Capital Reduction will be effected in the following manner:

- (a) reducing the issued and paid-up share capital of the Company by S\$112,000,000 from approximately S\$112,439,820 (as at the Latest Practicable Date) to approximately S\$439,820; and
- (b) the amount equal to S\$112,000,000 being the credit arising from the cancellation of the issued and paid-up share capital of the Company will be applied to partially write-off the Accumulated Losses.

The amount of S\$112,000,000 to be applied to partially write-off the Accumulated Losses comprises the issued and paid-up share capital of the Company which has been lost or is unrepresented by available assets.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of approximately S\$112,439,820. Upon completion of the Capital Reduction, the Company will have an issued and paid-up share capital of approximately S\$439,820.

The Capital Reduction, if effected, will be applied in partially writing off the accumulated losses of the Company as at 31 December 2015 of RMB580,787,000 (equivalent to approximately S\$119,155,000).

### 3.4 Financial Effects of the Capital Reduction

The Capital Reduction merely represents a change in the composition of shareholders' equity and does not entail any outflow of cash or change to the assets of the Company or affect the number of Shares.

The Capital Reduction will not have any material impact on the Outstanding Warrants or the Outstanding Options. There will be no change to the number of Outstanding Warrants or Outstanding Options, and no adjustments to the exercise price of the Outstanding Warrants or Outstanding Options, as a result of the Capital Reduction.



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For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for FY2015, the pro forma financial effects of the Capital Reduction on the Company are set out below.

The pro forma financial effects are calculated based on the assumptions that:

- (i) the Capital Reduction was completed on 31 December 2015;
- (ii) the Share Consolidation as set out in paragraph 2 above has not taken place;
- (iii) the Company has increased its issued share capital to approximately S\$112,439,820 divided into 15,550,174,212 Shares; and
- (iv) the estimated transaction costs of approximately S\$0.2 million have been taken into account in the computation of the financial effects.

**The Directors note that the pro forma financial effects have been prepared solely for illustrative purposes and do not purport to be indicative or a projection of the results and financial position of the Company after the Capital Reduction has been effected.**

(a) Share Capital

The Capital Reduction will not have any impact on the number of Shares held by Shareholders after the Capital Reduction. The pro forma financial effects of the Capital Reduction on the share capital of the Company for FY2015 after adjusting for the 2016 Shares are as follows:

	Before the Capital Reduction	After the Capital Reduction
Number of issued Shares	15,550,174,212	15,550,174,212
Number of issued Shares (excluding treasury shares)	15,550,174,212	15,550,174,212
Amount of share capital (S\$)	112,439,820	439,820

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(b) NAV, EPS and Gearing

The Capital Reduction will have no material impact on the NAV per share, EPS and gearing of the Company.

(c) Return on Equity

The pro forma financial effects of the Capital Reduction on the return on equity of the Company for FY2015 after adjusting for the 2016 Shares are as follows:

	Before the Capital Reduction	After the Capital Reduction
Profit attributable to Shareholders (RMB'000)	7,497	7,297
Return on Equity (%)	5.37	5.23

### 3.5 Conditions of the Capital Reduction

The Capital Reduction is subject to, *inter alia*, the following conditions:

- (a) the Company obtaining Shareholders' approval for the Capital Reduction by way of a special resolution at the EGM, to be approved by a majority of not less than three-fourths of the Shareholders present and voting at the EGM, of which not less than twenty-one (21) days' notice of the EGM shall have been given (the "**Capital Reduction Resolution**");
- (b) the Company complying with the relevant publicity requirements as prescribed in the Companies Act;
- (c) no application being made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within the period of six (6) weeks as prescribed in the Companies Act, or if such application was made, the dismissal thereof by the judicial authorities; and
- (d) lodgement of the relevant documents with ACRA after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Capital Reduction Resolution.

### 3.6 Effective Date of Capital Reduction

As set out in paragraph 3.5 above, the Capital Reduction is subject to the satisfaction of, *inter alia*, the conditions set out therein.

Following the Company's lodgement with ACRA of a notice containing the text of the Capital Reduction resolution (if no creditor of the Company objects to, and applies to the High Court for the cancellation of, the Capital Reduction resolution), the Company will lodge further requisite documents with ACRA as provided under Section 78E(2) of the Companies Act after the end of six (6) weeks, and before the end of eight (8) weeks, beginning with the date of the Capital Reduction Resolution upon which the Capital Reduction will take effect.

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The Company will then publicly announce and notify Shareholders of the effective date of the Capital Reduction through a SGXNET announcement.

#### **4 THE PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2016 AND THE PROPOSED TERMINATION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2009**

##### **4.1 Listing of Shares**

Application has been made to the SGX-ST for the dealing in and listing and quotation on Catalist of the New Shares to be allotted and issued pursuant to the Scheme, subject to separate Independent Shareholders' approval being obtained for the Scheme. An appropriate announcement on receipt of the listing and quotation notice, if granted, will be made in due course.

Shareholders should take note that the listing and quotation notice from the SGX-ST, if granted, is not to be taken as an indication of the merits of the Scheme, the New Shares, the Company, its subsidiaries and their securities.

##### **4.2 The Previous Scheme**

4.2.1 The Previous Scheme was adopted at an extraordinary general meeting of the Company held on 21 August 2009. The Previous Scheme was to continue in force at the discretion of the Committee subject to a maximum period of ten (10) years commencing on 21 August 2009. Subject to the Scheme being approved by Shareholders at the EGM, the Company proposes to terminate the Previous Scheme upon the conclusion of the EGM.

4.2.2 Details of the options granted to the Directors and employees of the Company under the Previous Scheme are as follows:

<b>Date of Grant</b>	<b>Number of Participants</b>	<b>Aggregate Number of options granted</b>	<b>Aggregate Number of Shares Allotted Upon Exercise of the options</b>
29 September 2009	4	13,000,000	–
25 May 2010	9	70,000,000	–
30 August 2012	11	200,000,000	–
11 April 2013	8	151,000,000	–
17 May 2016	7	400,000,000	–
<b>Total</b>	<b>39</b>	<b>834,000,000</b>	<b>–</b>

There were no options granted under the Previous Scheme to Directors and participants who were Controlling Shareholders and their Associates.

There were no material conditions to which the share options granted under the Previous Scheme were subject.

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It should be noted that the termination of the Previous Scheme is without prejudice to the rights of the holders of the options under the Previous Scheme in respect of whom offers of options thereunder have been made and accepted.

### **4.3 No Offer Information Statement Required**

The Scheme and Plan will be adopted pursuant to Section 273(1)(f) of the SFA. As such, no prospectus or offer information statement will be issued by the Company in connection herewith.

### **4.4 Rationale for the Scheme**

The purpose of the Scheme is to provide an opportunity for Directors (including Non-Executive Directors) and Group Employees to participate in the equity of the Company, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Company and/or the Group. The Company believes that the implementation of the Scheme will enable the Company to structure a competitive remuneration package, which is designed as an additional incentive tool to reward and retain Group Employees and Directors, as well as to achieve the following objectives:

- (a) to recognise and reward past contributions and services;
- (b) to motivate Participants to continue performing and out-perform their standards and efficiency and to maintain a high level of contribution to the Group;
- (c) to retain key Group Employees whose contributions are important to the long-term growth and success of the Group;
- (d) to attract potential employees with relevant skills and talents necessary to enhance the Group's business; and
- (e) to align the interests of the Participants with the interests of Shareholders.

### **4.5 Mandate for issue of Options and/or Shares pursuant to the Scheme**

The Company will be seeking specific approval of the Shareholders for the mandate to issue Options pursuant to the Rules of the Scheme, and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the Option(s) that may be granted under the Scheme provided always that the aggregate number of the new Shares (excluding treasury shares) available under the Scheme shall not exceed 15% of the total issued share capital of the Company from time to time, as determined in accordance with the rules of the Scheme (as summarised below).

### **4.6 Summary of the Rules of the Scheme**

The following is a summary of the principal terms of the Scheme and is qualified in its entirety by reference to the more detailed information in the rules of the Scheme, a copy of which is available for inspection at the registered office of the Company from the date of this Circular up to and including the date of the EGM.

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## LETTER TO SHAREHOLDERS

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### 4.6.1 Eligibility of Participants

Group Employees, Group Executive Directors and Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group are eligible to participate in the Scheme at the absolute discretion of the Committee, provided that, as of the Offer Date, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into any compositions with their respective creditors.

Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Scheme, provided that (a) the participation of each Controlling Shareholder or his Associate prior to the first grant of an Option to him is specifically approved by Independent Shareholders in a general meeting of the Company by a separate resolution, and (b) each grant of an Option, including the actual number and terms of the Option to be granted to each Controlling Shareholder or his Associate, may only be effected with the specific prior approval of Independent Shareholders in a general meeting of the Company by a separate resolution.

Under Section 169(1) of the Companies Act, a company shall not at any meeting or otherwise provide emoluments to, or improve the emoluments of a director of the company in respect of his office. As such, unless the provision is approved by a resolution of the shareholders of the company in a general meeting of the Company that is not related to other matters, any resolution passed in breach of the said section shall be void.

### 4.6.2 Entitlement of Participants

An Option represents the right of a Participant to subscribe for Shares in consideration for the Exercise Price upon the exercise of the Option.

Subject to the limitations under the Rules of the Scheme and any other limits as may be prescribed by the SGX-ST, the selection of Participants and the number of Shares in respect of which Options are to be offered to selected Participants shall be determined by the Committee, in its absolute discretion, taking into account criteria such as:

- (a) the Participant's rank;
- (b) the Participant's scope of responsibilities;
- (c) the Participant's past performance;
- (d) the Participant's length of service;
- (e) the Participant's contribution to the success and development of the Group;
- (f) the Participant's potential for future development; and
- (g) the prevailing market and economic conditions.

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### 4.6.3 Size of the Scheme

The aggregate number of Shares over which Options may be granted on any date under the Scheme, when added to the number of Shares issued and/or issuable or transferred/transferable in respect of (a) all Options granted under the Scheme; (b) all Awards granted under the Plan; and (c) all Shares, options or awards granted under any other share option or share scheme of the Company then in force, shall not exceed 15% of the total issued Shares of the Company (excluding treasury shares, if any) on the day preceding that date.

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

The Directors believe that the limit of 15% will give the Company sufficient flexibility to decide upon the number of Options and Awards to offer to the Group Employees and Non-Executive Directors. In line with its goals of ensuring sustainable growth, the Company is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. As such, the employee base and the number of Participants will increase as a result. Accordingly, there should be sufficient number of Options and Awards to offer to new employees as well as to existing ones.

### 4.6.4 Duration of the Scheme

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

### 4.6.5 Exercise Price

Subject to the adjustment rules under the Rules of the Scheme, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, at (a) a price equal to the Market Price in relation to Market Price Options; or (b) a price which is set at a discount to the Market Price in relation to Incentive Options. The quantum of such discount is to be determined by the Committee in its absolute discretion, provided that:

- (i) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount prescribed or permitted by the SGX-ST); and
- (ii) the Shareholders in a general meeting of the Company shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

The ability to offer Incentive Options to Participants of the Scheme with Exercise Price set at a discount to the prevailing Market Price of the Shares will operate as a means to recognise the performance of Participants and motivate them to continue to excel in their

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work as these Incentive Options operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Market Price Options granted at the Market Price. It serves also as an encouragement to them to focus more on improving the profitability and return of the Group which will benefit all Shareholders when these are eventually reflected through share price appreciation.

Further, because Incentive Options granted with a discount under the Scheme are subject to a longer vesting period (2 years) than those granted at the Market Price (1 year), holders of such Incentive Options are encouraged to have a long term view of the Company, thereby promoting staff and employee retention and reinforcing their commitment to the Company. The Company believes that the maximum 20% discount to the Market Price of the Shares is sufficient to allow for flexibility in the Scheme, while minimising the potential dilutive effect to Shareholders arising from the Scheme.

In making any determination on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to, (a) the performance of the Company and its subsidiaries, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth, (b) the years of service and individual performance of the eligible Group Employee or Director, (c) the contribution of the eligible Group Employee or Director to the success and development of the Company and/or the Group, and (d) the prevailing market conditions.

The Company will comply with the Rules of the Scheme in relation to any proposed grant of Options at a price which is set at a discount to the Market Price and is seeking Shareholders' approval at the EGM via Ordinary Resolution 4 for authority to be granted to the Directors to offer and grant Option(s) with exercise prices set at a discount to the Market Price, provided that such discount does not exceed the relevant limits set by SGX-ST and the Scheme. The discretion to grant Options to subscribe for Shares at an Exercise Price set at a discount to the Market Price will, however, be used judiciously by the Committee.

#### 4.6.6 Exercise Period

Subject to the Rules of the Scheme, an Option shall be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof) at any time during the Exercise Period and subject to and in accordance with the conditions applicable to that Option.

The Exercise Period for a Market Price Option shall be a period commencing after the first anniversary of the Offer Date of that Option and expiring on the tenth anniversary of such Offer Date, and the Exercise Period for an Incentive Option shall be a period commencing after the second anniversary of the Offer Date of that Option and expiring on the tenth anniversary of such Offer Date.

Any unexercised Option shall immediately lapse without any claim whatsoever against the Company and/or the Group in the event of (a) a Participant's misconduct as determined by the Committee; (b) the cessation of a Participant's employment with the Company or any Group company for any reason whatsoever (other than due to ill health, injury or disability, redundancy, retirement at or after the legal retirement age, retirement before the legal retirement age with the consent of the Committee, the subsidiary by which he is



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employed ceasing to be a Group company, the undertaking or part of the undertaking of such subsidiary being transferred otherwise than to another Group company, or upon the death of a Participant); or (c) a Participant's bankruptcy or the happening of any event which deprives him of the legal or beneficial ownership of an Option.

A Participant shall be deemed to have ceased employment as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date, and no Option shall lapse in the event of any transfer of employment of a Participant within the Group.

Notwithstanding the foregoing, where a Participant ceases at any time to be in the employment of the Company or any Group company due to the termination of his employment by such company for reason other than for cause, then the Participant may exercise any unexercised Option within 180 days after the date of cessation of his employment. Termination "**for cause**" refers to a termination arising from the Participant's act of gross or wilful misconduct or the Participant's material breach of his service or employment contract, confidentiality obligation, policies or code of business conduct or other written policies practices or procedures of the Group.

#### 4.6.7 Exercise of Options

Subject to such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST) and compliance with the Rules of the Scheme and the Constitution of the Company, the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within 10 Market Days (or such other period as may be permitted by the Catalist Rules) after the date of the exercise of the said Option in accordance with the Rules of the Scheme, allot and issue the Shares in respect of which such Option has been exercised by the Participant and within five Market Days from the date of such allotment, despatch the relevant share certificates to the Participant or, if the Shares are listed and quoted on the SGX-ST, to CDP for the credit of the securities account or securities sub-account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

Notwithstanding any other Rules of the Scheme to the contrary, and notwithstanding references to subscription, issue and allotment of Shares or new Shares, the Company reserves to itself the right to deliver treasury shares in lieu of new Shares to Participants upon their exercise of Options. The Company currently does not possess any treasury shares and does not have in force a share purchase mandate. The Company is seeking shareholders' approval at the EGM for the adoption of a share purchase mandate. In the event the Share Purchase Mandate is approved, in determining whether to purchase Shares for delivery, the Committee will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement.

Shares allotted and issued upon the exercise of an Option shall be subject to all provisions of the Companies Act and the Constitution of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to such Shares, including those rights which arise from a liquidation of the Company) and shall rank



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*pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividend, right, allotment or other distribution, the Record Date for which is prior to the date such Option is exercised.

### 4.6.8 Administration of the Scheme

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

### 4.6.9 Modification of the Scheme

Subject to the Rules of the Scheme, any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee, except that any modification or alteration which would be to the advantage of Participants shall not be made except with the prior approval of the Shareholders in a general meeting of the Company, and no modification or alteration shall be made except in compliance with the Catalist Rules or the rules of such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

### 4.6.10 **SHAREHOLDERS SHOULD NOTE THAT THE ABOVE IS ONLY A SUMMARY OF THE MORE SUBSTANTIVE ASPECTS OF THE PROPOSED SCHEME. SHAREHOLDERS SHOULD REFER TO THE COMPLETE COPY OF THE RULES OF THE SCHEME FOR FULL DETAILS.**

## 4.7 **Financial effects of the Scheme**

### 4.7.1 Share capital

The Scheme will result in an increase in the issued share capital of the Company and the number of issued Shares to the extent that new Shares are allotted and issued pursuant to the exercise of the Option(s) granted under the Scheme. This will in turn depend on, *inter alia*, the number of 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) upon the exercise of the Option(s) granted under the Scheme.

### 4.7.2 NTA

The issue of new Shares, upon the exercise of the Options granted under the Scheme will increase the Company's consolidated NTA by the aggregate Exercise Price of the new Shares issued. On a per Share basis, the effect on the NTA of the Company is accretive if the Exercise Price is above the NTA per Share but dilutive otherwise.

### 4.7.3 EPS

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

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As the monetary cost of granting Options with a discounted Exercise Price is borne by the Company, the earnings of the Company would effectively be reduced by an amount corresponding to the reduced interest earnings that the Company would have received from the difference in proceeds from the Exercise Price with no discount versus the discounted Exercise Price. Such reduction would, accordingly, result in the dilution of the Company's consolidated EPS.

### 4.7.4 Potential Cost of Issuing Options

Any Options granted under the Scheme would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to the Company. The amounts of such costs may be more significant in the case of Options granted with Exercise Prices set at a discount to the Market Price of the Shares.

In addition to the impact on the Company's consolidated EPS and consolidated NTA as described above, the cost to the Company of granting Options under the Scheme would be as follows:

- (i) the exercise of an Option at the Exercise Price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the prevailing market price of the Shares. Such reduction of the exercise proceeds would represent the monetary cost to the Company; and
- (ii) the grant of Options under the Scheme will have an impact on the Company's reported profit under the FRS 102, "**Share-based payment**" as Share-based payment requires the recognition of an expense in respect of Options granted under the Scheme. The expense will be based on the fair value of the Options at the date of grant (as determined by an option pricing model) and will be recognised over the vesting period. The requirement to recognise an expense in respect of Options granted to employees as set out in FRS 102 is effective for financial period beginning on or after 1 January 2005.

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

## **5 THE PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. PERFORMANCE SHARE PLAN 2016**

### **5.1 Listing of Shares**

Application has been made to the SGX-ST for the dealing in and listing and quotation on Catalist of the New Shares to be allotted and issued pursuant to the Plan, subject to separate Independent Shareholders' approval being obtained for the Plan. An appropriate announcement on receipt of the listing and quotation notice, if granted, will be made in due course.

Shareholders should take note that the listing and quotation notice from the SGX-ST, if granted, is not to be taken as an indication of the merits of the Plan, the New Shares, the Company, its subsidiaries and their securities.

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### 5.2 Rationale for the Plan

- 5.2.1 The Board of Directors is proposing to implement the Plan to complement the proposed Scheme. With both schemes in place, the Company will have a more comprehensive and flexible set of remuneration tools to better motivate, retain and recruit talent.
- 5.2.2 With the proposed Plan, the Company will have the option and flexibility to pay eligible employees' bonuses in the form of cash, Shares or a combination of cash and Shares, resulting in a better and more flexible salary and cash-flow management for the Company.
- 5.2.3 Unlike Options granted under the Scheme, the Plan gives the Company the flexibility to impose specific or medium-term performance targets or to impose time-based service conditions, or a combination of both, as a means to reward and steer its executives to better performance and to retain employees with suitable skill sets and talents to drive the growth of the Group.
- 5.2.4 A performance-based award may be granted under the Plan, for example, with a Performance Target based on the successful completion of a project, or on the Company meeting certain specified corporate target(s). The Company may also grant Awards under the Plan after the satisfactory completion of time-based service conditions, that is, after the Participants have served the Group for a specified number of years or after a further period of service beyond the completion date of the Performance Targets. The Company may also impose an extended vesting period beyond the completion date of the Performance Targets in order to encourage Participants to continue serving the Group.
- 5.2.5 Under the proposed Plan, it is contemplated that the award of fully paid Shares, issued free of charge to Participants under the Plan would incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the proposed Plan, the Company will be able to recognise and reward past contributions and services and motivate Participants under the Plan to continue to strive for the Company's long-term prosperity. The proposed Plan will further strengthen and enhance the Company's competitiveness in attracting and retaining employees with suitable talents. The proposed Share Plan aims to foster an ownership culture within the Company, and align the interests of Participants with the interests of the Shareholders.
- 5.2.6 As Shares will be issued free under the proposed Plan, Participants would receive the same economic benefit from an Award of fewer Shares as compared to an Option granted under the Scheme in respect of a larger number of Shares. The Plan would therefore allow the Company to incentivise employees while reducing the dilutive effect to Shareholders.

### 5.3 Mandate for issue of Shares pursuant to the Plan

The Company will be seeking specific approval of the Shareholders for the mandate to offer and grant Award(s) in accordance with the Rules of the Plan, and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of new Shares as may be required to be issued comprised in the Award(s) that may be granted under the Plan provided always that the aggregate number of the new Shares (excluding treasury shares) available under the Plan shall not exceed 15% of the total issued share capital of the Company from time to time, as determined in accordance with the Rules of the Plan (as summarised below).

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### 5.4 Summary of the Rules of the Plan

The following is a summary of the principal terms of the Plan and is qualified in its entirety by reference to the more detailed information in the rules of the Plan, a copy of which is available for inspection at the registered office of the Company from the date of this Circular up to and including the date of the EGM:

#### 5.4.1 Eligibility of Participants

Group Employees, Group Executive Directors and Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group are eligible to participate in the Plan at the absolute discretion of the Committee, provided that, as of the Offer Date, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into any compositions with their respective creditors.

Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Plan, provided that (a) the participation of each Controlling Shareholder or his Associate prior to the first grant of an Award to him is specifically approved by Independent Shareholders in a general meeting of the Company by a separate resolution, and (b) each grant of an Award, including the actual number and terms of the Award to be granted to each Controlling Shareholder or his Associate only be effected with the specific prior approval of Independent Shareholders in a general meeting of the Company by a separate resolution.

#### 5.4.2 Entitlements of Participants

Participants are not required to pay for the grant of Awards. Award(s) represent the right of a Participant to whom the Award is granted to receive fully paid Shares free of charge, upon him achieving the Performance Target, if any, or upon the fulfilment of the conditions specified for the vesting of, and release of the Shares comprised in the Awards.

#### 5.4.3 Size of the Plan

The aggregate number of Shares for which an Award may be granted on any date under the Plan, when added to the number of Shares issued and/or issuable or transferred/transferable in respect of (a) all Awards granted under the Plan; (b) all Options granted under the Scheme; and (c) all Shares, options or awards granted under any other share option or share scheme of the Company then in force, shall not exceed 15% of the total issued Shares of the Company (excluding treasury shares, if any) on the day preceding that date.

In addition, the aggregate number of Shares over which Awards may be granted under the Plan to Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the Plan, and the number of Shares over which an Award may be granted under the Plan to each Controlling Shareholder or his Associate must not exceed 10% of the Shares available under the Plan.

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### 5.4.4 Duration of the Plan

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

### 5.4.5 Grant of Awards

Subject to the Rules of the Plan, the number of Shares which are the subject of each Award to be granted to a Participant under the Plan shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the Participant's rank, scope of responsibilities, past performance, length of service, contribution to the success and development of the Group, potential for future development of the Participant and the prevailing market and economic conditions. The Committee may, in its absolute discretion, elect to grant Awards to selected Participants as a form of payment or part payment of their bonuses.

The Committee shall, in its absolute discretion, determine in relation to an Award (a) the Group Employee; (b) the Offer Date; (c) the number of Shares which are the subject of the Award; (d) the Performance Target for the Participant (if any); (e) the Performance Period for the Participant (if any); (f) the Vesting Schedule (if any); and (g) any other condition which the Committee may decide in relation to that Award.

An Award is personal to the Participant to whom it is given and shall not, prior to the allotment and issue or transfer to the Participant of the Shares to which the Award relates, be transferred (other than to a Participant's personal representative on the death of the Participant), charged, assigned, pledged or otherwise disposed of, unless with the prior approval of the Committee. If a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award without the prior approval of the Committee, the Award concerned shall immediately lapse.

### 5.4.6 Vesting of Awards

Subject to the Rules of the Plan, Awards shall vest and the Committee shall release to the Participant Shares comprised in the Award upon the fulfilment of the conditions specified for the vesting of, and release of the Shares comprised in the Award.

Awards which are subject to the Participant achieving specified Performance Target may only be vested, and consequently any Shares comprised in such Awards shall only be delivered, upon the Committee being satisfied at its absolute discretion, that the Performance Target has been satisfied and the extent to which they have been satisfied (whether fully or partially), or upon the Committee waiving such Performance Target, as the case may be. In cases of partial satisfaction, the Committee may determine the extent to which an Award may vest and the number of Shares comprised in that Award to be released. If the Committee determines in its sole discretion that the Performance Target has not been satisfied in full, and that such Award should accordingly not vest in a Participant, in whole or in part, to the extent that such Award or part thereof has not vested, it shall lapse and be of no effect.

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An Award which is not released, shall immediately lapse without any claim whatsoever against the Company and/or the Group, in the event of (a) the decision of the Committee, acting in good faith and on fair and reasonable grounds, to revoke or annul such Award; (b) the bankruptcy of a Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of an Award; and (c) the misconduct of a Participant as determined by the Committee at its sole and absolute discretion.

In addition, an Award which is not released, shall immediately lapse without any claim whatsoever against the Company and/or the Group upon the cessation of employment of a Participant with the Group for any reason whatsoever provided that:

- (a) where the Participant ceases to be in the employment of the Group by reason of (i) ill health, injury or disability; (ii) redundancy; (iii) retirement at or after the legal retirement age; (iv) retirement before the legal retirement age with the consent of the Committee; (v) the subsidiary by which he is employed ceasing to be a Group company, or the undertaking or part of the undertaking of such subsidiary being transferred otherwise than to another Group company; or (vi) the termination of his employment by the Company or other relevant Group company for reason other than due to the Participant's act of gross or wilful misconduct or the Participant's material breach of his service or employment contract, confidentiality obligation, policies or code of business conduct or other written policies practices or procedures of the Group; or
- (b) in any other event (including any other reason for the cessation of employment) approved in writing by the Committee,

then the Committee may, acting in good faith and on a fair and reasonable basis preserve all or any part of any Award and decide 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 Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the conditions specified for the vesting of, and release of the Shares comprised in the Award have been satisfied.

A Participant shall be deemed to have ceased employment as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date. Further, the transfer of employment of a Participant within the Group shall not be regarded as his employment having ceased by reason only of such transfer.

For the avoidance of doubt, the Shares comprised in an Award shall nevertheless be released to a Participant as long as he has fulfilled the conditions for the vesting of, and release of the Shares comprised in the Award. If a Participant has fulfilled the conditions specified for the vesting of, and release of the Shares comprised in an Award but dies before the Shares under the Award are released, the Shares under the Award shall in such circumstances be given to the personal representatives of the Participant.

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### 5.4.7 Release of Awards

Subject to such necessary consents or other required action of any competent authority under any regulations or enactments for the time being in force and subject to compliance with the terms of the Plan and the Constitution of the Company, the Company shall as soon as practicable but in any event within 1 month (or such other period as may be permitted by the Catalist Rules) after the vesting of an Award, allot and issue the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.

If the Company holds any treasury shares, the Company may instead of the issue of new Shares, deliver Shares to Participants upon vesting of their Awards by way of the transfer of treasury shares to the Participants. The Company currently does not possess any treasury shares and does not have in force a share purchase mandate. The Company is seeking shareholders' approval at the EGM for the adoption of a share purchase mandate. In the event the Share Purchase Mandate is approved, in determining whether to purchase Shares for delivery, the Committee will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement.

Shares issued and allotted upon the vesting of an Award shall be subject to all the provisions of the Companies Act and the Constitution of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to such Shares, including those rights which arise from a liquidation of the Company), and shall rank *pari passu* in all respects with the then existing issued Shares except for any dividend, right, allotment or other distribution, the Record Date for which being prior to the relevant vesting date of the Award.

### 5.4.8 Administration of the Plan

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

### 5.4.9 Modification of the Plan

Subject to the Rules of the Plan, any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Committee, except that any modification or alteration which would be to the advantage of Participants shall not be made except with the prior approval of Shareholders in general meeting, and no modification or alteration shall be made except in compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

### 5.4.10 **SHAREHOLDERS SHOULD NOTE THAT THE ABOVE IS ONLY A SUMMARY OF THE MORE SUBSTANTIVE ASPECTS OF THE PROPOSED PLAN. SHAREHOLDERS SHOULD REFER TO THE COMPLETE COPY OF THE RULES OF THE PLAN FOR FULL DETAILS.**



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### 5.5 Financial effects of the Plan

#### 5.5.1 Share capital

The Plan will result in an increase in the number of issued Shares to the extent that new Shares are allotted and issued upon the vesting and release of the Awards under the Plan. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the Plan.

#### 5.5.2 NTA

The grant of Awards under the Plan will result in a charge to the Company's and Group's income statements, which is equal to the fair value of the Awards over the period from the date of grant of the Awards to the date of vesting and release of the Awards.

If new Shares are issued to the Participants under the Plan, the NTA of the Company and the Group would decrease by the amount charged. However, if instead of issuing new Shares, existing Shares are purchased for delivery to the Participants, the consolidated NTA of the Company would decrease by the cost of the Shares purchased.

#### 5.5.3 EPS

The Plan will have a dilutive impact on the Company's consolidated EPS following the increase in the number of issued Shares to the extent that new Shares are allotted and issued pursuant to the vesting and release of Awards under the Plan.

The Plan will result in a charge to earnings equivalent to the fair value of the Awards at the date of grant over the period from the date of grant of the Awards to the vesting date.

#### 5.5.4 Potential Cost of Granting 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.

FRS 102 is effective for the financial statements of the Company for the financial year beginning 1 January 2005. FRS 102 requires the recognition of an expense in respect of Awards granted under the Plan with a corresponding increase in the reserve account over the vesting period. The expenses will be based on the fair value of the Awards at the date of the grant and will be recognised over the expected vesting period. As at each financial year ended, the Company will revise its estimated number of Shares under the Awards that are expected to become exercisable on the vesting date and recognise the effect of the revision of estimates in the income statement with a corresponding adjustment to the reserve account over the remaining vesting period. After the vesting date, no adjustment to the charge to the income statement will be made.

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



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

### **6 THE PROPOSED PARTICIPATION BY NON-EXECUTIVE DIRECTORS IN THE SCHEME AND THE PLAN**

**6.1** The Scheme and the Plan are extended to Non-Executive Directors (including Independent Directors) of the Group. Although the Non-Executive Directors are not involved in the day-to-day running of the Group, they play an invaluable role in the Group's success by applying their experience, drawing on their knowledge and utilising their expertise for the benefit of the Group. It is desirable that the Non-Executive Directors (including Independent Directors) be allowed to participate in the Scheme and the Plan so as to give recognition to their services and contributions and to further align their interests with that of the Group and the Shareholders. The extension of the Scheme and the Plan to Non-Executive Directors (including Independent Directors) will also allow the Company to continue to attract onto its Board, directors who will be able to assist in furthering the business interests of the Group. This will help enhance the growth and long-term profitability of the Group.

**6.2** In order to minimise any possible conflicts of interest, and so as not to compromise the objectivity of independent members of the Board who may, in the future, be selected to participate in the Scheme and/or the Plan, the Non-Executive Directors (including Independent Directors) would primarily continue to be remunerated for their services by way of Directors' fees.

**6.3** The Committee when deciding on the selection of Non-Executive Directors to participate in the Scheme and/or the Plan, and the number of Shares and/or Awards to be offered (in accordance with the Scheme and the Plan respectively) 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 and/or Awards to him is being considered. As at the date of this Circular, the Non-Executive Directors are:

<b>Name of Director</b>	<b>Appointment</b>
Christopher Chong Meng Tak	Non-Executive Chairman/Independent Director
Peter Tan	Independent Director
Teo Cheng Kwee	Non-Executive Director

**6.4** As part of the Company's objective to attract talent to the Group, the Committee may in future grant Options and/or Awards to other Non-Executive Directors who may be appointed from time to time to the Group.

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## LETTER TO SHAREHOLDERS

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### **7 THE PROPOSED SHARE PURCHASE MANDATE**

Shareholders' approval is being sought at the EGM for the proposed Share Purchase Mandate by an ordinary resolution.

#### **7.1 Background**

7.1.1 Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by the Companies Act, the Catalist Rules, the Constitution and such other laws and regulations as may for the time being be applicable.

7.1.2 It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. It is also a requirement under the Catalist Rules that an issuer which wishes to purchase its own shares should obtain the prior approval of its shareholders in a general meeting. Accordingly, approval is being sought from Shareholders at the EGM for the proposed Share Purchase Mandate.

#### **7.2 Rationale for the Proposed Share Purchase Mandate**

7.2.1 The approval of the proposed Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the limit described in paragraph 7.3 below at any time, subject to market conditions, during the period when the proposed Share Purchase Mandate is in force.

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

- (a) the purchase by the Company of its issued shares is one of the ways in which the return on equity of the Company may be improved, thereby increasing Shareholder value. By obtaining a proposed Share Purchase Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the proposed Share Purchase Mandate is in force;
- (b) the proposed Share Purchase Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group's financial needs in an expedient and cost-effective manner;
- (c) Share buybacks also allow the Board to exercise control over the Company's share structure with a view to enhancing the EPS and/or the NTA value per Share; and
- (d) the Board further believes that Share purchases by the Company may help to mitigate short-term market volatility in the price of the Shares, off-set the effects of short-term speculation and bolster Shareholders' confidence.

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## LETTER TO SHAREHOLDERS

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- 7.2.3 If and when circumstances permit, the Board will decide whether to effect the Share purchase or acquisition, after taking into account the relevant factors such as the financial resources available, the prevailing market conditions and the cost and timing involved. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole.

### 7.3 Authority and Limits of the Proposed Share Purchase Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if approved at the EGM, are summarised below:

#### 7.3.1 Maximum Number of Shares

- (a) The total number of Shares which may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the number of the Company's issued Shares as at the date on which the resolution authorising the proposed Share Purchase Mandate is passed, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered.
- (b) For the above purposes, "**Relevant Period**" means the period commencing from the date on which the resolution authorising the proposed Share Purchase Mandate is passed, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.
- (c) Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit. As at the Latest Practicable Date, the Company does not hold any treasury shares.
- (d) Solely for illustrative purposes:
- (i) based on 15,550,174,212 Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the EGM, not more than 1,555,017,421 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate; and
- (ii) based on 622,006,968 Consolidated Shares (assuming that the Share Consolidation has been completed), and assuming that no further Shares are issued on or prior to the completion of the Share Consolidation, not more than 62,200,696 Consolidated Shares (representing 10% of the Consolidated Shares) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

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### 7.3.2 Duration of Authority

- (a) Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the EGM at which the proposed Share Purchase Mandate is approved, up to the earliest of:
  - (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
  - (ii) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority conferred by the proposed Share Purchase Mandate is revoked or varied by the Shareholders in general meeting.
- (b) The proposed Share Purchase Mandate may be renewed at subsequent annual general meetings or other general meetings of the Company.

### 7.3.3 Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be effected by the Company by way of:

- (a) on-market purchases (“**Market Purchases**”), transacted on the SGX-ST through the ready market through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“**Off-Market Purchases**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the proposed Share Purchase Mandate, the Catalist Rules and the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of 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; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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## LETTER TO SHAREHOLDERS

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Under Rule 870 of the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed purchase or acquisition of Shares;
- (D) the consequences, if any, of the purchase or acquisition of Shares that will arise under the Take-over Code or other applicable take-over rules;
- (E) whether the purchase or acquisition of Shares, if made, could affect the listing of the Company's shares on the SGX-ST;
- (F) details of any share purchase made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (G) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

### 7.3.4 Maximum purchase price

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

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase, 115% of the Average Closing Price (as defined hereinafter),

(each, the "**Maximum Price**").

For the above purposes:

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

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## LETTER TO SHAREHOLDERS

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“**date of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, 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.

### 7.4 Status of Purchased Shares

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

7.4.2 At the time of each purchase of Shares by the Company, the Board will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Board deems fit in the interests of the Company at that time.

7.4.3 Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) *Maximum Holdings*

The maximum number of treasury shares which may be held by the Company is as follows:

- (i) the Company if having only one (1) class of shares shall not hold treasury shares exceeding 10% of the total number of such shares; or
- (ii) the Company if having more than one (1) class of shares shall not hold treasury shares of that class exceeding 10% of the total number of issued shares in that class at any time;

and in the event that the Company holds in its treasury more than 10% of the total number of issued shares in any class of its shares, it shall cancel the excess within six (6) months or such further period as the Registrar may allow.

(b) *Voting and Other Rights*

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

Further, no dividend may be paid, and no other distribution of the Company’s assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

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## LETTER TO SHAREHOLDERS

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(c) *Disposal and Cancellation*

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

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

7.4.4 Under Rule 704(31) of the Catalist Rules, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

### 7.5 Source of Funds

7.5.1 The Companies Act permits any purchase or acquisition of shares to be made out of a company's capital or profits so long as the company is solvent. Such a payment shall include any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of Shares. For this purpose, a company is solvent if:

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



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- (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
  - (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).
- 7.5.2 The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the proposed Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the proposed Share Purchase Mandate, the Board will, principally consider the availability of internal resources. In addition, the Board will also consider the availability of external financing. However, in considering the option of external financing, the Board will consider particularly the prevailing gearing level of the Group. The Board will only make purchases or acquisitions pursuant to the proposed Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

### 7.6 Financial Effects

- 7.6.1 The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares, whether the purchase or acquisition was made out of profits and/or capital and whether the Shares purchased or acquired are held in treasury or cancelled.

7.6.2 Purchase or acquisition made out of capital and/or profits

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration will correspondingly reduce the share capital of the Company but the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Company and the Group, and thus the current assets and shareholders' funds of the Company and the Group. This will result in an increase in the gearing ratios of the Company and the Group and a decline in the current ratios of the Company and the Group. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the price paid for such Shares.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Company and the Group, and a decline in the current ratios and shareholders' funds of the Company and the Group, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.



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### 7.6.3 Number of Shares purchased or acquired

For illustrative purposes only, on the basis of 15,550,174,212 Shares as at the Latest Practicable Date, assuming that no further Shares are issued on or prior to the EGM and that the Share Consolidation has not taken place, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 1,555,017,421 Shares.

### 7.6.4 Maximum Price paid for Shares purchased or acquired

In the case of Market Purchase by the Company, assuming the Share Consolidation has not taken place and assuming that the Company purchases or acquires 1,555,017,421 Shares at the Maximum Price of S\$0.0038 per Share (being the price equivalent to 105% of the Average Closing Price of the Share traded on the SGX-ST for the five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 1,555,017,421 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$5,909,100.

In the case of an Off-Market Purchase by the Company, assuming the Share Consolidation has not taken place and assuming that the Company purchases or acquires 1,555,017,421 Shares at the Maximum Price of S\$0.0041 per Share (being the price equivalent to 115% of the Average Closing Price of the Share traded on the SGX-ST for the five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 1,555,017,421 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$6,375,600.

### 7.6.5 Illustrative Financial Effects

For illustrative purposes only, on the basis of the assumptions set out below and based on the audited financial statements of the Group for FY2015 and assuming that:

- (i) the proposed Share Purchase Mandate had been effective on 1 January 2015;
- (ii) the purchases or acquisitions of Shares are financed solely by non-current borrowings with no interest charged on the borrowings;
- (iii) there were no expenses incurred directly in such purchases of Shares; and
- (iv) the Share Consolidation has not taken place,

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the financial effects of the purchase or acquisition of such Shares by the Company based on the audited financial statements of the Group for FY2015 would have been as follows:

31 December 2015	Before Share Purchase RMB'000	After Share Purchase assuming Market Purchase RMB'000		After Share Purchase assuming Off-Market Purchase RMB'000	
		Shares cancelled	Shares held as treasury shares	Shares cancelled	Shares held as treasury shares
<b>Capital and Reserves</b>					
Share capital	471,355	447,480	471,355	445,206	471,355
Treasury Shares	–	–	(23,875)	–	(26,149)
Reserves	(450,264)	(450,264)	(450,264)	(450,264)	(450,264)
<b>Total Equity</b>					
<b>Attributable to Owners</b>	21,091	(2,784)	(2,784)	(5,058)	(5,058)
Non-controlling interest	44,467	44,467	44,467	44,467	44,467
<b>Total Equity</b>	65,558	41,683	41,683	39,409	39,409
<b>Current assets</b>					
	202,884	202,884	202,884	202,884	202,884
<b>Current liabilities</b>					
	261,886	261,886	261,886	261,886	261,886
<b>Total borrowings</b>					
	101,980	125,855	125,855	128,129	128,129
<b>Cash and cash equivalents</b>					
	18,356	18,356	18,356	18,356	18,356
<b>Number of issued Shares ('000)</b>					
	15,550,174	13,995,157	13,995,157	13,995,157	13,995,157
<b>Financial ratios</b>					
Basic EPS (fens)	0.05	0.05	0.05	0.05	0.05
NTA per Share <sup>(1)</sup> (fen)	0.71	0.62	0.62	0.60	0.60
Current ratio (times)	0.78	0.78	0.78	0.78	0.78
Gearing ratio (%) <sup>(2)</sup>	155.56	301.94	301.94	325.13	325.13
Return on Equity (%) <sup>(3)</sup>	35.55	(269.26)	(269.26)	(148.22)	(148.22)

**Notes:**

- (1) "NTA per Share" is calculated based on the Net Tangible Assets (total assets less total liabilities, intangible assets and deferred tax assets, and adding back deferred tax liabilities).
- (2) "Gearing ratio" is calculated using the ratio of total borrowings to total equity.
- (3) "Return on Equity" is calculated based on the net profits attributable to owners of the Company and total equity less non-controlling interests.

**SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE PURELY FOR ILLUSTRATIVE PURPOSES ONLY AND HAVE BEEN PREPARED ON THE ASSUMPTION THAT THE COMPANY EXERCISES THE PROPOSED SHARE PURCHASE MANDATE UP TO 10% IN THE CASE OF MARKET PURCHASES AND 10%**

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**IN THE CASE OF OFF-MARKET PURCHASES, BEING THE MAXIMUM NUMBER OF SHARES THE COMPANY IS ABLE TO PURCHASE UNDER THE SHARE PURCHASE MANDATE, HAVING REGARD TO (i) THE REQUIREMENT FOR THE COMPANY TO REMAIN SOLVENT AND (ii) THE MAXIMUM PRICES AS CALCULATED IN THE MANNER PROVIDED FOR ABOVE.**

Shareholders should also note that the financial effects as set out above do not necessarily provide a comprehensive illustration of the actual future financial position and performance of the Company following completion of the Share Consolidation as the Company has, since its FY2015 audited consolidated financial statements, increased its issued share capital to approximately S\$112,439,820 divided into 15,550,174,212 Share pursuant to the issuance of the 2016 Shares.

**SHAREHOLDERS SHOULD NOTE THAT ALTHOUGH THE PROPOSED SHARE PURCHASE MANDATE WOULD AUTHORISE THE COMPANY TO PURCHASE OR ACQUIRE UP TO 10% OF THE ISSUED SHARES, THE COMPANY MAY NOT NECESSARILY PURCHASE OR ACQUIRE OR BE ABLE TO PURCHASE OR ACQUIRE THE ENTIRE 10% OF THE ISSUED SHARES. IN PARTICULAR, THE MAXIMUM NUMBER OF SHARES THAT THE COMPANY MAY PURCHASE UNDER THE PROPOSED SHARE PURCHASE MANDATE IS LIMITED TO THE EXTENT THAT THE COMPANY WILL REMAIN SOLVENT. THE DIRECTORS DO NOT INTEND TO EXERCISE THE PROPOSED SHARE PURCHASE MANDATE UP TO THE MAXIMUM LIMIT IF SUCH EXERCISE WOULD MATERIALLY AND ADVERSELY AFFECT THE FINANCIAL POSITION OF THE GROUP.**

For illustrative purposes, it has been assumed that the purchases or acquisitions of Shares are financed solely by internal resources. Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be an increase in the gearing ratio of the Group and a decline in the current ratios of the Group, with the actual impact dependent on, *inter alia*, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

**Shareholders should also note that the financial effects set out above are for illustration purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, Shareholders should note that the above analysis is based on the audited financial statements of the Group for FY2015 and is not necessarily representative of future financial performance.**

The Company may take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

### **7.7 Reporting Requirements**

The Companies Act and the Catalist Rules require the Company to make reports in relation to the proposed Share Purchase Mandate as follows:

- (a) within 14 days of the passing of a Shareholders' resolution to approve purchases of Shares, the Company must lodge a copy of such resolution with ACRA;

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- (b) the Company must notify ACRA, within 14 days of a purchase of Shares on the SGX-ST or otherwise. Such notification in the form as may be prescribed by the ACRA shall include details of the date of the repurchase, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase of Shares, the Company's issued share capital after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required;
- (c) under Rule 871 of the Catalist Rules, purchases of Shares must be reported to the SGX-ST in the forms prescribed by the Catalist Rules and announced to the public in the case of Market Purchases, not later than 9.00 a.m. on the Market Day following the day of purchase of any of its Shares and in the case of Off-Market Purchases, not later than 9.00 a.m. on the second Market Day after the close of acceptances of the offer made by the Company; and
- (d) in its annual report and accounts, the Company shall make disclosure of details pertaining to purchases of Shares made during the year, including the total number of Shares purchased during the financial year under review, the purchase price per Share or the highest and lowest prices paid for the purchases, and where relevant, the total consideration paid.

### 7.8 Catalist Rules

- 7.8.1 While the Catalist Rules do 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 or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate in any of the following circumstances:
- (a) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board of Directors until the price-sensitive information has been publicly announced; and
  - (b) during the period commencing one month immediately preceding the announcement of the Company's full-year results and the period of two weeks before the announcement of the Company's first quarter, second quarter and third quarter results.
- 7.8.2 The Catalist Rules require a listed company to ensure that at least 10% of any class of its listed securities must be held by Public Shareholders. As at the Latest Practicable Date, approximately 54.26% of the issued Shares are held by Public Shareholders. Assuming that the Company undertakes purchases or acquisitions of its Shares up to the full 10% limit permitted under the proposed Share Purchase Mandate, approximately 44.26% of the issued Shares will be held by Public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by Public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the Catalist, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

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### 7.9 Take-over Implications

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

(a) Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

(b) Persons Acting in Concert

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

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

- (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

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

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

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

### 7.9.2 Exemption from the requirement to make a general offer

- (a) As at the Latest Practicable Date, a Controlling Shareholder of the Company, Mr Luo Shandong, holds approximately 27.70% of the issued shares of the Company (excluding treasury shares) as set out in paragraph 9 below.
- (b) Based on Mr Luo's shareholding as set out above, in the event the Company undertakes Share buybacks under the Share Purchase Mandate up to the maximum of 10% of the issued share capital of the Company as permitted by the Share Purchase Mandate, the shareholdings and voting rights of Mr Luo will increase from 27.70% to 30.78%.
- (c) However, as Mr Luo is not considered to be a person acting in concert with the Directors of the Company, in the event that the shareholding and voting rights of Mr Luo increases to 30% or more as a result of Share buybacks, he will not be required to make a general offer to the other Shareholders under Rule 14.1(a) pursuant to Appendix 2 of the Take-over Code as described above.

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

7.9.4 **The statements in this Circular do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers, the Securities Industry Council or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any purchase or acquisition of Shares by the Company.**

### 7.10 **Tax implications arising from Share Purchases**

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

### 7.11 **Shares Purchased by the Company**

The Company has not made any Share buy-back in the 12 months preceding the Latest Practicable Date.

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## LETTER TO SHAREHOLDERS

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### 7.12 Interested Persons

The Company is prohibited from knowingly buying Shares on the Official List of SGX-ST from an interested person, that is, a Director, the chief executive officer of the Company or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

## 8 THE PROPOSED ADOPTION OF A NEW CONSTITUTION FOR THE COMPANY

### 8.1 The Companies (Amendment) Act 2014

The Companies (Amendment) Act 2014 (the “**Amendment Act**”), which was passed in Parliament on 8 October 2014 and took effect in two phases on 1 July 2015 and 3 January 2016, introduced wide-ranging changes to the Companies Act. The changes aim to reduce the regulatory burden on companies, provide for greater business flexibility and improve the corporate governance landscape in Singapore. The key changes include the introduction of a multiple proxies regime to enfranchise indirect investors and CPF investors, provisions to facilitate the electronic transmission of notices and documents, and the merging of the memorandum and articles of association of a company into one document called the “constitution”.

### 8.2 New Constitution

The Company is proposing to adopt a new constitution (the “**New Constitution**”), which will replace the existing constitution (the memorandum and articles of association of the Company which were in force immediately before 3 January 2016, the (“**Existing Constitution**”)), and incorporate amendments to take into account the changes to the Companies Act introduced pursuant to the Amendment Act. At the same time, the existing objects clause will be replaced with a general provision giving the Company full capacity to carry on or undertake any business or activity, do any act or enter into any transaction. The New Constitution also contains updated provisions which are consistent with the prevailing listing rules of the SGX-ST in compliance with Rule 730 of the Catalist Rules, as well as to take into account the provisions of the Personal Data Protection Act relating to the collection, use and disclosure of personal data, and to streamline and rationalise certain other provisions.

### 8.3 Summary of Key Regulations in the New Constitution

The following is a summary of the key regulations of the New Constitution which are significantly different from the equivalent articles in the Existing Constitution. The Appendix I of this Circular contains the text of the key regulations in the New Constitution which are significantly different from the equivalent articles in the Existing Constitution, or which have been included in the New Constitution as new regulations.

#### 8.3.1 *Amendments in view of the Amendment Act*

The following amendments to the Existing Constitution are in line with the Companies Act as amended pursuant to the Amendment Act:

- (a) Regulation 2 (Article 2 of Existing Constitution). Regulation 2 is the interpretation section of the New Constitution and includes the following additional/revised provisions:



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- (i) a new definition of “Applicable Laws” that includes the Companies Act, the Securities and Futures Act and the Catalist Rules. Regulations within the Constitution that provide for various rights that Directors and Shareholders may be granted have been described as being subject to Applicable Laws, and Regulations that place obligations on Directors and Shareholders have been described as being “as required by Applicable Laws”. This provides for flexibility in the New Constitution to allow the Company to refrain from certain actions, or take certain actions allowed by changes in the applicable laws without having to make amendments to the New Constitution;
  - (ii) new definition of “Chief Executive Officer” as having the meaning ascribed to “chief executive officer” in the Companies Act, in line with the new provisions in the Amendment Act relating to chief executive officers, and a new definition of “Managing Director” has been included to clarify that a Chief Executive Officer who is also a Director of the Company shall be considered to be the Managing Director;
  - (iii) new definitions of “registered address” and “address” to make it clear that these expressions mean, in relation to any Shareholder, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly specified;
  - (iv) new regulation stating that the expressions “current address”, “electronic communication”, “relevant intermediary”, “special resolution” and “treasury shares” shall have the meanings ascribed to them respectively in the Companies Act, in light of the introduction of the new provisions facilitating electronic communication and the multiple proxies regime pursuant to the Amendment Act;
  - (v) revised regulation stating that the terms “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them in the Securities and Futures Act as the provisions in relation to the Central Depository System in the Companies Act have migrated to the Securities and Futures Act; and
  - (vi) revised definition of “writing” and new definition of “written” to clarify that the terms “writing” and “written” include any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form.
- (b) Regulation 14 (Article 14 of Existing Constitution). The requirement to disclose the amount paid on the shares in the share certificate relating to those shares has been removed in Regulation 14. A share certificate need only state, *inter alia*, the number and class of the shares, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares. This follows the amendments to Section 123(2) of the Companies Act pursuant to the Amendment Act.



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- (c) Regulation 51 (Article 51 of Existing Constitution). Regulation 51, which relates to the Company's power to alter its share capital, has new provisions which:
- (i) empower the Company, by ordinary resolution, to convert its share capital or any class of shares from one currency to another currency. This is in line with the new Section 73 of the Companies Act, which sets out the procedure for such re-denominations; and
  - (ii) empower the Company, by special resolution, to convert one class of shares into another class of shares. This is in line with the new Section 74A of the Companies Act, which sets out the procedure for such conversions.
- (d) Regulation 58 (Article 58 of Existing Constitution). Regulation 58, which relates to the special business that is transacted at an annual general meeting, has been revised to substitute the references to "accounts" with "financial statements", and references to "reports of the Directors" with "Directors' statement", for consistency with the updated terminology in the Companies Act.
- (e) Regulations 58, 127 and 128 (Articles 58, 127 and 128 of Existing Constitution). Regulation 128 which relate to the sending of the copies of the Company's financial statements and related documents to Shareholders, additionally provides that such documents may, subject to the listing rules of the SGX-ST, be sent less than 14 days before the date of the general meeting with the agreement of all persons entitled to receive notices of general meetings. This is in line with new Section 203(2) of the Companies Act, which provides that the requisite financial statements and other related documents may be sent less than 14 days before the date of the general meeting at which they are to be laid if all the persons entitled to receive notice of general meetings of the company so agree. Notwithstanding this proviso, the Company is currently required to comply with Rule 707(2) of the Catalist Rules, which provides that an issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting.

The references to the Company's "accounts", "profit and loss account(s)" and Directors' "reports" have also been updated/substituted in Regulations 58, 127 and 128 with references to "financial statements" and Directors' "statements", as appropriate, for consistency with the updated terminology in the Companies Act.

- (f) Regulation 64(2) (Article 64(2) of Existing Constitution). Regulation 64(2), which relates to the method of voting at a general meeting where mandatory polling is not required, has been revised to reduce the threshold for eligibility to demand a poll from 10% to 5% of the total voting rights of the members having the right to vote at the meeting, or of the total sum paid up on all the shares conferring that right. This is in line with Section 178 of the Companies Act, as amended pursuant to the Amendment Act.

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- (g) Regulations 71 and 75 (Articles 71 and 75 of Existing Constitution). Regulations 71 and 75, which relate to the voting rights of Shareholders and the appointment of proxies, have new provisions which cater to the multiple proxies regime introduced by the Amendment Act. The multiple proxies regime allows “relevant intermediaries”, such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, to appoint more than two proxies to attend, speak and vote at general meetings. In particular:
- (i) a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies to attend, speak and vote at general meetings of the Company;
  - (ii) the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 (previously 48) hours before the time of the relevant general meeting. Consequential changes have also been made in the Constitution to make it clear that the number of votes which a Depositor or his proxy can cast on a poll is the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting. This is in line with new Section 81SJ(4) of the Securities and Futures Act; and
  - (iii) the cut-off time for the deposit of proxies has been extended from 48 to 72 hours before the time appointed for holding the general meeting. This is in line with Section 178(1)(c) of the Companies Act, as amended pursuant to the Amendment Act.

Regulation 75 has been further amended to include a new sub-provision (5) to clarify that:

- (i) a Shareholder who has deposited an instrument appointing any number of proxies to vote on his behalf at general meetings shall not be precluded from attending and voting in person at that general meeting; and
- (ii) any such appointment of all the proxies concerned shall be deemed to be revoked upon the attendance of the Shareholder appointing the proxy/proxies at the relevant general meeting.

The clarifications above are in line with paragraph 3.3 of Practice Note 7E of the Catalist Rules, which provides that if a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointment of the proxy should be revoked, and that there must be sufficient systems or processes in place at the meeting to identify and cancel the appointment of the proxy at the point when the shareholder attends the meeting.

- (h) Regulation 85 (Articles 85 of Existing Constitution). Regulation 85, which relates to interests in transactions under Section 156 of the Companies Act, has been amended to set out the disclosure requirements imposed on Directors and the Chief Executive Officer of the Company. In particular, the amended Regulation 85 allows the Directors and Chief Executive Officer to disclose such interest by way of a written notice to the Company containing the details on the nature, character and extent of his interest in the transaction or proposed transactions. This is in line with Section 156 of the Companies Act, as amended pursuant to the Amendment Act.

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New provisions have also been included in Regulation 85(1) to allow any Chief Executive Officer (where the Chief Executive Officer is not a Director) to attend a meeting of the Directors for the purposes of making a disclosure under Section 156 of the Companies Act, in line with new sub-Section 156(12) of the Companies Act.

- (i) Regulations 86 and 126 (Articles 86 and 126 of Existing Constitution). Regulation 86, which relates to the keeping of registers and other records, has been updated to provide that records of the Company may be kept either in hard copy or in electronic form, in line with new Section 395 of the Companies Act. Regulation 86 has further been amended to provide that where the records are kept otherwise than in hard copy, the Directors shall take reasonable precautions for ensuring the proper maintenance and authenticity of such records, guarding against falsification of such records, and facilitating the discovery of any such falsifications. This is in line with the new Section 396 of the Companies Act.

Regulation 126, which relates to the keeping of accounting records, has been amended to recognise that such records may be kept in hard copy or electronic form.

- (j) Regulation 96 (Article 96 of Existing Constitution). Regulation 96, which relates to the filling of the office vacated by a retiring Director in default circumstances except in certain cases, has been revised to remove the event of a Director attaining any applicable retiring age as an exception to a deemed re-election to office. This follows the repeal of Section 153 of the Companies Act and removal of the 70-year age limit for directors of public companies and subsidiaries of public companies.
- (k) Regulation 97 (Article 97 of Existing Constitution). Regulation 97, which relates to the general powers of the Directors to manage the Company's business, clarifies that the business and affairs of the Company are to be managed by, or under the direction of or, additionally, under the supervision of, the Directors. This is in line with Section 157A of the Companies Act, as amended pursuant to the Amendment Act.
- (l) Regulation 142 (Article 141 of Existing Constitution). Regulation 142, which relates to the service of notices to Shareholders, has new provisions to facilitate the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to the new Section 387C of the Companies Act.

Under the new Section 387C, notices and documents may be given, sent or served using electronic communications with the express, implied or deemed consent of the member in accordance with the constitution of the company.

There is express consent if a shareholder expressly agrees with the company that notices and documents may be given, sent or served on him using electronic communications. There is deemed consent if the constitution (a) provides for the use of electronic communications and specifies the mode of electronic communications, and (b) specifies that shareholders will be given an opportunity to elect, within a specified period of time, whether to receive electronic or physical copies of such notices and documents, and the shareholder fails to make an election within the specified period of time. There is implied consent if the constitution (a) provides for the use of electronic communications and specifies the mode of electronic communications, and (b) specifies that shareholders agree to receive such notices or documents by way of electronic communications and do not have a right to elect to

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receive physical copies of such notices and documents. Certain safeguards for the use of the deemed consent and implied consent regimes are prescribed under the new regulation 89C of the Companies Regulations.

The new Section 387C was introduced to give effect to recommendations by the Steering Committee for Review of the Companies Act to ease the rules for the use of electronic transmission and to make them less prescriptive, and these recommendations were accepted by the Ministry of Finance (“MOF”). In accepting these recommendations, the MOF noted the concerns of some shareholders who would prefer to have an option to receive physical copies of the notices and documents, notwithstanding that the company adopts the implied consent regime, and indicated that such shareholders could highlight their concerns when a company proposes amendments to its constitution to move to an implied consent regime.

Shareholders who are supportive of the new deemed consent and implied consent regimes for electronic communications may vote in favour of the adoption of the New Constitution, which incorporates new provisions (contained in Regulation 142) to facilitate these regimes, while Shareholders who are not supportive of the new regimes may vote against it.

Regulation 142 provides that:

- (i) notices and documents may be sent to Shareholders using electronic communications either to a Shareholder’s current address (which may be an email address) or by making it available on a website;
- (ii) if permitted by the prevailing listing rules of any stock exchange upon which shares in the Company may be listed, for these purposes, a Shareholder is deemed to have agreed to receive such notice or document by way of electronic communications and shall not have a right to elect to receive a physical copy of such notice or document (this is the implied consent regime permitted under the new Section 387C); and
- (iii) if the Company is not permitted by the prevailing listing rules of any stock exchange upon which shares in the Company may be listed, to regard a member as having deemed to have agreed to receive such notice or document by way of such electronic communications in the manner prescribed under sub-paragraph (ii) above, for these purposes, Shareholders shall be given an opportunity to elect to opt out of receiving such notice or document by way of electronic communications, and a Shareholder is deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity but failed to opt out within the specified time (this is the deemed consent regime permitted under the new Section 387C).

Regulation 142 additionally provides for when service is effected in the case of notices or documents sent by electronic communications. In particular, where a notice or document is made available on a website, it is deemed served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Companies Act and/or other applicable regulations or procedures. Further, in the case of service on a website, the Company must give separate notice of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by (1) sending such

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separate notice to Shareholders personally or by post, and/or (2) sending such separate notice to Shareholders' current addresses (which may be email addresses), and/or (3) by way of advertisement in an English daily newspaper in circulation in Singapore, and/or (4) by way of announcement on any stock exchange upon which shares in the Company may be listed.

Under the new regulation 89D of the Companies Regulations, notices or documents relating to takeover offers and rights issues are excluded from the application of Section 387C and therefore cannot be transmitted by electronic means pursuant to Section 387C.

As at the Latest Practicable Date, the outcome of a public consultation by the SGX-ST on, *inter alia*, whether listed issuers should be allowed to send notices and documents to shareholders electronically under the new regimes permitted under the Companies Act is not known yet. In its consultation, the SGX-ST had also asked for comments on additional safeguards in relation to the new regimes.

If the SGX-ST's listing rules are amended to allow listed issuers to obtain their shareholders' consent to receive notices and documents by implied consent, the Company will transmit notices and documents electronically using the implied consent regime, subject to such safeguards as may be prescribed by the SGX-ST. Nevertheless, if any Shareholder would like to receive physical copies of such notices and documents and makes a request to the Company, the Company will provide the Shareholder with the physical copies requested.

There is, however, no certainty that the listing rules will be amended to allow electronic transmission of notices and documents under the new regimes. Going forward, for so long as the Company is listed on the SGX-ST, the Company will not make use of the new regimes to transmit notices or documents electronically to Shareholders unless the listing rules of the SGX-ST allow it, and the Company will comply with the listing rules of the SGX-ST on the subject.

- (m) Regulation 150 (Article 149 of Existing Constitution). Regulation 150, which relates to Directors' indemnification, has been expanded to permit the Company, subject to the provisions of and so far as may be permitted by the Companies Act, to indemnify a Director against losses "to be incurred" by him in the execution of his duties. This is in line with new Sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred "or to be incurred" by him in defending court proceedings or regulatory investigations.

### 8.3.2 ***Amendments in view of the Catalist Rules***

Rule 730 of the Catalist Rules provides that if an issuer amends its Constitution or other constituent documents, they must be made consistent with the Catalist Rules prevailing at the time of amendment.

The following amendments to the Existing Constitution are in line with the Catalist Rules prevailing as at the Latest Practicable Date.

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- (a) Regulations 31 and 33 (Articles 31 and 33 of Existing Constitution). Regulation 33, which relates to the Directors' discretion to refuse to register a transfer of shares, has been amended to be in line with Rule 733 of the Catalist Rules, which provides that if an issuer refuses to register a transfer of a security, it must give to the lodging party written notice of the refusal containing the precise reasons justifying the refusal within 10 market days after the date on which the transfer was lodged with the issuer. Consequential changes have been made to Regulation 31.
- (b) Regulation 54 (Article 54 of Existing Constitution). Regulation 54, which relates to the annual general meetings of the Company, has been amended to provide that such annual general meetings shall be held within the Republic of Singapore, in line with Rule 730A(1) of the Catalist Rules.
- (c) Regulation 57 (Article 57 of Existing Constitution). Regulation 57, which relates to notice of general meetings, clarifies that the requirement for at least 14 days' notice of any general meeting to be given by advertisement in an English daily newspaper in circulation in Singapore and in writing to any stock exchange upon which shares in the Company may be listed only applies so long as the shares in the Company are listed on any stock exchange. This is in line with paragraph (7) of Appendix 4C of the Catalist Rules.
- (d) Regulations 64, 65, 71 and 75 (Articles 64, 65, 71 and 75 of Existing Constitution). Regulation 64, which relates to the method of voting at general meetings, has new provisions to make it clear that, if required by the listing rules of any stock exchange upon which shares in the Company may be listed, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the stock exchange). Consequential changes have been made to Regulations 65, 71, and 75. These changes are in line with Rule 730A of the Catalist Rules.

Regulation 64 has also been amended to include sub-provision (4), which provides that at least one scrutineer will be appointed for each general meeting, who shall be independent of the persons undertaking the polling process. This amendment is in line with Rule 730A(3) of the Catalist Rules.

### 8.3.3 **Objects Clauses**

To be in line with Section 23 of the Companies Act, the Company proposes to include a general regulation in the New Constitution to the effect that, subject to the provisions of the Companies Act and any other written law and the New Constitution, the Company has:

- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- (b) for the purposes of paragraph (a) above, full rights, powers and privileges.

The Company will have all the powers of a natural person, with full capacity and ability to carry on or undertake any business or activity, and to enter into any transaction, subject to the restrictions imposed by the New Constitution, the Companies Act, the Catalist Rules and any other applicable laws, rules and regulations.



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### 8.3.4 ***Amendments in view of the Personal Data Protection Act***

In general, under the Personal Data Protection Act, an organisation can only collect, use or disclose the personal data of an individual with the individual's consent, and for a reasonable purpose which the organisation has made known to the individual. The new Regulation 151 specifies, amongst others, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of Shareholders and their appointed proxies or representatives.

### 8.3.5 ***General***

The following amendments to the Existing Constitution are to update, streamline and rationalise the New Constitution.

- (a) Regulation 54 (Article 54 of Existing Constitution). Regulation 54, which sets out, *inter alia*, the time-frame for holding annual general meetings, has been revised to make it clear that an annual general meeting shall be held once every year within a period of not more than 15 months after the last preceding annual general meeting, but that this is save as otherwise permitted under the Companies Act. This will provide the Company with the flexibility, if the need to do so should arise, to apply for an extension of the 15-month period between annual general meetings in accordance with the provisions of the Companies Act, notwithstanding that the period may extend beyond the calendar year.
- (b) Regulation 58 (Article 58 of Existing Constitution). Regulation 58, which relates to the special and routine business that is transacted at an annual general meeting, has been revised to expand the routine business items to include (i) in addition to the appointment of the Auditor, the re-appointment of the Auditor; (ii) fixing the fees of the Directors; and (iii) revising the language pertaining to the election of Directors to mean the appointment or re-election of Directors.
- (c) Regulation 62(1) (Article 62 of Existing Constitution). Regulation 62(1) is a new provision that has been included in the New Constitution to clarify that no business or question shall, under any pretext whatsoever, be brought forward or discussed in any general meeting after the chairman has declared the general meeting to be over and left the chair.
- (d) Regulations 75 and 76 (Articles 75 and 76 of Existing Constitution). Regulation 75, which relates to the appointment of proxies, has new provisions to facilitate the appointment of a proxy through electronic means online. In particular, it provides that a Shareholder can elect to signify his approval for the appointment of a proxy via electronic communication, through such method and in such manner as may be approved by the Directors, in lieu of the present requirement of signing, or where applicable, the affixation of the corporate Shareholder's common seal.

For the purpose of accommodating the deposit by Shareholders, and receipt by the Company, of electronic proxy instructions by Shareholders who elect to use the electronic appointment process, Regulation 76, which relates to the deposit of proxies, has new provisions which authorise the Directors to prescribe and determine the manner of receipt by the Company of the instrument appointing a proxy through digital means.

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- (e) Regulations 77 and 96 (Articles 77 and 96 of Existing Constitution). These Regulations have been updated to substitute the references to persons of unsound mind with references to persons who are mentally disordered and incapable of managing himself or his affairs, following the enactment of the Mental Health (Care and Treatment) Act which repealed and replaced the Mental Disorders and Treatment Act.
- (f) Regulation 117 (Article 117 of Existing Constitution). Regulation 117 relates to the appointment of a Managing Director. This Regulation has been amended to subject the Managing Director to retirement by rotation at annual general meetings of the Company to be in line with good corporate governance.
- (g) Regulation 141 (New Regulation). Regulation 141, which grants the Directors the power to capitalise reserves and apply the profits arising from such capitalisation to issue new shares for the purposes of share-based incentive plans or for the benefit of non-executive Directors as part of their Directors' remuneration, has been inserted into the New Constitution to facilitate the implementation of share-based incentive plans and to enable the Company, if it so desires, to remunerate its non-executive Directors by way of Directors' fees in the form of shares, or in a combination of cash and shares.

### 9 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND SHAREHOLDING STRUCTURE OF THE COMPANY

- 9.1 The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	Shareholding (%) <sup>(1)</sup>	Number of Shares	Shareholding (%) <sup>(1)</sup>	Number of Shares	Shareholding (%) <sup>(1)</sup>
<b>Director(s)</b>						
Christopher Chong Meng Tak <sup>(2)</sup>	277,777,777	1.79	–	–	277,777,777	1.79
Tan Thiam Hee <sup>(3)</sup>	–	–	–	–	–	–
Peter Tan <sup>(4)</sup>	–	–	–	–	–	–
Teo Cheng Kwee <sup>(5)</sup>	500,000,000	3.22	–	–	500,000,000	3.22
Wong Pak Him Patrick <sup>(6)</sup>	2,025,823,037	13.03	–	–	2,025,823,037	13.03
<b>Substantial Shareholder(s)</b>						
Luo Shandong	3,735,271,623	24.02	571,963,300 <sup>(7)</sup>	3.68	4,307,234,923	27.70

**Notes:**

- (1) Calculated based on 15,550,174,212 Shares in the capital of the Company, and assuming that the Relevant Warrants have not been exercised.
- (2) Mr Christopher Chong Meng Tak also has interests in 277,777,777 Outstanding Warrants and has been granted 50,000,000 Outstanding Options under the Previous Scheme.
- (3) Mr Tan Thiam Hee has been granted 125,000,000 Outstanding Options under the Previous Scheme.
- (4) Mr Peter Tan has been granted 50,000,000 Outstanding Options under the Previous Scheme.
- (5) Mr Teo Cheng Kwee has been granted 50,000,000 Outstanding Options under the Previous Scheme.
- (6) Mr Wong Pak Him Patrick has been granted 50,000,000 Outstanding Options under the Previous Scheme.
- (7) Mr Luo Shandong is deemed interested in 571,963,300 shares held by Shenwan Hongyuan (H.K.) Limited as his nominee.



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**9.2** All the Directors are eligible to participate in, and are therefore interested in, the Scheme and the Plan.

**9.3** Save as disclosed in this Circular, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Share Consolidation, the Capital Reduction, the proposed termination of the Previous Scheme, the proposed adoption of the Scheme, the proposed adoption of the Plan, the Share Purchase Mandate and the adoption of the New Constitution other than through their respective shareholdings (if any) in the Company.

### **10 DIRECTORS' RECOMMENDATIONS**

#### **10.1 Share Consolidation**

After having considered, amongst other things, the rationale for the Share Consolidation, the Directors are of the view that the Share Consolidation is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Share Consolidation.

#### **10.2 Capital Reduction**

After having considered, amongst other things, the rationale for the Capital Reduction, the Directors are of the view that the Capital Reduction is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Capital Reduction.

#### **10.3 The proposed termination of the Previous Scheme**

Subject to the Shareholders' approval sought at the EGM, all Directors who are eligible to participate in the Previous Scheme have abstained from making any recommendation on, and in the case of Directors who are Shareholders, they shall abstain from voting in respect of Ordinary Resolution 3 to be proposed at the EGM, being the resolution relating to the proposed termination of the Previous Scheme.

#### **10.4 The Employee Share Option Scheme 2016**

All of the Directors are eligible to participate in, and are therefore interested in the Scheme. Accordingly, the Directors have abstained from making any recommendation to Shareholders in respect of the Scheme.

#### **10.5 The Performance Share Plan 2016**

All of the Directors are eligible to participate in, and are therefore interested in the Plan. Accordingly, the Directors have abstained from making any recommendation to Shareholders in respect of the Plan.

#### **10.6 The Proposed Share Purchase Mandate**

After having considered, amongst other things, the rationale for the proposed Share Purchase Mandate, the Directors are of the view that the proposed Share Purchase Mandate is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the proposed Share Purchase Mandate.

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### **10.7 The Proposed Adoption of a New Constitution for the Company**

The Directors are of the view that the adoption of the New Constitution is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the adoption of the New Constitution.

- 10.8** In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

### **11 EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on page 85 of this Circular, will be held at 137 Cecil Street, Hengda Building #03-01, Singapore 069537 on 21 November 2016 (Monday) at 9.30 a.m., for the purpose of considering and, if thought fit, passing with or without modification the Resolutions set out in the Notice of EGM.

### **12 ACTION TO BE TAKEN BY THE SHAREHOLDERS**

- 12.1** Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624, not less than 48 hours before the time for holding the EGM. The appointment of a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy.

- 12.2** A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the EGM.

### **13 ABSTENTION FROM VOTING**

- 13.1** The Company will ensure that Shareholders who are entitled to participate in the Scheme and the Plan will abstain from voting at the EGM in respect of Ordinary Resolutions 2 to 5 relating to the proposed termination of the Previous Scheme, the proposed adoption of the Scheme and the proposed adoption of the Plan.

- 13.2** Shareholders who are entitled to participate in the Scheme and/or Plan, should abstain from voting at the EGM in respect of the Ordinary Resolutions 2 to 5 in relation to the proposed termination of the Previous Scheme, the proposed adoption of the Scheme, and the proposed adoption of the Plan, as the case may be. Such Shareholders should not accept appointments as proxies or otherwise for voting at the EGM in respect of the Ordinary Resolutions 2 to 5 unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for each of the Ordinary Resolutions 2 to 5 to be proposed at the EGM.

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## LETTER TO SHAREHOLDERS

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**13.3** All the Directors will be eligible to participate in the Scheme and the Plan. Therefore, the Directors (who are also Shareholders) shall also abstain and shall procure his or her Associates to abstain from voting at the EGM on Ordinary Resolutions 2 to 5 as set out in the Notice of EGM. Such Directors will not accept appointments as proxies for voting at the EGM in respect of the Ordinary Resolutions 2 to 5 unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for each of the Ordinary Resolutions 2 to 5 to be proposed at the EGM.

### **14 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 Share Consolidation, the Capital Reduction, the proposed termination of the Previous Scheme, the proposed Scheme, the proposed Plan, the proposed Share Purchase Mandate, the Proposed New Constitution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the 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 the Circular in its proper form and context.

### **15 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Existing Constitution;
- (b) the proposed New Constitution;
- (c) the annual report of the Company for FY2015;
- (d) the Rules of the Previous Scheme;
- (e) the Rules of the proposed Scheme; and
- (f) the Rules of the proposed Plan.

Yours faithfully  
For and on behalf of the Board of Directors of  
**CEDAR STRATEGIC HOLDINGS LTD.**

**Christopher Chong Meng Tak**  
Non-Executive Chairman

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## APPENDIX 1

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### THE PRINCIPAL PROVISIONS IN THE NEW CONSTITUTION WHICH ARE SIGNIFICANTLY DIFFERENT FROM THE EQUIVALENT PROVISIONS IN THE EXISTING CONSTITUTION

Set out below are the principal provisions in the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included into the New Constitution as new provisions, or which have been removed in the New Constitution, with the main differences blacklined.

#### 1. Regulation 1

##### 1. TABLE 'A' EXCLUDED

~~The regulations contained in Table A in the Fourth Schedule to the Companies Act (Cap. 50) or any statutory modifications thereof for the time being in force shall not apply to the Company, except so far as the same are repeated or contained in these Articles:~~

- (1) Subject to Applicable Laws and this Constitution, the Company has:
  - (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
  - (b) for the purposes of paragraph (a) above, full rights, powers and privileges.
- (2) The Company is a company limited by shares and the liability of the members is limited.

#### 2. Regulation 2

##### 2. DEFINITIONS

~~In these Articlesthis Constitution,~~ unless the context otherwise requires:–

<u>“Applicable Laws”</u>	<u>All laws, bye-laws, regulations, orders and/or official directions for the time being in force affecting the Company and its subsidiaries, including but not limited to the Act, the Securities and Futures Act (Cap. 289) and the listing rules of the Singapore Exchange Securities Trading Limited (or any other stock exchange upon which the shares in the Company may be listed), Provided always that a waiver granted in connection to any such law shall be treated as due compliance with such relevant law;</u>
<u>“Act”</u>	means the Companies Act (Cap. 50) or any statutory modification thereof for the time being in force;
<u>“Articles”</u>	<del>means these Articles of Association in their original form or as amended from time to time</del>

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## APPENDIX 1

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<b><u>“Chief Executive Officer”</u></b>	<p><u>Any one or more persons, by whatever name described, who:</u></p> <p>(a) <u>is in direct employment of, or acting for or by arrangement with, the Company and;</u></p> <p>(b) <u>is principally responsible for the management and conduct of the business of the Company, or part of the business of the Company, as the case may be;</u></p>
<b>“Company”</b>	means CEDAR STRATEGIC HOLDINGS LTD.;
<b><u>“This Constitution”</u></b>	<u>This Constitution or other regulations of the Company for the time being in force;</u>
<b><u>“Directors”</u></b> or <b><u>“the Directors”</u></b>	means the Directors for the time being of the Company as a body or a quorum of the Directors present at a meeting of the Directors;
<b>“dividend”</b>	includes bonus;
<b>“market day”</b>	means a day on which the Stock Exchange is open for trading of securities;
<b>“member”</b>	<p>means a member of the Company provided always that where the Depository <u>or its nominee (as the case may be)</u> is named in the Register of Members of the Company:–</p> <p>(a) the Depository <u>or its nominee (as the case may be)</u> shall be deemed not to be a member of the Company; and</p> <p>(b) the Depositors shall be deemed to be members of the Company in respect of the shares entered against their respective names in the Depository Register.</p> <p>References in <del>these Articles</del> <u>this Constitution</u> to “member” shall, where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as Treasury Shares;</p>
<b>“month”</b>	means a calendar month;
<b>“Office”</b>	means the registered office of the Company;

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<b><u>“Managing Director”</u></b>	<u>Includes the Chief Executive Officer, if the Chief Executive Officer is also a Director, or any Director performing the duties of a Managing Director, whether he is called a Managing Director or any other title;</u>
<b><u>“registered address”</u></b> <b><u>or “address”</u></b>	<u>In relation to any member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution;</u>
<b>“Seal”</b>	means the Common Seal of the Company;
<b>“Secretary”</b>	means any person appointed to perform the duties of a secretary of the Company;
<b>“Statutes”</b>	<del>means the Act and every other Act being in force concerning companies and affecting the Company;</del>
<b>“Stock Exchange”</b>	<del>means the Singapore Exchange Securities Trading Limited and its successors and assigns;</del>
<b>“Treasury Shares”</b>	<del>S</del> shall have the meaning ascribed to it in the Act;
<b>“\$”</b>	refers to the lawful currency of Singapore.

The expressions **“current address”**, **“electronic communication”**, **“ordinary resolution”**, **“relevant intermediary”**, **“special resolution”**, and **“treasury shares”** ~~“Depositor”, “Depository”, “Depository Agent” and “Depository Register”~~ shall have the meanings ascribed to them respectively in the Act.

The expressions “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in the Securities and Futures Act (Cap. 289).

References in ~~these Articles~~ this Constitution to **“holders”** and **“registered holders”** of shares or a class of shares shall, where the Depository is named in the Register of Members of the Company in respect of such shares, be deemed to:

- (a) exclude the Depository or its nominee (as the case may be); and
- (b) refer to the Depositors whose names are entered against such shares in the Depository Register;

~~E~~except where the context otherwise requires, and **“holding”** and **“held”** shall be construed accordingly.

Expressions referring to **“writing”** and **“written”** shall, unless the contrary intention appears and subject to any limitations, conditions or restrictions contained in any Applicable Laws, be construed as including references to printing, lithography, photography, typewriting and other modes of representing or reproducing words.

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symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever;

words or expressions contained in ~~these Articles~~ this Constitution shall, if not inconsistent with the subject or context, be interpreted in accordance with the ~~revisions of the Interpretation Act (Cap. 1) and of the Act;~~

words denoting the singular number only shall include the plural number and vice versa; words denoting the masculine gender only shall include the feminine and neuter genders; words denoting persons shall include corporations and other bodies of persons;

the marginal notes in ~~these Articles~~ this Constitution are inserted for convenience and reference only and are ~~in not~~ designed to limit or circumscribe the scope of these Articles this Constitution.

### 3. Regulation 14

#### 14. Form of share certificate

Every certificate of title to shares shall be issued under the Seal in such form as the Directors shall from time to time prescribe, shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors and shall specify the number and class of shares to which it relates ~~and the amounts paid thereon, whether the shares are fully or partly paid up, the amount (if any) unpaid thereon~~ and such other information as may be prescribed by Applicable Laws from time to time. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors.

### 4. Regulation 31

#### 31. Directors' right to decline to register transfer of shares

- (1) Subject to Regulations 32 and 33, tThe Directors may decline to register any transfer of shares not being fully paid up shares to a person not approved by them and may also decline to register any transfer of shares on which the Company has a lien.
- (2) Save as provided in Regulation 31(1) or where required by Applicable Laws ~~or by the rules, bye-laws or listing rules of the Stock Exchange~~, there shall be no restriction on the transfer of fully paid-up shares.

### 5. Regulation 33

#### 33. Directors' refusal of transfer of shares

If the Directors shall refuse to register the transfer of any share, they shall within 10 market days after the date on which the transfer was lodged with the Company serve on the transferor and the transferee a notice in writing stating the precise reasons

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~~justifying the refusal and a notice of refusal as required by the Act and the Stock Exchange listing rules of any stock exchange upon which shares in the Company may be listed or any other Applicable Laws.~~

### 6. Regulation 51

#### 51. Power to increase share capital, consolidate, cancel and subdivide shares

- (1) The Company may from time to time by ordinary resolution:
- (a) increase the share capital by such sum to be divided into shares as the resolution shall prescribe;
  - (b) consolidate and divide all or any of its share capital;
  - (c) subject to Applicable Laws and this Constitution, subdivide its shares or any of them; so however that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
  - (d) cancel any number of shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital by the number of the shares so cancelled; or
  - (e) subject to Applicable Laws, convert its share capital or any class of shares from one currency to another currency.
- (2) The Company may by special resolution, subject to and in accordance with Applicable Laws, convert one class of shares into another class of shares.

### 7. Regulation 54

#### 54. Annual General Meeting

~~Save as otherwise permitted under the Act, a~~An annual general meeting of the Company shall be held once in every year in the Republic of Singapore and at such time (within a period of not more than 15 months after the holding of the last annual general meeting) as may be determined by the Directors. All general meetings other than the annual general meetings shall be called extraordinary general meetings.

### 8. Regulation 57

#### 57.(1) Notice of meetings

~~Subject to the provisions of the Act~~Applicable Laws as to special resolutions, special notice and agreement for shorter notice, a meeting of the Company shall be called by 14 days' notice in writing at the least and, so long as the shares in the Company are listed on any stock exchange, by advertisement in a daily English newspaper and in writing to any stock exchange upon which the shares in the Company may be



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listed. Such notice of meeting of the Company may be in an abridged version provided that such abridged version is the form approved by any stock exchange upon which the shares in the Company may be listed.

(2) **Period and form of notice**

The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of meeting and in case of special business the general nature of the business.

(3) **Nature of special business to be specified**

Where notices contain special resolutions, they must be given to the members at least ~~twenty-one~~ 21 days before the meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

(4) **Notice of right to appoint proxies**

In every notice calling a meeting of the Company or a meeting of any class of members of the Company there shall appear with reasonable prominence a statement as to the rights of the members to appoint proxies to attend and vote instead of the member, and that a proxy need not also be a member.

### 9. Regulation 58

58. **Special business**

All business shall be special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring dividend, the consideration of the accounts, balance sheets financial statements, and the report of the Directors' statement, and the auditors' report and other documents required to be attached to the financial statements, the appointment or re-election of Directors in the place of those retiring, and the appointment or re-appointment and fixing of the remuneration of the auditors, and fixing the fees of the Directors.

### 10. Regulation 62

62.(1) The cChairman of the Board of Directors shall preside as cChairman at every general meeting of the Company. If there is no such cChairman, or if he is not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act, the members present shall appoint a Director as cChairman of the meeting and if no Director is present or if all Directors present are unwilling to act, the members present shall elect one of their number to be cChairman of the meeting.

(2) After the chairman of any general meeting shall have declared the general meeting to be over and shall have left the chair, no business or question shall under any pretext whatsoever be brought forward or discussed.

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### 11. Regulation 64

#### 64. Method of voting

- (1) If required by the listing rules of any stock exchange upon which the shares in the Company may be listed, all resolutions at general meetings shall be voted by poll, unless such requirement is waived by the stock exchange.
- (2) Subject to Regulation 64(1), At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is demanded:–
  - (a) by the cChairman, being a person entitled to vote;
  - (b) by at least two members present in person or by proxy and entitled to vote;
  - (c) by any member or members present in person or by proxy, or any number or combination of such members or proxies, holding or representing as the case may be, not less than ~~10%~~ 5% of the total voting rights of all the members having the right to vote at the meeting; or
  - (d) by any member or members present in person or by proxy, or any number or combination of such members or proxies, holding or representing as the case may be, shares in the Company conferring a right to vote at the meeting and being shares on which an aggregate sum has been paid up equal to not less than ~~10%~~ 5% of the total sum paid up on all the shares conferring that right.
- (3) A demand for a poll made pursuant to Regulation 64(2) may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is so demanded a declaration by the cChairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn. In case of any dispute as to the admission or rejection of a vote the cChairman shall determine the same and such determination made in good faith shall be final and conclusive.
- (4) The chairman of the meeting may (or if required by the listing rules of any stock exchange upon which shares in the Company may be listed or any other Applicable Laws, shall) appoint at least one scrutineer for each meeting who shall be independent of the persons undertaking the polling process.

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### 12. Regulation 65

#### 65. Taking a poll

If a poll is required under Regulation 64(1) or duly demanded pursuant to Regulation 64(2) it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the cChairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of a cChairman or on a question of adjournment shall be taken ~~forthwith~~ immediately.

### 13. Regulation 71

#### 71. Voting rights of members

Subject to any rights or restrictions as to voting for the time being attached to any class or classes of shares:–

- (a) at a meeting of members or classes of members, each member entitled to vote may vote in person or by proxy;
- (b) on a show of hands, every member present in person or by proxy, shall have one vote, provided that ~~if a member is represented by two proxies, only one of the two proxies, as the Chairman shall determine, shall be entitled to vote; and~~
  - (i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; or
  - (ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and
- (c) on a poll, every member present in person or by proxy shall have one vote for each share he holds or represents ~~and shall be entitled to vote on a show of hands on any matter at any general meeting.~~

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at ~~48-72~~ hours before the time of the relevant general meeting as supplied by the Depository to the Company.

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### 14. Regulation 75

#### 75. Appointment of proxies

- (1) Save as otherwise provided in the Act:
- (a) A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same general meeting, provided that: (a) if Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and
- (b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- (2) In any case where the member is a Depositor, the Company shall be entitled and bound:–
- (ia) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 48-72 hours before the time of the relevant general meeting as supplied by the Depository to the Company; and
- (ib) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 7248 hours before the time of the relevant general meeting as supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (b3) †The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (2) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
- (34) A proxy or representative need not be a member.
- (5) A member who has deposited an instrument appointing any number of proxies to vote on his behalf at general meetings shall not be precluded from attending and voting in person at that general meeting. Any such appointment of all the proxies concerned shall be deemed to be revoked upon the attendance of the member appointing the proxy/proxies at the relevant general meeting.

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- (46) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll pursuant to Regulation 64(2), to move any resolution or amendment thereto and to speak at the meeting.
- (57) The instrument appointing a proxy or representative for any member shall be in writing and shall, subject to the listing rules of any stock exchange upon which shares in the Company may be listed:
- (a) (in the case of an individual appointor) be:
- (i) signed by the appointor or his attorney if the instrument is delivered personally or by post; or;
  - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and
- (b) (if the appointor is a corporation) be:
- (i) either given under its seal or signed on its behalf by its attorney or a duly authorised officer of the corporation if the instrument is delivered personally or by post; or
  - (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of Regulations 75(7)(a)(ii) and 75(7)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

- (68) The signatures on, or the authorisation of, an instrument of proxy need not be witnessed.
- (9) The Directors may, in their absolute discretion:
- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
  - (b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in Regulations 75(7)(a)(ii) and 75(7)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), Regulation 75(7)(a)(i) and/or, as the case may be, Regulation 75(7)(b)(i) shall apply.

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### 15. Regulation 76

#### 76. Deposit of instrument appointing a proxy

(1) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority:

(a) if sent personally or by post, shall be deposited at the registered Office of the Company, or at such other place in Singapore as is specified for that purpose in the notice convening the meeting; or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,

and, in either case, not less than 7248 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(2) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 76(1)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), Regulation 76(1)(a) shall apply.

### 16. Regulation 77

#### 77. Intervening death or insanity of principal not to revoke proxy

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or ~~unsoundness of mind~~ mental disorder of the principal or revocation of the instrument or of the authority under which the instrument was executed or the transfer of the share in respect of which the instrument is given, if no intimation in writing of such death, ~~unsoundness of mind~~ mental disorder, revocation or transfer as aforesaid has been received by the Company at the ~~registered Office~~ before the commencement of the meeting or adjourned meeting at which the instrument is used.

### 17. Regulation 85

#### 85.(1) Declaration of Directors' interest in contract-transaction with Company

(a) A Director or Chief Executive Officer who is in any way whether directly or indirectly interested in a ~~contract-transaction~~ or proposed ~~contract-transaction~~ with the Company shall (i) declare the nature of his interest at a meeting of the Directors in accordance with the Act or (ii) send a written notice to the Company containing details on the nature, character and extent of his interest in the transaction or proposed transaction as required under Applicable Laws. If the

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Chief Executive Officer is not a Director, the Directors shall permit the Chief Executive Officer to attend a meeting of the Directors where such attendance is necessary for the Chief Executive Officer to make a declaration for the purposes of complying with this Regulation.

(b) Where a Director or Chief Executive Officer declares an interest or conflict by a written notice referred to in Regulation 85(1)(a)(i) above, then pursuant to Section 156 of the Act:

(i) the making of the declaration is deemed to form part of the proceedings at the next meeting of the Directors after the notice is given; and

(ii) the provisions of Section 188 of the Act (minutes of proceedings) shall apply as if the declaration had been made at the meeting.

(c) The Secretary shall record every declaration under this Regulation 85(1) in the minutes of the meeting at which it was made and keep records of every written resolution duly signed and returned to the Company under this Regulation 85(1).

(2) **Prohibition against voting**

A Director shall not vote in respect of any ~~contract~~transaction or proposed ~~contract~~transaction or arrangement in which he has directly or indirectly a personal material interest and if he shall do so his vote shall not be counted. Notwithstanding his interest, a Director may be counted in the quorum present at any meeting of the Directors.

(3) **Declaration of Directors' conflict of interest**

A Director or Chief Executive Officer who holds any office or possesses any property whereby whether directly or indirectly duties or interests might be created in conflict with his duties or interests as Director or Chief Executive Officer, shall declare the fact and the nature, character and extent of the conflict at a meeting of the Directors of the Company in accordance with the ~~Act~~Applicable Laws and Regulation 85(1) of this Constitution.

(4) **Holding of office of profit and ~~contracting~~transacting with Company**

A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director and for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from ~~contracting~~transacting with the Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. No such ~~contract~~transaction and no ~~contract~~transaction or arrangement entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so ~~contracting~~transacting or being so interested be liable to account to the Company for any profit realised by any such ~~contract~~transaction or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

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(5) **Holding of office in other companies**

A Director of the Company may with the consent of the Board be or become a Director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of or from his interests in such other company unless the Company otherwise directs.

### 18. Regulation 86

86. **Directors shall keep Registers**

- (1) The Directors shall keep Registers as required by ~~the Act~~ Applicable Laws.
- (2) Any Register, index, minute book, financial statements, accounting records or other documents required by this Constitution or by Applicable Laws to be kept by or on behalf of the Company may, subject to and in accordance with Applicable Laws, be kept in hard copy form or in electronic form, and arranged in the manner that the Directors think fit. If such records are kept in electronic form, the Directors shall ensure that they are capable of being reproduced in hard copy form, and shall provide for the manner in which the records are to be authenticated and verified. In any case where such records are kept otherwise than in hardcopy form, the Directors shall take reasonable precautions for ensuring the proper maintenance and authenticity of such records, guarding against falsification and facilitating the discovery of any falsifications.

### 19. Regulation 96

96. **Vacation of office of Directors**

The office of Director shall become vacant if the Director:

- (a) ceases to be a Director by virtue of the Act;
- (b) becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) becomes prohibited by Applicable Laws from continuing to be a Director;
- (d) becomes mentally disordered and incapable of managing himself or his affairs ~~of unsound mind~~ or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
- (e) resigns his office by notice in writing to the Company;
- (f) for more than six months is absent without permission of the Directors from meetings of the Directors held during that period;
- (g) is removed from office pursuant to a resolution passed by the Company in general meeting; or



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## APPENDIX 1

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- (f) ~~subject to the Act, at the conclusion of the annual general meeting commencing next after he attains the age of 70 years old, is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds.~~

### 20. Regulation 97

#### 97. General power of Directors to manage Company's business

The business of the Company shall be managed by or under the direction or supervision of the Directors who may pay all expenses incurred in promoting the Company, and may exercise all such powers of the Company as are, by the Act or by ~~these Articles this Constitution~~ not required to be exercised by the Company in general meeting, subject, nevertheless, to any Regulations of these Articles this Constitution, to the provisions of the Act, and to such regulations being not inconsistent with the aforesaid ~~Articles Regulations~~ or provisions, as may be prescribed by the Company in general meeting; but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

### 21. Regulation 117

#### 117. Appointment of Managing Director

The Directors may from time to time appoint one or more of their body to the office of Managing Director (or any equivalent appointment(s) howsoever described) for such period and on such terms as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment. ~~A Director so appointed shall not, while holding that office, be subject to retirement by rotation or be taken into account in determining rotation or retirement of Directors, but his~~ Such appointment shall be automatically determined if the Director he ceases from any cause to be a Director. Where a Managing Director (or any equivalent appointment(s) howsoever described) is appointed for a fixed term, the term shall not exceed five years.

### 22. Regulation 126

#### 126. Directors to keep proper accounts

The Directors shall cause proper accounting and other records to be kept, whether in electronic form or in hard copy, and shall distribute copies of balance sheets and other documents as required by the Act Applicable Laws and shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounting and other records of the Company or any of them shall be open to the inspection of members not being Directors, and no members (not being a Director) shall have any right of inspecting any account or book or paper of the Company except as conferred by Statute Applicable Laws or authorised by the Director or by the Company in general meeting.

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### 23. Regulation 127

#### 127. Presentation of accounts-financial statements

The Directors shall from time to time in accordance with ~~the provisions of the Act~~ Applicable Laws cause to be prepared and laid before the Company in general meeting such ~~profit and loss accounts, balance sheets and reports made up to a date~~ (i) consolidated financial statements dealing with the financial position and performance of the Company and its subsidiaries for the period beginning from the date the preceding financial statements were made up and ending on a date not exceeding four months before such general meeting or such other period as may be permitted by the Act and listing rules of the Stock Exchange-Applicable Laws; and (ii) a balance sheet dealing with the state of affairs of the Company at the end of the financial year of the Company. The said financial statements and balance sheet shall be accompanied by such reports and documents and shall contain such particulars as are prescribed by Section 201 of the Act.

### 24. Regulation 128

#### 128. Copies of account-financial statements

A copy of the financial statements and, if required, the every balance sheet (including every document required by Applicable Laws to be attached annexed thereto) which is to be laid before the Company in general meeting together with a copy of the Auditor's report shall not less than 14 days before the date of the meeting, be delivered or sent ~~by post~~ to every member of and every holder of debentures of the Company. Provided that:

- (a) these documents may, subject to the listing rules of any stock exchange upon which shares in the Company may be listed, be sent less than 14 days before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree; and
- (b) this Regulation Article-128 shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

### 25. Regulation 141

#### 141. Power to capitalise profits for share incentive schemes and non-executive Directors' remuneration

In addition to the power to issue shares under these Regulations, the Directors shall have power to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:

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## APPENDIX 1

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- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in general meeting and on such terms as the Directors shall think fit; or
- (b) be held by or for the benefit of non-executive Directors as part of their remuneration approved by shareholders in general meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

### 26. Regulation 142

#### 1412. Service of notice or other document

- (1) Any notice or other document to be given by the Company to any member may be given either personally or by sending it by post or by cable, telex, electronic or facsimile transmission to such member at his address in Singapore as shown in the Register of Members or (as the case may be) the Depository Register. Any member described in the Register of Members or (as the case may be) the Depository Register by an address not within the Republic of Singapore shall give the Company an address within the Republic of Singapore at which notices and other documents may be served upon him. Service on the member at such address shall be deemed to be good service. No member shall be entitled to receive any notice or other documents from the Company at an address which is not within the Republic of Singapore.
- (2) Without prejudice to the provisions of Regulation 142(1), but subject otherwise to the Act and any regulations made thereunder and (where applicable) the listing rules of any stock exchange upon which shares in the Company may be listed, relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under the Act or under this Constitution by the Company, or the Directors, to a member may be given, sent or served using electronic communications:
  - (a) to the current address of that person (which may be an email address); or
  - (b) by making it available on a website prescribed by the Company from time to time,

in accordance with the provisions of this Constitution, the Applicable Laws and/or any other applicable regulations or procedures.
- (3) If permitted by the prevailing listing rules of any stock exchange upon which shares in the Company may be listed, for the purpose of Regulation 142(2) above, a member shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document.

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## APPENDIX 1

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- (4) For the purposes of Regulation 142(2) above, if the Company is not permitted by the prevailing listing rules of any stock exchange upon which shares in the Company may be listed, to regard a member as having deemed to have agreed to receive such notice or document by way of such electronic communications in the manner prescribed under Regulation 142(3), a member shall, at the Directors' discretion, be given an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.
- (5) Where a notice or document is given, sent or served by electronic communications:
- (a) to the current address of a person pursuant to Regulation 142(2)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act and/or any other applicable regulations or procedures; and
- (b) by making it available on a website pursuant to Regulation 142(2)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Act and/or any other applicable regulations or procedures.
- (6) Where a notice or document is given, sent or served to a member by making it available on a website pursuant to Regulation 142(2)(b), the Company shall give separate notice to the member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:
- (a) by sending such separate notice to the member personally or through the post pursuant to Regulations 142(1) and 143;
- (b) by sending such separate notice to the member using electronic communications to his current address (which may be an email address) pursuant to Regulation 142(2)(a);
- (c) by way of advertisement in the daily press; and/or
- (d) by way of announcement on any stock exchange upon which shares in the Company may be listed.

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### 27. Regulation 150

#### 14950. Indemnity of Directors and officers

Subject to the provisions of the Act, every Director, Managing Director, ~~Agent,~~ Auditor, Secretary ~~and or~~ other officer for the time being of the Company shall be indemnified by the Company against any costs, charges, losses and liabilities incurred or to be incurred by him,

- (i) in the execution and discharge of his duties or in relation thereto ~~as a Director, an officer, an agent or auditor of the Company,~~ unless the same arises as a result of any negligence, default, breach of duty or breach of trust on his part in relation to the Company; or
- (ii) in defending any proceedings whether civil or criminal (relating to the affairs of the Company) in which judgement is given in his favour or in which he is acquitted or in connection with any application, in relation to such liability, in which relief is granted to him by the Court, and the Company may purchase and maintain for such Director, Managing Director, ~~Agent,~~ Auditor, Secretary and other officer for the time being of the Company insurance against such liability referred to in this ~~Regulation Article~~ except where the liability arises out of conduct involving dishonesty or a wilful breach of duty.

### 28. Regulation 151

#### 151. Personal Data

- (1) A member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:
  - (a) implementation and administration of any corporate action by the Company (or its agents or service providers);
  - (b) internal analysis and/or market research by the Company (or its agents or service providers);
  - (c) investor relations communications by the Company (or its agents or service providers);
  - (d) administration by the Company (or its agents or service providers) of that member's holding of shares in the Company;
  - (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;

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## APPENDIX 1

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- (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any general meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to any general meeting (including any adjournment thereof);
  - (g) implementation and administration of, and compliance with, any provision of this Constitution;
  - (h) compliance with any Applicable Laws, listing rules, take-over rules, regulations and/or guidelines; and
  - (i) purposes which are reasonably related to any of the above purpose.
- (2) Any member who appoints a proxy and/or representative for any general meeting and/or any adjournment thereof is deemed to have warranted that where such member discloses that personal data of such proxy and/or representative to the Company (or its agents or service providers), that member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in Regulations 151(1)(f) and 151(1)(h), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### **CEDAR STRATEGIC HOLDINGS LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198003839Z)  
(the “**Company**”)

*All capitalised terms in the Resolutions below and defined in the circular dated 28 October 2016 to the shareholders of the Company (the “**Circular**”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.*

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of the Company will be held at 137 Cecil Street, Hengda Building #03-01, Singapore 069537 on 21 November 2016 (Monday) at 9.30 a.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following Resolutions:

**(1) ORDINARY RESOLUTION 1 – PROPOSED CONSOLIDATION OF EVERY TWENTY-FIVE (25) EXISTING SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) CONSOLIDATED SHARE**

Resolved that:

- (a) the proposed consolidation of every twenty-five (25) existing Shares as at the Books Closure Date, into one (1) Consolidated Share be and is hereby approved;
- (b) any fractions of Consolidated Shares arising from the Share Consolidation shall be disregarded. All fractional entitlements arising from the implementation of the Share Consolidation shall be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
- (c) the Directors be and are hereby authorised to fix the Books Closure Date and the Effective Trading Date in their absolute discretion as they deem fit; and
- (d) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to Share Consolidation as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

**(2) ORDINARY RESOLUTION 2 – PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2016**

Resolved that the employee share option scheme to be known as the Cedar Strategic Holdings Ltd. Employee Share Option Scheme 2016 (the “**Scheme**”), the rules of which have been set out in the Circular, be and is hereby approved and adopted substantially in the form set out in the rules of the Scheme, and the Committee and/or Directors of the Company be and are hereby authorised:

- (a) to establish and administer the Scheme;
- (b) to modify and/or amend the Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Scheme and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme; and

- (c) to offer and grant Option(s) in accordance with the rules of the Scheme and to, from time to time, allot and issue such number of new Shares (credited as fully paid) or deliver such number of treasury shares as may be required to be issued or delivered pursuant to the exercise of the Option(s) under the Scheme.

**(3) ORDINARY RESOLUTION 3 – PROPOSED TERMINATION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2009**

Resolved that subject to and contingent upon the passing of Ordinary Resolution 2, the Cedar Strategic Holdings Ltd. Employee Share Option Scheme 2009 (the “**Previous Scheme**”) approved by Shareholders on 21 August 2009 be and is hereby terminated, such termination not to affect subscription rights comprised in options granted pursuant to the Previous Scheme prior to termination, which shall continue to be exercisable in accordance with the Rules of the Scheme.

**(4) ORDINARY RESOLUTION 4 – PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT UNDER THE SCHEME**

Resolved that subject to and contingent upon the passing of Ordinary Resolution 2, the Directors of the Company be and are hereby authorised to offer and grant Option(s) in accordance with the Rules of the Scheme with exercise prices set at a discount to the Market Price, provided that such discount does not exceed the relevant limits set by SGX-ST and the Rules of the Scheme.

**(5) ORDINARY RESOLUTION 5 – PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. PERFORMANCE SHARE PLAN 2016**

Resolved that the performance share plan to be known as the Cedar Strategic Holdings Ltd. Performance Share Plan 2016 (the “**Plan**”), the rules of which have been set out in the Circular, be and is hereby approved and adopted substantially in the form set out in the Rules of the Plan, and the Committee and/or Directors of the Company be and are hereby authorised:

- (a) to establish and administer the Plan;
- (b) to modify and/or amend the Plan from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Plan 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 Plan; and
- (c) to grant Award(s) in accordance with the Rules of the Plan and to, from time to time, allot and issue such number of new Shares (credited as fully paid) or deliver such number of treasury shares as may be required to be issued or delivered pursuant to the vesting and release of Award(s) under the Plan.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### (6) ORDINARY RESOLUTION 6 – PROPOSED SHARE PURCHASE MANDATE

Resolved that:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the Company (“**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market purchases (“**Market Purchase**”), transacted on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
  - (ii) off-market purchases (“**Off-Market Purchase**”) (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, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules,
- (the “**Share Purchase Mandate**”);
- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and the expiring on the earliest of:
- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
  - (ii) the date on which the share purchases are carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;
- (d) in this Ordinary Resolution:

“**Prescribed Limit**” means 10% of the total number of Shares as at the date of passing of this Resolution (excluding any treasury shares that may be held by the Company from time to time), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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“**Relevant Period**” means the period commencing from the date of passing of this Resolution and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier;

“**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, 115% of the Average Closing Price;

where:

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

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, 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; and

“**Market Day**” means a day on which the SGX-ST is open for trading in securities; and

- (e) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to Share Purchase Mandate as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

### (7) SPECIAL RESOLUTION 7 – PROPOSED CAPITAL REDUCTION

Resolved that pursuant to Regulation 53 of the Constitution of the Company and Section 78C of the Companies Act:

- (a) the issued and paid-up share capital of the Company be reduced by S\$112,000,000 from approximately S\$112,439,820 (as at the Latest Practicable Date) to approximately S\$439,820 and that such reduction be effected by cancelling the issued and paid-up share capital of the Company which has been lost or is unrepresented by available assets (the “**Capital Reduction**”);
- (b) that an amount equal to S\$112,000,000 being the credit arising from the cancellation of the issued and paid up capital, be applied in partially writing off the accumulated losses of the Company as at 31 December 2015 of RMB580,787,000 (equivalent to approximately S\$119,155,000); and
- (c) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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or each of them deem desirable, necessary or expedient to give effect to Capital Reduction as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

**(8) SPECIAL RESOLUTION 8 – PROPOSED ADOPTION OF NEW CONSTITUTION**

Resolved that:

- (a) the New Constitution be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the Existing Constitution; and
- (b) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to this Resolution.

**By Order of the Board**

Christopher Chong Meng Tak  
Non-Executive Chairman  
28 October 2016

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Notes:**

- (1) A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (2) A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

**“Relevant intermediary”** means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
  - (4) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624** at least 48 hours before the time fixed for the Extraordinary General Meeting. A Depositor’s name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the EGM in order for him to be entitled to vote at the EGM.
  - (5) By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) 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.

# PROXY FORM

## CEDAR STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198003839Z)

### PROXY FORM EXTRAORDINARY GENERAL MEETING

**IMPORTANT**

A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see note 2 for the definition of "relevant intermediary").

For investors who have used their CPF moneys to buy shares in the capital of CEDAR STRATEGIC HOLDINGS LTD., this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (Name), NRIC/Passport Number\* \_\_\_\_\_  
of \_\_\_\_\_ (Address)  
being a member/members of **CEDAR STRATEGIC HOLDINGS LTD.** (the "**Company**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the Meeting to be held at 137 Cecil Street, Hengda Building #03-01, Singapore 069537 on 21 November 2016 (Monday) at 9.30 a.m. and at any adjournment thereof. \*I/We direct \*my/our \*proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

	RESOLUTIONS	For*	Against*
1.	Ordinary Resolution <b>PROPOSED CONSOLIDATION OF EVERY TWENTY-FIVE (25) EXISTING SHARES OF THE COMPANY INTO ONE (1) CONSOLIDATED SHARE</b>		
2.	Ordinary Resolution <b>PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2016</b>		
3.	Ordinary Resolution <b>PROPOSED TERMINATION OF THE CEDAR STRATEGIC HOLDINGS LTD. EMPLOYEE SHARE OPTION SCHEME 2009</b>		
4.	Ordinary Resolution <b>PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT UNDER THE SCHEME</b>		
5.	Ordinary Resolution <b>PROPOSED ADOPTION OF THE CEDAR STRATEGIC HOLDINGS LTD. PERFORMANCE SHARE PLAN 2016</b>		
6.	Ordinary Resolution <b>PROPOSED SHARE PURCHASE MANDATE</b>		
7.	Special Resolution <b>PROPOSED CAPITAL REDUCTION</b>		
8.	Special Resolution <b>THE ADOPTION OF THE NEW CONSTITUTION</b>		

\* If you wish to exercise all your votes "**For**" or "**Against**", please indicate your vote "**For**" or "**Against**" with "**X**" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

**IMPORTANT: PLEASE READ NOTES ON THE REVERSE.**

**Notes:**

1. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

**“Relevant intermediary”** means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A proxy need not be a member of the Company.
  5. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited (“CDP”), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the said Depository Register and registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
  6. The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at **80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624** not less than 48 hours before the time set for the Extraordinary General Meeting.
  7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
  8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.
  9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Cap 50) of Singapore.
  10. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Extraordinary General Meeting if he is able to do so. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
  11. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Company.
  12. Agent Banks acting on the request of CPF Investors who wish to attend the Extraordinary General Meeting as Observers are required to submit in writing, a list with details of the investors’ name, NRIC/Passport numbers, addresses and numbers of Shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the Extraordinary General Meeting.
  13. A Depositor’s name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the EGM in order for him to be entitled to vote at the EGM.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 28 October 2016.



