

CIRCULAR DATED 25 MARCH 2021

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

This Circular is circulated to the shareholders of SBS Transit Ltd (the "**Company**") together with the annual report for the financial year ended 31 December 2020.

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

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

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed, or reports contained in this Circular.

The legal adviser appointed by the Company to advise it on the proposed adoption of the SBS Executive Share Scheme (as defined herein) and the Share Buyback Mandate (as defined herein) is Rubicon Law LLC.



SBS TRANSIT LTD

(Company Registration Number: 199206653M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO:

- (1) THE PROPOSED ADOPTION OF THE SBS EXECUTIVE SHARE SCHEME; AND**
- (2) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE.**

Important Dates and Times:

Last date and time for lodgment of Proxy Form	:	Monday, 26 April 2021 at 10 a.m.
Date and time of Annual General Meeting	:	Thursday, 29 April 2021 at 10 a.m.
Place of Annual General Meeting	:	205 Braddell Road, Singapore 579701

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DEFINITIONS

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

<i>"2021 AGM"</i>	:	The forthcoming annual general meeting of the Company to be held on 29 April 2021
<i>"ACRA"</i>	:	The Accounting and Corporate Regulatory Authority
<i>"AGM"</i>	:	The annual general meeting of the Company
<i>"Annual Report"</i>	:	The annual report of the Company for the financial year ended 31 December 2020
<i>"Associate"</i>	:	(a) In relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent (30%) or more; and (b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent (30%) or more
<i>"Approval Date"</i>	:	The date of the 2021 AGM at which the Share Buyback Mandate is approved
<i>"Audited Financial Statements"</i>	:	Has the meaning ascribed to it in paragraph 8.5 of this Circular
<i>"Auditors"</i>	:	The auditors of the Company for the time being
<i>"Average Closing Price"</i>	:	Has the meaning ascribed to it in paragraph 8.2 of this Circular
<i>"Award Date"</i>	:	In relation to an Award, the date on which the Award is granted pursuant to the rules of the Scheme
<i>"Award Letter"</i>	:	A letter in such form as the Remuneration Committee shall approve, confirming an Award granted to a Scheme Participant by the Remuneration Committee
<i>"Awards"</i>	:	Awards of Shares granted pursuant to the rules of the Scheme
<i>"Board"</i>	:	The Board of Directors of the Company for the time being
<i>"CDP"</i>	:	The Central Depository (Pte) Limited

DEFINITIONS

<i>"Companies Act"</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<i>"Company"</i>	:	SBS Transit Ltd
<i>"Constitution"</i>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<i>"Control"</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>"Controlling Shareholder"</i>	:	A person who: (a) holds directly or indirectly fifteen per cent (15%) or more of the total voting rights in the Company (excluding Treasury Shares). The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises Control over the Company
<i>"day of the making of the offer"</i>	:	Has the meaning ascribed to it in paragraph 8.2 of this Circular
<i>"Director(s)"</i>	:	The Director(s) of the Company for the time being
<i>"EPS"</i>	:	Earnings per Share
<i>"FRS"</i>	:	Financial Reporting Standards issued by the Accounting Standards Council
<i>"FY"</i>	:	The financial year ended or ending 31 December, as the case may be
<i>"Group"</i>	:	The Company and its subsidiaries
<i>"Latest Practicable Date"</i>	:	1 March 2021, being the latest practicable date prior to the printing of this Circular
<i>"Listing Manual" or "Listing Rules"</i>	:	The listing manual of the SGX-ST, or the rules contained therein, as may be amended, modified or supplemented from time to time
<i>"Market Day"</i>	:	A day on which the SGX-ST is open for trading in securities
<i>"Market Purchases"</i>	:	Has the meaning ascribed to it in paragraph 8.2(d) of this Circular
<i>"Maximum Price"</i>	:	Has the meaning ascribed to it in paragraph 8.2 of this Circular
<i>"Minister for Finance"</i>	:	The Minister for Finance of the Republic of Singapore for the time being
<i>"New Shares"</i>	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards granted under the Scheme

DEFINITIONS

<i>"NTA"</i>	:	Net tangible assets
<i>"Off-Market Purchases"</i>	:	Has the meaning ascribed to it in paragraph 8.2(e) in this Circular
<i>"Performance Period"</i>	:	The period prescribed by the Remuneration Committee during which the conditions, including Performance Targets, shall be satisfied
<i>"Performance Targets"</i>	:	The performance targets prescribed by the Remuneration Committee to be fulfilled by a Scheme Participant
<i>"Record Date"</i>	:	Has the meaning ascribed to it in paragraph 3.6 of this Circular
<i>"related expenses"</i>	:	Has the meaning ascribed to it in paragraph 8.2 of this Circular
<i>"Relevant Period"</i>	:	The period commencing from the Approval Date and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier
<i>"Remuneration Committee"</i>	:	The Remuneration Committee of the Company
<i>"Scheme"</i>	:	The proposed SBS Executive Share Scheme to be adopted by the Company, the terms of which are set out in Annex A to this Circular
<i>"Scheme Participant"</i>	:	A person who is selected by the Remuneration Committee to participate in the Scheme in accordance with the rules thereof
<i>"Senior Employee"</i>	:	An employee of the Group holding the rank of Assistant Vice President and above
<i>"SFA"</i>	:	The Securities and Futures Act (Chapter 289 of Singapore), as amended, modified or supplemented from time to time
<i>"SGX-ST"</i>	:	Singapore Exchange Securities Trading Limited
<i>"Share Buyback Mandate"</i>	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
<i>"Share Purchase"</i>	:	The purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate
<i>"Shareholders"</i>	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" in relation to Shares held by CDP shall mean the persons named as depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
<i>"Shares"</i>	:	Ordinary shares in the share capital of the Company
<i>"SIC"</i>	:	Securities Industry Council
<i>"subsidiary holdings"</i>	:	Has the meaning ascribed to it under the Listing Manual
<i>"Substantial Shareholder"</i>	:	A Shareholder who has an interest in not less than five per cent (5%) of the issued Shares

DEFINITIONS

- "Take-over Code"* : The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
- "Treasury Shares"* : The Shares held in treasury by the Company
- "Vesting Period"* : The period during which an Award may vest
- "S\$"* : The lawful currency of the Republic of Singapore
- "%" or "per cent"* : Percentage or per centum

The terms *"depositor"* and *"Depository Register"* shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term *"subsidiary"* shall have the meaning ascribed to it in Section 5 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 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 SFA or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

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

LETTER TO SHAREHOLDERS

SBS TRANSIT LTD

(Company Registration Number: 199206653M)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr. Lim Jit Poh	Non-Independent Non-Executive Chairman
Mr. Yang Ban Seng	Non-Independent Non-Executive Deputy Chairman
Professor Lim Seh Chun	Lead Independent Non-Executive Director
Ms. Chua Mui Hoong	Independent Non-Executive Director
Mr. John De Payva	Independent Non-Executive Director
Ms. Susan Kong Yim Pui	Independent Non-Executive Director
Ms. Lee Sok Koon	Independent Non-Executive Director
Mr. Lim Siang Hoe, Benny	Independent Non-Executive Director
Dr. Tan Kim Siew	Independent Non-Executive Director
Professor Yu Ching Man	Independent Non-Executive Director

Registered Office:

205 Braddell Road
Singapore 579701

25 March 2021

To: The Shareholders of SBS Transit Ltd

Dear Sir/Madam,

(1) THE PROPOSED ADOPTION OF THE SBS EXECUTIVE SHARE SCHEME; AND
(2) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

- 1.1 The purpose of this Circular is to provide the Shareholders with information relating to, and to seek the approval of the Shareholders, for:
- (a) the proposed adoption of the Scheme; and
 - (b) the proposed adoption of the Share Buyback Mandate.
- 1.2 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

LETTER TO SHAREHOLDERS

2. THE PROPOSED SBS EXECUTIVE SHARE SCHEME

2.1 Background

The Company proposes to seek the approval of Shareholders at the 2021 AGM for the adoption of an executive share award scheme to be named the “**SBS Executive Share Scheme**”. The Scheme is devised to attract, incentivise and motivate Senior Employees to ensure that the Company continues to have a strong leadership team with a sustainable talent pipeline. The Scheme is also intended to provide an incentive for Senior Employees to deliver stretched performance and strategic contributions to enhance long term Shareholders’ value. The Company does not have any other existing share option scheme, performance share plan, or share incentive scheme in force, and the Company does not have any past schemes that were terminated.

2.2 Role and Composition of the Remuneration Committee

The Remuneration Committee, whose primary function is to assist the Board in reviewing remuneration matters, shall be the designated body responsible for administering the Scheme.

In compliance with the requirements of the Listing Rules, any Scheme Participant who is a member of the Remuneration Committee shall not be involved in its deliberations or decisions in respect of Awards to be granted to or held by that member of the Remuneration Committee or his Associates.

2.3 Rationale for the Scheme

The Scheme seeks to restructure the Company’s existing compensation package applicable to Senior Employees, to better align with long-term shareholder value. The Scheme will provide flexibility in acknowledging and securing the contributions of Senior Employees who are essential to the future and sustainability of the Group. The objectives of the Scheme are:

- (a) to make the existing remuneration sufficiently competitive for the Company to retain employees whose contributions are essential to the long-term growth and profitability of the Group;
- (b) to foster greater ownership and align the interests of employees with that of Shareholders, and thereby motivate the employees to achieve and maintain a high level of performance and contribution to the Group;
- (c) to attract and recruit potential employees with relevant skills, competencies and potential to join the Group and create greater value for Shareholders; and
- (d) to recognise the contributions made by the Scheme Participants to the success of the Group.

The Scheme allows the award of fully paid Shares to Scheme Participants as a reward for the contribution or performance of the Scheme Participants in lieu of paying bonus fully in cash or as an incentive upon achieving certain Performance Targets aligned with long-term shareholder value or for such other purpose as the Remuneration Committee may determine pursuant to the rules of the Scheme.

The Company believes that the Scheme will more effectively motivate Scheme Participants to work towards determined goals or to reward and provide recognition to Scheme Participants who have rendered tremendous contributions to the Group, than merely having pure cash bonuses.

The Scheme helps to fulfil the Company’s primary long-term objective of motivating deserving and eligible Scheme Participants to optimise their performance standards and efficiency and to maintain a high level of performance and contribution. The Scheme also further motivates employees that the Company regards as integral to the Group to strive for superior performance and to deliver long-term shareholder value.

LETTER TO SHAREHOLDERS

3. SUMMARY OF RULES OF THE SCHEME

3.1 Eligibility of Scheme Participants

Subject to the absolute discretion of the Remuneration Committee and paragraph 3.2 below, only Senior Employees are eligible to participate in the Scheme. Group Non-Executive Directors, Directors and employees of the Company's parent company and the subsidiaries of the Company's parent company, and Controlling Shareholders and/or their Associates shall not be eligible to participate in the Scheme.

Senior Employees shall be eligible to participate in the Scheme provided that, as of the Award Date, such persons:

- (a) have attained the age of 21 years;
- (b) are not undischarged bankrupts and have not entered into any compositions with their respective creditors; and
- (c) must have been in the employment of the Group and is not serving a notice of termination of employment.

3.2 Conditions Attached to Awards

The Awards represent the right of a Scheme Participant to receive fully paid Shares free of charge.

The Remuneration Committee may attach such relevant conditions to the Awards as it may determine at its absolute discretion, including but not limited to the satisfaction of Performance Targets and applicable Performance Periods and/or a vesting schedule pursuant to which Awards shall vest in accordance with the Vesting Period(s), if any. If conditions are attached to the Awards, the Shares will only vest or be issued upon the satisfaction of such conditions.

3.3 Provisions for the Grant and Vesting of Awards

Subject to limitations under the rules of the Scheme, the selection of a Scheme Participant and the number of Shares which are the subject of each Award to be granted to each Scheme Participant under the Scheme shall be determined at the absolute discretion of the Remuneration Committee. The Remuneration Committee may take into consideration, *inter alia*, factors such as the Scheme Participant's rank, job performance during the relevant evaluation period, capability, creativity, entrepreneurship, innovativeness, scope of responsibility, skills set, potential for future development, leadership in an operating or business unit, and contribution to the success and development of the Group, as well as prevailing market and economic conditions. In the case where Awards are tied to Performance Targets, the Remuneration Committee may also take into consideration the effort required to achieve the Performance Target within the Performance Period.

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

- (a) the date on which the Award will be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) the vesting schedule of the Award (if any);
- (d) the conditions that will apply and the periods over which the conditions are measured or tested such as Performance Target(s) and the Performance Period(s) during which the Performance Target(s) are to be satisfied;
- (e) the extent to which the Shares under that Award shall vest at the end of the applicable Performance Periods and/or the Vesting Period(s), if any; and
- (f) any other conditions and/or requirements which the Remuneration Committee may decide in relation to that Award.

LETTER TO SHAREHOLDERS

The proportion of Shares granted under the Scheme will be determined at the discretion of the Remuneration Committee, who may take into account factors such as the Scheme Participant's capability, scope of responsibility, skill, contribution to the Group and vulnerability to leaving the employment of the Group, and prevailing market and economic conditions. In deciding the number of Shares to be granted to a Scheme Participant, the Remuneration Committee may also consider the compensation and/or benefits to be given to the Scheme Participant under the Scheme and such other share-based incentive schemes of the Company, if any. The Remuneration Committee may also set specific criteria and Performance Targets for each of the Company's business units, taking into account factors such as (i) the Company's and the Group's business goals and directions for each financial year; (ii) the Scheme Participant's actual job scope and duties; and (iii) prevailing market and economic conditions. If there are Performance Targets tied to the Awards, the Remuneration Committee may determine in its absolute discretion whether the Performance Targets have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares comprised in such Awards to be released, subject to the terms of the Awards.

The Remuneration Committee may grant Awards at any time, except that no Award shall be granted during the period of two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of the Company's half year and full year financial statements (if not required to announce quarterly financial statements). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested, and hence any Shares comprised in such Awards may only be delivered, on or after the second Market Day from the day on which the aforesaid announcement is made. An Award Letter confirming the Award and specifying, *inter alia*, in relation to the Award, conditions that will apply, including but not limited to, the Performance Target(s) and the Performance Period, will be sent to each Scheme Participant as soon as reasonably practicable after the making of an Award.

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

3.4 Special Provisions

Notwithstanding that all or only some conditions to which an Award is subject are satisfied, special provisions for the vesting and lapsing of such Award may apply in certain circumstances, including the following:

- (a) the decision of the Remuneration Committee, in its absolute discretion, to revoke or annul such Award;
- (b) the termination of employment of a Scheme Participant;
- (c) the ill health, injury, disability or death, redundancy or retirement of a Scheme Participant;
- (d) the bankruptcy of a Scheme Participant;
- (e) the misconduct or breach of the terms of employment on the part of the Scheme Participant, as determined by the Remuneration Committee in its absolute discretion; and
- (f) a take-over, winding-up or reconstruction of the Company.

LETTER TO SHAREHOLDERS

3.5 Size and Duration of Scheme

The total number of Shares which shall be issued pursuant to Awards granted under the Scheme shall not exceed five per cent (5%) of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) on the day preceding the Award Date. Given that this Scheme only applies to Senior Employees, the Company is of the view that a Scheme size of five per cent (5%) of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) would be sufficient.

The aggregate number of Shares for which an Award may be granted on any date under the Scheme, when added to the aggregate number of Shares that are issued and/or issuable in respect of:

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

shall be subject to any applicable limits prescribed under the Listing Manual.

The number of existing Shares which may be purchased from the market for delivery upon vesting of the Awards granted under the Scheme will be subject to the applicable limits under the Companies Act, Listing Manual and any share buyback mandates that are in place during the time at which the Scheme is in force.

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

Notwithstanding the expiry or termination of the Scheme, any Award made to Scheme Participants prior to such expiry or termination will continue to remain valid.

3.6 Operation of the Scheme

Subject to prevailing legislation, the requirements of the Listing Manual and guidelines issued by the SGX-ST, the Company will have the flexibility to deliver Shares to Scheme Participants upon vesting of their Awards, either by way of an issue of New Shares deemed to be fully paid upon their issuance and allotment and/or by way of the transfer of Treasury Shares (acquired by way of a purchase of existing Shares from the market for delivery to Scheme Participants pursuant to the Companies Act, Listing Manual and any share buyback mandates that are in force). The financial effects of the issuance of New Shares and/or the transfer of Treasury Shares to Scheme Participants upon vesting of the Awards are set out in paragraph 4 of this Circular.

In determining whether to issue New Shares or purchase existing Shares, the Company shall have the right to take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or transferring existing Shares.

New Shares which are issued and allotted and/or Treasury Shares which are transferred by the Company upon the vesting of an Award shall be subject to all the provisions of the Constitution, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. For the purposes of this paragraph, "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

LETTER TO SHAREHOLDERS

4. FINANCIAL EFFECTS OF THE SCHEME

Details of the costs to the Company of granting Awards pursuant to the Scheme are as follows:

4.1 Potential Costs of Awards

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

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

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the income statement over the Vesting Period of an Award and a corresponding credit to reserve account. For Awards granted, the total amount of charge over the Vesting Period is based on the market price at the date of grant adjusted to take into account the terms and conditions upon which the Awards were granted. Before the end of the Vesting Period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement is made. This accounting treatment has been referred to as the "modified grant date method", because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest, but no adjustment is made to changes in the fair value of the Shares since the date of grant.

The amount charged to the income statement would be the same whether the Company settles the Awards using New Shares or existing Shares (i.e. the equity settlement). In the case of Awards, the amount of the charge to the income statement also depends on whether or not the Performance Target attached to an Award is a "market condition", that is, a condition which is related to the market price of the Shares. If the Performance Target is not a market condition, the fair value of the Shares granted at the date of grant is used to compute the amount to be charged to the income statement at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, if the Awards do not ultimately vest due to a failure to meet the Performance Target, the amount charged to the income statement would be reversed at the end of the Vesting Period.

4.2 Share Capital

The Scheme will result in an increase in the Company's issued share capital when New Shares are issued to Scheme Participants pursuant to the grant of Awards. This increase will in turn depend on, *inter alia*, the number of Shares comprised in the Awards, and the prevailing market price of the Shares on the SGX-ST. However, there will be no change to the Company's issued share capital where Awards are satisfied by Treasury Shares held by the Company, or where the Awards are not vested.

4.3 Earnings per Share

The Scheme will have a dilutive effect on the Company's consolidated EPS following the increase in the Company's issued share capital to the extent that New Shares are issued pursuant to the Scheme. There will be no change to the Company's consolidated EPS where Awards are satisfied by Treasury Shares held by the Company, or where the Awards are not vested.

4.4 Net Tangible Assets

The grant of Awards under the Scheme is likely to result in a charge to the Company's income statement over the period from the date of the grant of the Awards to the vesting date of the Awards. The amount of the charge will be computed in accordance with FRS 102. If New Shares are issued to Scheme Participants, there would be no effect on the NTA of the Company.

LETTER TO SHAREHOLDERS

5. ADJUSTMENTS AND ALTERATIONS UNDER THE SCHEME

The following describes events under, and provisions relating to, alterations of the Scheme.

5.1 Variation of Capital

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

- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (ii) the class and/or number of Shares over which future Awards may be granted under the Scheme,

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

(b) Unless the Remuneration Committee considers an adjustment to be appropriate:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities; or
- (ii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

(c) Notwithstanding the provisions of paragraph 5.1(a) above:

- (i) no such adjustment shall be made if, as a result, the Scheme Participant receives a benefit that a Shareholder does not receive; and
- (ii) any determination by the Remuneration Committee as to whether to make any adjustment, and if so, the manner in which such adjustment should be made, must (except in relation to a bonus issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

(d) Any increase in the issued share capital of the Company as a consequence of the delivery of Shares pursuant to the vesting of Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company will also not be regarded as a circumstance requiring adjustment.

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

LETTER TO SHAREHOLDERS

5.2 Modifications or Alterations to the Scheme

- (a) The rules of the Scheme may be modified and/or altered from time to time by a resolution of the Remuneration Committee, subject to compliance with the Listing Manual and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Scheme Participants who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in value of all the Shares which would be issued and/or delivered pursuant to the Awards under the Scheme.

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

- (b) The Remuneration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the rules or provisions of the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- (c) Written notice of any modification or alteration made in accordance with this paragraph 5.2 shall be given to all Scheme Participants.

6. DISCLOSURE IN ANNUAL REPORTS

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

- (a) the names of the members of the Remuneration Committee administering the Scheme;
- (b) in respect of the following Scheme Participants:
- (i) Directors; and
- (ii) Scheme Participants (other than those in paragraph 6.1(b)(i) above) who have been granted Awards under the Scheme and/or received Shares pursuant to the release of Awards granted under the Scheme which, in aggregate, represent five per cent (5%) or more of the total number of Shares available under the Scheme, the following information:
- (A) the name of the Scheme Participant;
- (B) the following particulars relating to Awards granted under the Scheme:
- (1) the number of Shares comprised in Awards granted to the Scheme Participant during the financial year under review (including terms);
- (2) the aggregate number of Shares comprised in Awards granted to the Scheme Participant since commencement of the Scheme to the end of the financial year under review;

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- (3) the aggregate number of Shares comprised in Awards granted to the Scheme Participant that have vested since commencement of the Scheme to the end of the financial year under review; and
 - (4) the aggregate number of Shares comprised in Awards granted to the Scheme Participant that are outstanding as at the end of the financial year under review; and
- (c) any other information required to be so disclosed pursuant to the Listing Manual and all other applicable laws and requirements,

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

7. LISTING OF NEW SHARES

7.1 On 9 March 2021, the Company received from the SGX-ST the in-principle approval for the listing and quotation of the New Shares on the SGX-ST, subject to the following conditions:

- (a) the independent Shareholders' approval for the Scheme being obtained at the 2021 AGM; and
- (b) the Company's compliance with the SGX-ST's listing requirements and guidelines.

7.2 Shareholders should note that the in-principle approval is not to be taken as an indication of the merits of the Scheme, the New Shares, the Company and/or its subsidiaries.

8. ADOPTION OF THE PROPOSED SHARE BUYBACK MANDATE

8.1 Rationale

The Company proposes to seek Shareholders' approval for the adoption of the Share Buyback Mandate to give the Directors the flexibility to undertake Share Purchases at any time subject to market conditions, during the period that the Share Buyback Mandate is in force, with the objective of increasing Shareholders' value and to improve, *inter alia*, the return on equity of the Group and to facilitate the acquisition of Treasury Shares for the purpose of the Scheme.

A Share Purchase at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Shares purchased or acquired under the Share Buyback Mandate can also be held by the Company as Treasury Shares to satisfy the Company's obligations to furnish Shares to participants in the Scheme from time to time.

The Directors believe that the Share Buyback Mandate provides the Company with another mechanism to facilitate the return of surplus cash over and above its ordinary working capital requirements and possible investment needs of the Group in an expedient, effective and cost-efficient manner to Shareholders. Share Purchases will also provide the Directors with greater flexibility over the Company's share capital structure.

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Shareholders can be assured that Share Purchases by the Company would be made in circumstances where it was considered to be in the best interests of the Company. The Directors will decide whether to effect the Share Purchases via Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. While the Share Buyback Mandate would authorise a Share Purchase up to the said ten per cent (10%) limit during the period described in paragraph 8.2 below, it should be noted that Share Purchases may not be carried out to the full ten per cent (10%) limit as authorised. The Directors do not propose to carry out Share Purchases to an extent that would, or in circumstances that might, result in a material adverse effect on the listing status of the Shares on the SGX-ST, liquidity and/or the orderly trading of the Shares and/or the financial position of the Group.

8.2 **The Terms of the Share Buyback Mandate**

The authority for and limitations placed on Share Purchases by the Company under the Share Buyback Mandate are summarised below:

Maximum Number of Shares

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

The total number of Share Purchases during the Relevant Period is limited to that number of Shares representing not more than ten per cent (10%) of the total number of issued Shares as at the Approval Date (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the amount of issued Shares as altered). For the purposes of calculating the percentage of issued Shares above, any of the Shares which are held as Treasury Shares and subsidiary holdings will be disregarded.

For illustrative purposes only, based on 311,864,766 Shares in issue (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the 2021 AGM, and that the Company does not reduce its share capital, not more than 31,186,476 Shares (representing ten per cent (10%) of the issued and paid-up Shares (excluding Treasury Shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate during the Relevant Period.

Duration of Authority

Share Purchases may be made, at any time and from time to time, on and from the Approval Date up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the Share Purchases pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by the Shareholders in general meeting.

Manner of Purchase of Shares

Share Purchases may be made by way of, *inter alia*:

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- (d) on-market purchases ("**Market Purchases**"), effected on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (e) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme or schemes as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions, which are not inconsistent with the Share Buyback Mandate, the Listing Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

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

In addition, the Listing Rules provide that, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders which must contain at least the following information required under the Companies Act:

- (i) the terms and conditions of the offer;
- (j) the period and procedures for acceptances;
- (k) the reasons for the proposed Share Purchases;
- (l) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (m) whether the Share Purchases, if made, could have any effect on the listing of the Shares on the SGX-ST;
- (n) details of any Share Purchases made by the Company in the previous twelve (12) months (whether by way of Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (o) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

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Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses (collectively, "**related expenses**")) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (p) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Price (as defined hereinafter); and
- (q) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent (120%) of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expense of the purchase.

For the above purposes:

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

"day of 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.

8.3 **Status of Purchased Shares under the Share Buyback Mandate**

Status of Purchased Shares

A Share purchased or acquired by the Company is, unless held as a Treasury Share in accordance with the Companies Act, treated as cancelled immediately on purchase or acquisition. On such cancellation, all rights and privileges attached to the Share will expire and the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company.

Purchased Shares Held as Treasury Shares

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

- (a) Maximum holdings

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within six (6) months or such further periods as ACRA may allow.

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(b) Voting and other rights

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

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus Shares in respect of Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller or larger amount is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the Treasury Shares for cash;
- (ii) transfer the Treasury Shares for the purposes of or pursuant to an employees' 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.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such Treasury Shares, the purpose of such sale, transfer, cancellation and/or use of such Treasury Shares, the number of Treasury Shares which have been sold, transferred, cancelled and/or used, the number of Treasury Shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of Treasury Shares against the total number of issued shares (of the same class as the Treasury Shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

As at the Latest Practicable Date, the Company does not hold any of its Shares as Treasury Shares.

8.4 Source of Funds for Share Buyback

The Company may only apply funds for the purchase or acquisition of the Shares in accordance with the Constitution and the applicable laws in Singapore.

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

The Company may use internal and external sources of funds to finance the Company's Share Purchases. The Directors will only make Share Purchases in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

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8.5 Financial Effects of the Share Buyback Mandate

The financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, the number of Shares purchased or acquired, whether such purchase or acquisition is made out of capital and/or profits of the Company, the consideration paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as Treasury Shares.

The financial effects on the Company and the Group, based on the audited financial statements of the Group for the financial year ended 31 December 2020 (the "**Audited Financial Statements**"), are based on the following principal assumptions:

(a) Purchase or acquisition out of capital and/or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent.

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

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

(b) Maximum Price paid for Shares purchased or acquired

Based on 311,864,766 issued Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date, the purchase or acquisition by the Company of ten per cent (10%) of such Shares will result in the purchase or acquisition of 31,186,476 Shares.

Assuming that the Company purchases or acquires the 31,186,476 Shares at the Maximum Price, the maximum amount of funds required is approximately:

- (i) in the case of Market Purchases of Shares, S\$97,707,229.31 based on S\$3.133 for one (1) Share (being the price equivalent to five per cent (5%) above the Average Closing Price of the Shares traded on the SGX-ST over the last five (5) consecutive Market Days immediately preceding the Latest Practicable Date); and
- (ii) in the case of Off-Market Purchases of Shares, S\$111,678,770.56 based on S\$3.581 for one (1) Share (being the price equivalent to twenty per cent (20%) above the Average Closing Price of the Shares traded on the SGX-ST over the last five (5) consecutive Market Days immediately preceding the Latest Practicable Date).

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

- (a) the Share Purchases had taken place on 1 January 2020;
- (b) there was no issuance of Shares after the Latest Practicable Date;
- (c) the Share Purchases are assumed to be financed by internal and external funding of the Group; and

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(d) related expenses incurred for the Share Purchases are assumed to be insignificant and have been disregarded for the purpose of computing the financial effects,

the financial effects on the Audited Financial Statements are set out below.

	Group			Company		
	After Share Purchase Before Share Purchase	After Share Purchase (By way of Market Purchases)	After Share Purchase (By way of Off-Market Purchases)	Before Share Purchase	After Share Purchase (By way of Market Purchases)	After Share Purchase (By way of Off-Market Purchases)
As at 31 December 2020						
Profit after income tax attributable to owners of the Company (S\$'000)	78,957	78,957	78,957	119,391	119,391	119,391
Share capital (S\$'000)	100,499	100,499	100,499	100,499	100,499	100,499
Other reserves ⁽¹⁾ (S\$'000)	40,265	40,265	40,265	40,265	40,265	40,265
Treasury shares (S\$'000)	–	(97,707)	(111,679)	–	(97,707)	(111,679)
Accumulated profits (S\$'000)	446,262	446,262	446,262	710,747	710,747	710,747
Perpetual capital securities (S\$'000)	–	–	–	–	–	–
Non-controlling interests (S\$'000)	–	–	–	–	–	–
Shareholders' funds ⁽²⁾ (S\$'000)	587,026	489,319	475,347	851,511	753,804	739,832
NTA (S\$'000) ⁽³⁾	587,026	489,319	475,347	851,511	753,804	739,832
Current assets (S\$'000)	487,563	439,856	425,884	744,620	696,913	682,941
Current liabilities (S\$'000)	386,795	386,795	386,795	341,758	341,758	341,758
Total borrowings ⁽⁴⁾ (S\$'000)	25,000	75,000	75,000	25,000	75,000	75,000
Number of issued Shares ('000)	311,865	280,679	280,679	311,865	280,679	280,679
Weighted average number of Shares ('000)	311,865	280,679	280,679	311,865	280,679	280,679
Financial ratios						
NTA/Share (cents) ⁽⁵⁾	188	174	169	273	269	264
Gearing ratio ⁽⁶⁾	4.4%	15.7%	16.2%	3.0%	10.1%	10.3%
Current ratio (times)	1.26	1.14	1.10	2.18	2.04	2.00
EPS (cents)	25.32	28.13	28.13	38.28	42.54	42.54

Notes:

⁽¹⁾ Other reserves include general reserve, capital reserve, share option reserve and currency translation reserve.

⁽²⁾ Shareholders' funds means the aggregate amounts of share capital, perpetual capital securities, other reserves, accumulated profits and non-controlling Shareholders.

⁽³⁾ NTA means total assets less total liabilities less goodwill on consolidation.

⁽⁴⁾ Total borrowings means the aggregate of bank loans (excluding lease liabilities arising from adoption of SFRS(I) 16).

⁽⁵⁾ NTA/Share is computed based on NTA divided by the number of issued Shares.

⁽⁶⁾ Gearing ratio represents the ratio of total borrowings to shareholders' funds.

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Shareholders should note that the pro forma financial effects set out above are for illustrative purposes only (based on the aforementioned assumptions). In particular, it is important to note that the above pro forma financial analysis is based on the historical numbers for the financial year ended 31 December 2020 and is not necessarily representative of future financial performance.

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

8.6 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications or who may be subject to tax outside Singapore should consult their own professional advisers.

8.7 Listing Rules

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares, and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

The notification of such Share Purchases to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe, which includes details such as the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Shares, the total consideration paid for the Shares and the number of issued Shares after purchase. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any Share Purchases at any time after a price sensitive development has occurred or has been the subject of consideration and/or a decision of the Board, until the price sensitive information has been publicly announced. In particular, in line with Rule 1207(19) of the Listing Manual, the Company will not deal with any Shares during the period commencing one (1) month before the announcement of the Company's half year and full year financial statements.

The Listing Manual requires a listed company to ensure that at least ten per cent (10%) of any class of its listed securities must be held by public Shareholders. As at the Latest Practicable Date, the Company has 311,864,766 Shares, and 79,614,254 Shares representing approximately 25.53% of the total issued Shares are 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 Share Purchases through Market Purchases up to the full ten per cent (10%) limit without affecting the listing status of the Shares on the SGX-ST, 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 and its listing status.

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8.8 Take-Over Obligations pursuant to the Take-over Code

Appendix 2 to the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition 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 mandatory 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) the following companies:
 - (A) a company;
 - (B) the parent company of (A);
 - (C) the subsidiaries of (A);
 - (D) the fellow subsidiaries of (A);
 - (E) the associated companies of any of (A), (B), (C) or (D);
 - (F) companies whose associated companies include any of (A), (B), (C), (D) or (E); and
 - (G) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

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- (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of:
 - (A) the adviser and the persons controlling, controlled by or under the same control as the adviser; and
 - (B) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent (10%) or more of the client's equity share capital;
- (vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (vii) partners; and
- (viii) the following persons and entities:
 - (A) an individual;
 - (B) the close relatives of (A);
 - (C) the related trusts of (A);
 - (D) any person who is accustomed to act in accordance with the instructions of (A);
 - (E) companies controlled by any of (A), (B), (C) or (D); and
- (ix) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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

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

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

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

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

Based on the interests of the Substantial Shareholders in Shares recorded in the register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate of the maximum limit of ten per cent (10%) of its total number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

8.9 Shares Purchased by the Company

The Company has not made any buybacks of its Shares in the twelve (12) months preceding the Latest Practicable Date.

8.10 Reporting Requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve the Share Buyback Mandate, the Company shall lodge a copy of such resolution with ACRA. The Company shall also lodge a notice of purchase or acquisition with ACRA within thirty (30) days of a Share Purchase. Such notification is to include details such as the date of the Share Purchase, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before and after the Share Purchase, the amount of consideration paid by the Company for the Share Purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars that might be prescribed.

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9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the Directors do not have any interests in the Shares. The interests of the Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed	
	Number of Shares	% of total issued Shares ⁽¹⁾	Number of Shares	% of total issued Shares ⁽¹⁾
Substantial Shareholders				
ComfortDelGro Corporation Limited	232,125,512	74.43	–	–

Notes:

⁽¹⁾ The percentage is calculated based on 311,864,766 issued Shares as at the Latest Practicable Date.

10. DIRECTORS' RECOMMENDATIONS

10.1 Scheme

Having fully considered, *inter alia*, the terms and rationale of the Scheme, the Board believes that the Scheme is in the best interests of the Company and its Shareholders. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 7 in relation to the Scheme to be proposed at the forthcoming 2021 AGM.

10.2 Share Buyback Mandate

Having fully considered, *inter alia*, the terms and rationale of the Share Buyback Mandate, the Board believes that the Share Buyback Mandate is in the best interests of the Company and its Shareholders. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 8 in relation to the Share Buyback Mandate to be proposed at the forthcoming 2021 AGM.

11. ANNUAL GENERAL MEETING

The 2021 AGM, notice of which is set out in the Annual Report, will be held on 29 April 2021 at 10 a.m., 205 Braddell Road, Singapore 579701 for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of the AGM.

12. ACTIONS TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the 2021 AGM and wishes to appoint a proxy to attend and vote in his place or on his behalf, he should complete, sign and return the proxy form appended in the Annual Report in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 205 Braddell Road, Singapore 579701 not less than 72 hours before the time appointed for holding the 2021 AGM.

The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the 2021 AGM if he subsequently wishes to do so. In such an event, the proxy form shall be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the 2021 AGM and to speak and vote at the 2021 AGM unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP at least 72 hours before the AGM.

LETTER TO SHAREHOLDERS

13. ABSTENTION FROM VOTING

To the extent required by the Listing Rules, Shareholders who are entitled to participate in the Scheme shall also abstain from voting on Ordinary Resolution 7 in relation to the Scheme, and shall not accept appointments as proxies for voting in respect of such Ordinary Resolution unless specific instructions have been given in the proxy instrument on how the Shareholder(s) appointing them wish their votes to be cast. There are no Associates of Directors and/or Controlling Shareholders who are required to abstain from voting.

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 Scheme and the Share Buyback Mandate, the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

15. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 205 Braddell Road, Singapore 579701 during normal business hours from the date of this Circular up to and including the date of the 2021 AGM:

- (a) the Constitution;
- (b) the Annual Report 2020; and
- (c) the Rules of the SBS Executive Share Scheme.

Yours faithfully
For and on behalf of the Board of Directors of
SBS TRANSIT LTD

Lim Jit Poh
Chairman

25 March 2021

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RULES OF THE SBS EXECUTIVE SHARE SCHEME

1. NAME OF THE SCHEME

This share award scheme shall be called the "SBS Executive Share Scheme".

2. DEFINITIONS

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

<i>"Associate"</i>	:	(a) In relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent (30%) or more; and
		(b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent (30%) or more
<i>"Auditors"</i>	:	The auditors of the Company for the time being
<i>"Award Date"</i>	:	In relation to an Award, the date on which the Award is granted pursuant to the Rules
<i>"Award Letter"</i>	:	A letter in such form as the Remuneration Committee shall approve, confirming an Award granted to a Scheme Participant by the Remuneration Committee
<i>"Awards"</i>	:	Awards of Shares granted pursuant to the Rules
<i>"Board"</i>	:	The Board of Directors of the Company for the time being
<i>"CDP"</i>	:	The Central Depository (Pte) Limited
<i>"Companies Act"</i>	:	The Companies Act (Chapter 50 of Singapore), as amended, modified or supplemented from time to time
<i>"Company"</i>	:	SBS Transit Ltd
<i>"Constitution"</i>	:	The constitution of the Company, as amended, modified or supplemented from time to time

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<i>"Control"</i>	:	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>"Controlling Shareholder"</i>	:	A person who: <ul style="list-style-type: none">(a) holds directly or indirectly fifteen per cent (15%) or more of the total number of issued shares excluding treasury shares and subsidiary holdings in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or(b) in fact exercises Control over a company
<i>"CPF"</i>	:	Central Provident Fund
<i>Director(s)"</i>	:	The Director(s) of the Company for the time being
<i>"Group"</i>	:	The Company and its subsidiaries
<i>"Listing Manual" or "Listing Rules"</i>	:	The listing manual of the SGX-ST, or the rules contained therein, as may be amended, modified or supplemented from time to time
<i>"Market Day"</i>	:	A day on which the SGX-ST is open for trading in securities
<i>"New Shares"</i>	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards granted under the Scheme
<i>"Performance Period"</i>	:	The period prescribed by the Remuneration Committee during which the conditions, including Performance Targets, shall be satisfied
<i>"Performance Targets"</i>	:	The performance targets prescribed by the Remuneration Committee to be fulfilled by a Scheme Participant
<i>"Remuneration Committee"</i>	:	The remuneration committee of the Company
<i>"Rules"</i>	:	The rules of the Scheme, as amended, modified or supplemented from time to time
<i>"Scheme"</i>	:	The SBS Executive Share Scheme
<i>"Scheme Participant"</i>	:	A person who is selected by the Remuneration Committee to participate in the Scheme in accordance with the Rules
<i>"Senior Employee"</i>	:	An employee of the Group holding the rank of Assistant Vice President and above
<i>"SFA"</i>	:	The Securities and Futures Act (Chapter 289 of Singapore), as amended, modified or supplemented from time to time
<i>"SGX-ST"</i>	:	Singapore Exchange Securities Trading Limited

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“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “ Shareholders ” in relation to Shares held by CDP shall mean the persons named as depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
“Share(s)”	:	Ordinary share(s) in the share capital of the Company
“subsidiary holdings”	:	Has the meaning ascribed to it under the Listing Manual
“Treasury Shares”	:	The Shares held in treasury by the Company
“Vesting Period”	:	The period during which an Award may vest, if any
“%” or “per cent”	:	Percentage or per centum

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

The term “*subsidiary*” shall have the meaning ascribed to it in Section 5 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 in the Rules 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 SFA or the Listing Manual or any modification thereof and used in the Rules shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

3. OBJECTIVES

The objectives of the Scheme are:

- (a) to make the existing remuneration sufficiently competitive for the Company to retain employees whose contributions are essential to the long-term growth and profitability of the Group;
- (b) to foster greater ownership and align the interests of employees with that of Shareholders, and thereby motivate the employees to achieve and maintain a high level of performance and contribution to the Group;
- (c) to attract and recruit potential employees with relevant skills, competencies and potential to join the Group and create greater value for Shareholders; and
- (d) to recognise the contributions made by the Scheme Participants to the success of the Group.

The Scheme allows the award of fully paid Shares to Scheme Participants as a reward for the contribution or performance of the Scheme Participants in lieu of paying bonus fully in cash or as an incentive upon achieving certain Performance Targets aligned with long-term shareholder value or for such other purpose as the Remuneration Committee may determine pursuant to the Rules.

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4. ELIGIBILITY OF SCHEME PARTICIPANTS

- 4.1 Subject to the absolute discretion of the Remuneration Committee and Rule 4.2 below, only Senior Employees are eligible to participate in the Scheme. Group Non-Executive Directors, Directors and employees of the Company's parent company and the subsidiaries of the Company's parent company, and Controlling Shareholders and/or their Associates shall not be eligible to participate in the Scheme.
- 4.2 Senior Employees shall be eligible to participate in the Scheme provided that, as of the Award Date, such persons:
- (a) have attained the age of 21 years;
 - (b) are not undischarged bankrupts and have not entered into any compositions with their respective creditors; and
 - (c) must have been in the employment of the Group and is not serving a notice of termination of employment.
- 4.3 Subject to the Companies Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted from time to time (if applicable), the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Remuneration Committee.

5. LIMITATIONS UNDER THE SCHEME

- 5.1 The total number of Shares which shall be issued pursuant to Awards granted under the Scheme shall not exceed five per cent (5%) of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) on the day preceding the Award Date.
- 5.2 The aggregate number of Shares for which an Award may be granted on any date under the Scheme, when added to the aggregate number of Shares that are issued and/or issuable in respect of:
- (a) all Awards granted under the Scheme; and
 - (b) all Shares, options or awards granted under any other share option or share scheme of the Company then in force (if any),

shall be subject to any applicable limits prescribed under the Listing Manual.

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6. GRANT OF AWARDS

- 6.1 Subject to the Rules, the selection of a Scheme Participant and the number of Shares which are the subject of each Award to be granted to each Scheme Participant under the Scheme shall be determined at the absolute discretion of the Remuneration Committee. The Remuneration Committee may take into consideration, *inter alia*, factors such as the Scheme Participant's rank, job performance during the relevant evaluation period, capability, creativity, entrepreneurship, innovativeness, scope of responsibility, skills set, potential for future development, leadership in an operating or business unit and contribution to the success and development of the Group, as well as prevailing market and economic conditions. In the case where Awards are tied to Performance Targets, the Remuneration Committee may also take into consideration the effort required to achieve the Performance Target within the Performance Period.
- 6.2 The Remuneration Committee shall, in its absolute discretion, determine in relation to each Award to be granted to a Scheme Participant:
- (a) the date on which the Award will be granted;
 - (b) the number of Shares which are the subject of the Award;
 - (c) the vesting schedule of the Award (if any);
 - (d) the conditions that will apply and the periods over which the conditions are measured or tested such as Performance Target(s) and the Performance Period(s) during which the Performance Target(s) are to be satisfied;
 - (e) the extent to which the Shares under that Award shall vest at the end of the applicable Performance Periods and/or the Vesting Period(s), if any; and
 - (f) any other conditions and/or requirements which the Remuneration Committee may decide in relation to that Award.
- 6.3 Upon its decision to grant the Award, the Remuneration Committee shall as soon as reasonably practicable send to the Scheme Participant an Award Letter confirming such Award and specifying the above.
- 6.4 Awards are personal to the Scheme Participant to whom it is given and shall not be transferred (other than to a Scheme Participant's personal representative on the death of the Scheme Participant), charged, assigned, pledged or otherwise disposed of, unless with the prior approval of the Remuneration Committee.
- 6.5 The Remuneration Committee may grant Awards at any time, except that no Award shall be granted during the period of two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of the Company's half year and full year financial statements (if not required to announce quarterly financial statements). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested, and hence any Shares comprised in such Awards may only be delivered, on or after the second Market Day from the day on which the aforesaid announcement is made.

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7. VESTING OF AWARDS

- 7.1 The Awards may be vested at the end of the applicable Vesting Period, if any, or upon satisfaction of the conditions as determined by the Remuneration Committee in its discretion and Shares comprised in such Awards may be issued and/or delivered to such Scheme Participant. If there are Performance Targets tied to the Awards, the Remuneration Committee may determine in its absolute discretion whether the Performance Targets have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares comprised in such Awards to be released, subject to the terms of the Awards.
- 7.2 Notwithstanding that all or only some conditions to which an Award is subject are satisfied, special provisions for the vesting and lapsing of such Award may apply in certain circumstances, including the following:
- (a) the decision of the Remuneration Committee, in its absolute discretion, to revoke or annul such Award;
 - (b) the termination of employment of a Scheme Participant;
 - (c) the ill health, injury, disability or death, redundancy or retirement of a Scheme Participant;
 - (d) the bankruptcy of a Scheme Participant;
 - (e) the misconduct or breach of the terms of employment on the part of the Scheme Participant, as determined by the Remuneration Committee in its absolute discretion; and
 - (f) a take-over, winding-up or reconstruction of the Company.
- 7.3 Upon the occurrence of any of the events specified in Rule 7.2(a), Rule 7.2(b), or Rule 7.2(e), any unvested Award then held by the Scheme Participant shall immediately lapse without any claim whatsoever against the Company and/or the Group.
- 7.4 If a Scheme Participant ceases to be in the employment of the Group before the Awards held by that Scheme Participant has vested by reason of any of the events specified in Rule 7.2(c), the Remuneration Committee may, in its absolute discretion, determine any of the following:
- (a) some or all of the Scheme Participant's unvested Awards will vest to the extent that the conditions have been satisfied; or
 - (b) preserve all or part of the Scheme Participant's unvested Awards until the end of the relevant Vesting Period.
- 7.5 Upon the occurrence of any of the events specified in Rule 7.2(d) or Rule 7.2(f), the Remuneration Committee will consider, at its discretion, whether or not to release any such Award, and will take into account all circumstances on a case by case basis, including (but not limited to) the contributions made by the Scheme Participant.
- 7.6 Save as provided and for the avoidance of doubt, the Shares under an Award shall nevertheless be released to a Scheme Participant for as long as he has satisfied the conditions, including any Performance Targets, to which the Award is subject and notwithstanding a transfer of his employment within any company in the Group or any apportionment of any Performance Target within any company in the Group. In addition, in such circumstances, if a Scheme Participant dies before the Shares under his Award are released, the Shares under such Award shall be given to the personal representatives of the Scheme Participant.
- 7.7 If any unvested Award of a Scheme Participant lapses pursuant to this Rule 7 or as determined by the Remuneration Committee in its discretion, such unvested Award then held by such Scheme Participant shall immediately lapse without any claim whatsoever against the Company and/or the Group.

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8. TAKE-OVER AND WINDING UP OF THE COMPANY

- 8.1 Notwithstanding Rule 7 but subject to Rule 8.5, in the event of a take-over offer being made for the Shares, a Scheme Participant shall be entitled to the Shares under the Awards provided that where the Awards are subject to conditions, including Performance Targets, such conditions have been satisfied for the corresponding Performance Period. For the avoidance of doubt, the vesting of such Awards will not be affected by the take-over offer.
- 8.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Scheme Participant who has satisfied the conditions, including his Performance Target (if any), shall be entitled, notwithstanding the provisions under this Rule 8 but subject to Rule 8.5, to any Shares under the Awards so determined by the Remuneration Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 8.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that Shares may not have been released to the Scheme Participants, shall be deemed or become null and void.
- 8.4 In the event of a members' voluntary winding-up (other than for the purposes of, or in connection with, an amalgamation or reconstruction), the Shares under the Awards shall be released to the Scheme Participant for so long as, in the absolute determination by the Remuneration Committee, the Scheme Participant has met the conditions, including Performance Targets (if any), prior to the date on which the members' voluntary winding-up is deemed to have commenced or is effective in law.
- 8.5 If in connection with the making of a general offer referred to in Rule 8.1 or the scheme referred to in Rule 8.2 or the winding-up referred to in Rule 8.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Scheme Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Awards shall be made.

9. ALLOTMENT OR TRANSFER OF SHARES

- 9.1 Where New Shares are to be allotted and issued upon the vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.
- 9.2 New Shares and/or Treasury Shares which are the subject of an Award shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Scheme Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank, in each case, as designated by that Participants.
- 9.3 New Shares issued and allotted upon the vesting of an Award and Treasury Shares transferred by the Company upon the vesting of an Award shall be subject to all the provisions of the Constitution, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

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10. ADJUSTMENT EVENTS

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

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

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

10.2 Unless the Remuneration Committee considers an adjustment to be appropriate:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities; or
- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

10.3 Notwithstanding the provisions of Rule 10.1 above:

- (a) no such adjustment shall be made if as a result, the Scheme Participant receives a benefit that a Shareholder does not receive; and
- (b) any determination by the Remuneration Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a bonus issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

10.4 Any increase in the issued share capital of the Company as a consequence of the delivery of Shares pursuant to the vesting of Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company will also not be regarded as a circumstance requiring adjustment.

10.5 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify the Scheme Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued and/or delivered pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

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11. ADMINISTRATION OF THE SCHEME

- 11.1 The Scheme shall be administered by the Remuneration 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, in compliance with the requirements of the Listing Rules, any Scheme Participant who is a member of the Remuneration Committee shall not be involved in its deliberations or decisions in respect of Awards to be granted to or held by that member of the Remuneration Committee or his Associates.
- 11.2 The Remuneration Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit, including but not limited to:
- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
 - (b) amending conditions including Performance Targets if by so doing, it would be a fairer measure of performance for a Scheme Participant or for the Scheme as a whole.
- 11.3 Any decision of the Remuneration Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final and binding, including but not limited to any decisions pertaining to the number of Shares to be vested, or to disputes as to the interpretation of the Scheme or any rule, regulation or procedure thereunder or as to any rights under the Scheme.

12. NOTICES AND ANNUAL REPORT

- 12.1 Any notice required to be given by a Scheme Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 12.2 Any notices or documents required to be given to a Scheme Participant or any correspondence to be made between the Company and the Scheme Participant shall be given or made by the Remuneration Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Scheme Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 12.3 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation:
- (a) the names of the members of the Remuneration Committee administering the Scheme;
 - (b) in respect of the following Scheme Participants:
 - (i) Directors; and
 - (ii) Scheme Participants (other than those in Rule 12.3(b)(i) above) who have been granted Awards under the Scheme and/or received Shares pursuant to the release of Awards granted under the Scheme which, in aggregate, represent five per cent (5%) or more of the total number of Shares available under the Scheme,

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the following information:

- (A) the name of the Scheme Participant;
- (B) the following particulars relating to Awards granted under the Scheme:
 - (1) the number of Shares comprised in Awards granted to the Scheme Participant during the financial year under review (including terms);
 - (2) the aggregate number of Shares comprised in Awards granted to the Scheme Participant since commencement of the Scheme to the end of the financial year under review;
 - (3) the aggregate number of Shares comprised in Awards granted to the Scheme Participant that have vested since commencement of the Scheme to the end of the financial year under review; and
 - (4) the aggregate number of Shares comprised in Awards granted to the Scheme Participant that are outstanding as at the end of the financial year under review; and
- (C) any other information required to be so disclosed pursuant to the Listing Manual and all other applicable laws and requirements,

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

13. MODIFICATIONS AND ALTERATIONS OF THE SCHEME

- 13.1 The Rules may be modified and/or altered from time to time by a resolution of the Remuneration Committee, subject to compliance with the Listing Manual and such other regulatory authorities as may be necessary.
- 13.2 However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Scheme Participants who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in value of all the Shares which would be issued and/or delivered pursuant to the Awards under the Scheme.
- 13.3 No alteration shall be made to the Rules to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.
- 13.4 The Remuneration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST where required) amend or alter the Rules in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST where required).
- 13.5 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Scheme Participants.

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14. TERMS OF OFFICE OR EMPLOYMENT UNAFFECTED

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

15. DURATION OF THE SCHEME

- 15.1 The Scheme shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the date on which the Scheme is adopted by Shareholders in general meeting, provided always that the Scheme may continue beyond the aforesaid period of time with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 15.2 Notwithstanding the expiry or termination of the Scheme, any Award made to Scheme Participants prior to such expiry or termination will continue to remain valid.
- 15.3 The Scheme may be terminated at any time by the Remuneration Committee or by resolution of Shareholders in general meeting subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Awards shall be vested by the Company thereunder.

16. TAXES

- 16.1 All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Scheme Participant under the Scheme shall be borne by that Scheme Participant.

17. COSTS AND EXPENSES

- 17.1 Each Scheme Participant shall be responsible for all fees (if any) relating to or in connection with the allotment, issue and/or delivery of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Scheme Participant's securities account with CDP, or the Scheme Participant's securities sub-account with a CDP depository agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 16 which shall be payable by the relevant Scheme Participant.
- 17.2 Save for the taxes referred to in Rule 16 and such other costs and expenses expressly provided in the Rules to be payable by the Scheme Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

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18. DISCLAIMER OF LIABILITY

- 18.1 Notwithstanding any provisions herein contained, the Board, the Remuneration Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing and/or delivering the Shares or applying for or procuring the listing and quotation of the Shares on the SGX-ST in accordance with Rule 9.2.

19. DISPUTES

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

20. CONDITION OF AWARDS

- 20.1 Every Award shall be subject to the condition that no Shares would be issued and/or delivered pursuant to the vesting of any Award if such issue and/or delivery would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue and/or delivery of Shares under the Scheme.

21. GOVERNING LAW

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

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B OF SINGAPORE)

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

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