

CIRCULAR DATED 7 APRIL 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold all your shares in the capital of ISDN Holdings Limited, you should hand this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

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



*ISDN*Holdings
LIMITED
ISDN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200416788Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (1) PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE;**
- (2) PROPOSED ADOPTION OF THE ISDN EMPLOYEE SHARE OPTION SCHEME 2016;**
- (3) PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT UNDER THE ISDN EMPLOYEE SHARE OPTION SCHEME 2016;**
- (4) PROPOSED PARTICIPATION BY TEO CHER KOON, A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE ISDN EMPLOYEE SHARE OPTION SCHEME 2016; AND**
- (5) PROPOSED PARTICIPATION BY THANG YEE CHIN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE ISDN EMPLOYEE SHARE OPTION SCHEME 2016.**

IMPORTANT DATE AND TIME:

Last date and time for lodgement of Proxy Form	: 20 April 2016 at 10.00 a.m.
Date and time of Extraordinary General Meeting	: 22 April 2016 at 10 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 9.00 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	: 1 Robinson Road #18-00 AIA Tower Singapore 048542

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DEFINITIONS

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

- “Act” or “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
- “AGM”** : The annual general meeting of the Company
- “Assetraise”** : Assetraise Holdings Limited
- “Associate” or “Associates”** : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Associated Company” or “Associated Companies”** : In relation to a corporation, means:-
- (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20% but not more than 50% of the aggregate of the nominal amount of all the voting shares; or
 - (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially
- “Award”** : A contingent award of Shares granted pursuant to the rules of the ISDN Performance Share Plan, as the case may be
- “Board” or “Board of Directors”** : The board of directors of the Company, as at the date of this Circular
- “CDP”** : The Central Depositor (Pte) Limited
- “CPF”** : The Central Provident Fund
- “Circular”** : This circular to Shareholders dated 7 April 2016
- “Code” or “Take-over Code”** : The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
- “Committee”** : Means the Remuneration Committee of the Company

“Company”	: ISDN Holdings Limited
“Constitution”	: The constitution of the Company which was previously known as the memorandum and articles of association of the company which were in force immediately before 3 January 2016
“Controlling Shareholder” or “Controlling Shareholders”	: A person who: (i) holds directly or indirectly 15.0% or more of the Company’s issued share capital; or (ii) in fact exercises control over the Company
“Date of Grant”	The date on which an Option is granted to a Participant pursuant to the rules of the ISDN ESOS 2016
“Director” or “Directors”	: A director or directors of the Company, as at the date of this Circular
“EGM”	: The extraordinary general meeting of the Company to be held on 22 April 2016, notice of which is set out on page 31 of this Circular
“Employee” or “Employees”	: Any employee of the Company (including any Group Executive Director) selected by the Committee to participate in the ISDN ESOS 2016 in accordance with the provisions thereof
“EPS”	: Earnings per Share
“ESOS Shares”	: The new Shares which may be allotted and issued from time to time pursuant to the exercise of Options which may be granted under the ISDN ESOS 2016
“Executive Director” or “Executive Directors”	: A Director or Directors of the Group who performs an executive function
“Exercise Price”	: The price at which a Participant shall subscribe for each ESOS Share upon the exercise of an Option, as determined in accordance with the rules of the ISDN ESOS 2016
“FRS”	: Financial Reporting Standards issued by the Accounting Standards Council
“FY” or “Financial Year”	: Financial year ended 31 December 2015
“Grantee”	: The person to whom an offer of an Option is made
“Group”	: The Company and its subsidiaries
“Group Employee” or “Group Employees”	: Any employee of the Group (including any Group Executive Director) selected by the Committee to participate in the ISDN ESOS 2016 in accordance with the provisions thereof
“Independent Director” or “Independent Directors”	: An independent director of the Company
“ISDN ESOS 2016” or “ISDN Employee Share Option Scheme 2016”	: The proposed employee share option scheme of the Company to be adopted by the Company at the forthcoming EGM of the Company
“ISDN Performance Share Plan”	: The ISDN Performance Share Plan of the Company, which was approved at an extraordinary general meeting of the Company held on 17 February 2012
“Latest Practicable Date”	: 22 March 2016, being the latest practicable date prior to the printing of this Circular

“Listing Manual”	: The listing manual of the SGX-ST, as may be amended or modified from time to time
“Listing Rules”	: Rules of the Listing Manual, as may be amended or modified from time to time
“LQN”	: The listing and quotation notice to be sought from the SGX-ST in respect of the ESOS Shares
“Main Board”	: The Main Board of the SGX-ST
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Non-Executive Director” or “Non-Executive Directors”	: A director of the Group who does not perform an executive function
“Non-Independent Director” or “Non-Independent Directors”	: A non-independent director of the Company
“Notice”	: The notice of the Extraordinary General Meeting
“NTA”	: Net tangible assets
“Offer Date”	: The date on which an offer to grant an Option is made
“Option”	: The right to subscribe for Shares granted or to be granted pursuant to the ISDN ESOS 2016
“Option Period”	: The period for the exercise of an Option, as set out in the rules of the ISDN ESOS 2016
“Ordinary Resolution”	: The ordinary resolutions as set out in the Notice of EGM on pages 31 of this Circular
“Participant”	: A person who is eligible to participate in the ISDN ESOS 2016 in accordance with the rules of the ISDN ESOS 2016
“Proxy Form”	: The proxy form which is set out at page 34 of this Circular
“Relevant Intermediary”	: Has the meaning ascribed to it under the Act
“Rules”	: The rules of the ISDN ESOS 2016, as may be amended from time to time, and any reference to a particular Rule shall be construed accordingly
“Securities Accounts”	: A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SFA” or “Securities and Futures Act”	: The Securities and Futures Act, Chapter 289 of Singapore as may be amended or modified from time to time
“SGX Main Board”	: The Main Board of the SGX-ST
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share Buy-Back Mandate”	: The general mandate given by Shareholders to authorise the Directors to purchase Shares in accordance with the rules and regulations set forth in the Act and the Listing Manual

“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
“Shares”	: Ordinary shares in the capital of the Company
“Share Registrar”	: Boardroom Corporate & Advisory Services Pte Ltd
“Substantial Shareholder”	: A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all voting Shares of the Company.
“S\$” “SGD” or “\$” and “cents”	: Singapore dollars and cents respectively
“%”	: Percentage and per centum

The terms **“Depositor”**, **“Depository”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore. The term **“treasury shares”** shall have the meaning ascribed to it in Section 4 of the Act.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the said 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.

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

Any reference to a time of a day in this Circular is a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

ISDN HOLDINGS LIMITED

(Incorporated in the Singapore on 28 December 2004)
(Company registration no. 200416788Z)

Board of Directors:

Lim Siang Kai, *Chairman and Independent Director*
Teo Cher Koon, *Managing Director and President*
Kong Deyang, *Executive Director and Senior Vice President of PRC operations*
Tay Gim Sin Leonard, *Independent Director*
Soh Beng Keng, *Independent Director*

Registered Office:

No. 10 Kaki Bukit Road 1
#01-30 KB Industrial Building
Singapore 416175

7 April 2016

To: The Shareholders of ISDN Holdings Limited

Dear Sir / Madam,

- (I) **PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE;**
- (II) **PROPOSED ADOPTION OF THE ISDN EMPLOYEE SHARE OPTION SCHEME 2016;**
- (III) **PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS AT A DISCOUNT UNDER THE ISDN EMPLOYEE SHARE OPTION SCHEME 2016;**
- (IV) **PROPOSED PARTICIPATION BY TEO CHER KOON, A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE ISDN EMPLOYEE SHARE OPTION SCHEME 2016; AND**
- (V) **PROPOSED PARTICIPATION BY THANG YEE CHIN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE ISDN EMPLOYEE SHARE OPTION SCHEME 2016.**

1. BACKGROUND

1.1. Introduction

The Directors are convening an EGM to be held on 22 April 2016 to seek Shareholders' approval for the following proposed resolutions (the "**Proposed Resolutions**"):

1.2. Proposed Renewal of the Share Buy-Back Mandate

At an Extraordinary General Meeting of the Company held on 24 June 2011, Shareholders had approved the adoption of a share buy-back mandate to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company. The rationale for, the authority and limitations on, and the financial effects of, the Share Buy-Back Mandate were set out in the Company's Circular to Shareholders dated 9 June 2011 (the "**2011 Circular**").

At an Extraordinary General Meeting of the Company held on 27 April 2015 (the "**2015 EGM**"), Shareholders approved the renewal of the Share Buy-back Mandate (the "**2015 Mandate**"). The 2015 Mandate was expressed to take effect on the date of the passing of ordinary resolution approving the share buy-back mandate at the 2015 EGM and will expire on the date of the forthcoming AGM which has been convened to be held on 22 April 2016.

The Directors propose that the 2015 Mandate be renewed at the EGM to authorise the Company to purchase or acquire Shares in the capital of the Company. The Share Buy-Back Mandate is set out in Ordinary Resolution in the Notice of the EGM accompanying this Circular.

1.3. Proposed Adoption of the ISDN Employee Share Option Scheme 2016

The Directors propose to implement an employee share option scheme, the ISDN Employee Share Option Scheme 2016 (“the **ISDN ESOS 2016**”). In general, the Employees, Executive Directors, and Non-Executive Directors (including the Independent Directors) of the Group, including those who may be Controlling Shareholders, shall be eligible to participate in the Scheme. All participation is subject to the ISDN ESOS 2016 Rules set out in Appendix A of this Circular. The implementation of the ISDN ESOS 2016 is set out in Ordinary Resolution in the Notice of the EGM accompanying this Circular.

1.4. Proposed Grant of Authority to Offer and Options at a Discount under the ISDN Employee Share Option Scheme 2016

In accordance with Rule 845(5) of the Listing Manual, the making of offers and grants of Option(s) at a discount of the Market Price is subject to the approval of Shareholders at a general meeting. For the avoidance of doubt, such prior approval shall be required to be obtained only once, and once obtained, shall, unless revoked, authorise the making of offers and grants of Option(s) under the ISDN ESOS 2016 at such discount for the duration of the scheme. Accordingly, the Company will seek approval from independent Shareholders at the EGM in the event that the Company intends at any time in the future to grant any Options at a discount to the Market Price.

1.5. Proposed Participation of Teo Cher Koon, a Controlling Shareholder of the Company, in the ISDN Employee Share Option Scheme 2016

The Company proposes that Mr Teo Cher Koon, a Controlling Shareholder of the Company, be allowed to participate in ISDN ESOS 2016. The rationale for the participation of Mr Teo Cher Koon is set out in paragraph 3.5 of this Circular.

1.6. Proposed Participation of Thang Yee Chin, an Associate of a Controlling Shareholder of the Company, in the ISDN Employee Share Option Scheme 2016

The Company proposes that Ms Thang Yee Chin, an associate of Mr Teo Cher Koon, be allowed to participate in ISDN ESOS 2016. The rationale for the participation of Ms Thang Yee Chin is set out in paragraph 3.5 of this Circular.

1.7. Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders’ approval for, the abovementioned Proposed Resolutions. Shareholders’ approval will be sought at the EGM to be held on 22 April 2016 at 10.00 a.m., notice of which is set out at page 31 of this Circular.

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

2. PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1. Rationale

The rationale for the Company to undertake the purchase or acquisition of its issued Shares, as previously stated on page 6 of the circular to Shareholders dated 7 April 2015 is as follows:

- (a) The Share Buy-Back Mandate gives the Directors the flexibility to purchase or acquire the Shares when circumstances permit, with the objective of increasing Shareholders’ value and to improve, *inter alia*, the return of equity of the Group. A share buy-back at an appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Share purchases or acquisitions provide the Company with an easy mechanism to facilitate the return of surplus cash over and above the ordinary capital requirements, in an expedient and cost efficient manner. Share purchases or acquisitions also allow the Directors to exercise control over the Company’s share structure and may, depending on market conditions, lead to an enhancement of the EPS and/or NTA per share of the Company.

- (b) The Share Buy-Back Mandate will provide the Company with an efficient mechanism to enhance return to Shareholders when circumstances permit. The Share Buy-Back Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued, to help mitigate short-term market volatility and to offset the effects of short-term speculation.

2.2. Authority and Limits on the Share Buy-Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buy-Back Mandate, if renewed at the EGM, are summarised below:–

2.2.1 Maximum number of Shares

The total number of Shares which can be purchased pursuant to the Share Buy-Back Mandate is such number of Shares which represents up to a maximum of 10% of the issued ordinary shares in the capital of the Company as at the date of the EGM on which the resolution authorising the same is passed.

Purely for illustrative purposes, on the basis of 354,684,950 Shares in issue as at the Latest Practicable Date, not more than 35,468,495 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

2.2.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM, at which the renewal Share Buy-Back Mandate is approved, up to the earlier of:–

- (i) the date of the next AGM of the Company;
- (ii) the date by which the next AGM of the Company is required by law to be held;
- (iii) the time when such mandate is revoked or varied by Shareholders in general meeting;
or
- (iv) the date on which the share buy-back is carried out to the full extent mandated.

(the “**Relevant Period**”)

2.2.3 Manner of purchases or acquisitions of Shares

Purchases of Shares can be effected by the Company in either one of the following two ways or both:

- (i) an on-market purchase through the SGX-ST’s ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose (“**Market Purchase**”); and/or
- (ii) an off-market acquisition on an equal access scheme as defined in section 76C of the Act (“**Off-Market Purchase**”). The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Listing Rules and the Act, as they consider fit in the interests of the Company in connection with or in relation to Off-Market Purchase schemes. The Off-Market Purchase scheme must, however, satisfy the following conditions:–
 - (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
 - (b) all of those persons shall be given a reasonable opportunity to accept the offers made;

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

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

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed share buy-back;
- (iv) the consequences, if any of share purchases by the Company that will arise under the Take-over Code or other applicable takeover rules;
- (v) whether the share buy-back, if made, could affect the listing of the Company's equity securities on the SGX-ST;
- (vi) details of any share buy-back made by the Company in the previous 12 months (whether market acquisitions or off-market acquisitions 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
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.2.4 Price Restrictions

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

- (i) in the case of a Market Purchase, 105% of the average closing market price. For this purpose, the average closing market price is:–
 - (a) the average of the closing market prices of the Shares over the last five Market Days (on which transactions in the Shares were recorded) immediately before the date of the Market Purchase by the Company; and
 - (b) deemed to be adjusted for any corporate action that occurs after the relevant five Market Days period; and
- (ii) in the case of an Off-Market Purchase, 105% of the highest price at which a Share is transacted on the SGX-ST on the Market Day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an Off-Market Purchase Offer stating the purchase price and the relevant terms of the equal access scheme.

(the “**Maximum Price**”) in either case.

2.3. Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.4. Treasury Shares

Under the 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 Act are summarised below:–

2.4.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.4.2 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 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 greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.4.3 Disposal and Cancellation

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

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes or pursuant to any share scheme, whether for its 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 of Finance.

2.5. Source of Funds

Under the Act, any purchase of Shares pursuant to the Share Buy-Back Mandate may be made out of the Company's capital and/or distributable profits that are available for payment as dividends. In addition, the Act permits the Company to purchase its own Shares out of capital, as well as from its distributable profits as long as the Company is solvent. In addition, in the event that the Company elects to hold the Shares purchased pursuant to the Share Buy-Back Mandate as treasury shares, such treasury shares shall not be regarded for the purpose of computing the maximum number of Shares which the Company is able to buy-back under the Share Buy-Back Mandate.

The Company intends to use internal resources and/or external borrowings to finance the Company's purchase or acquisition of Shares. The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity (for example, share trading volume) and working capital of the Company and the Group.

2.6. Financial Impact

If the purchased or acquired Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. The consideration to be paid by the Company for the purchase or acquisition of Shares will correspondingly reduce the amount available for the distribution of cash dividends by the Company. If, on the other hand, the purchased or acquired Shares are not cancelled but held in treasury, then there is no change in the Company's issued capital. In both cases, Shareholders' funds are reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. The financial effects are illustrated in paragraph 2.6.1.

The financial impact on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Buy-Back Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price at which such Shares are purchased or acquired, the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares are cancelled or held in treasury.

For illustrative purposes only, assuming that the Company had purchased 35,468,495 Shares representing 10% of the Shares in issue as at the Latest Practicable Date, the financial effects on the audited financial statements of the Company and the Group ended 31 December 2015 would have been as follows:–

2.6.1 Market Purchase and Off-Market Purchase

For illustrative purposes only:

Where the Shares purchased or acquired are cancelled or held in treasury, in a Market Purchase, assuming that the Maximum Price is S\$0.21, which is 5% above the average closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase of up to 35,468,495 Shares (representing 10% of the total issued share capital of the Company as at the Latest Practicable Date net of the treasury shares), which is the maximum number of Shares the Company is able to purchase or acquire under and during the duration of the Share Buy-Back Mandate is as follows:–

Assuming using internal resources to purchase the Shares

	Group		Company	
	Before Share Buy-Back S\$'000	After Share Buy-Back S\$'000	Before Share Buy-Back S\$'000	After Share Buy-Back S\$'000
31 December 2014				
Current assets (A)	140,132	132,684	35,627	28,179
Current liabilities (B)	59,700	59,700	3,600	3,600
Working capital	80,432	72,984	32,027	24,579
Shareholders' funds net of goodwill and intangible assets (C)	118,043	110,595	68,711	61,263
Total borrowings (D)	13,650	13,650	–	–
Profit attributable to equity holders of the Company (E)	7,457	7,457	1,696	1,696

	Group		Company	
	Before Share Buy-Back S\$'000	After Share Buy-Back S\$'000	Before Share Buy-Back S\$'000	After Share Buy-Back S\$'000
31 December 2014				
Number of Shares (net of treasury shares) (F)	354,684,950	319,216,455	354,684,950	319,216,455
Weighted Average Number of Shares (net of treasury shares) (G)	359,501,725	324,919,680	359,501,725	324,919,680
Financial Ratios				
NTA per Share (S\$ cents) (C)/(F)	33.28	34.65	19.37	19.19
EPS (S\$ cents) (E)/(G)	2.07	2.30	0.47	0.52
Gearing ratio (times) (D)/(C)	12%	12%	N/A	N/A
Current ratio (times) (A)/(B)	2.35	2.22	9.90	7.83

As at 31 December 2015, the Group and the Company had cash and bank balances of approximately S\$39.10 million and S\$331,000 respectively. In order to effect a purchase of up to 35,468,495 Shares at the Maximum Price computed as at the Latest Practicable Date, cash reserves from the Group of S\$7.45 million will be required.

Assuming using external borrowings to purchase the Shares

	Group		Company	
	Before Share Buy-Back S\$'000	After Share Buy-Back S\$'000	Before Share Buy-Back S\$'000	After Share Buy-Back S\$'000
31 December 2014				
Current assets (A)	140,132	140,132	35,627	35,627
Current liabilities (B)	59,700	67,148	3,600	11,048
Working capital	80,432	72,984	32,027	24,579
Shareholders' funds net of goodwill and intangible assets (C)	118,043	117,827	68,711	68,465
Total borrowings (D)	13,650	21,098	–	7,448
Profit attributable to equity holders of the Company (E)	7,457	7,211	1,696	1,450
Number of Shares (net of treasury shares) (F)	354,684,950	319,216,455	354,684,950	319,216,455
Weighted Average Number of Shares (net of treasury shares) (G)	359,501,725	324,919,680	359,501,725	324,919,680
Financial Ratios				
NTA per Share (S\$ cents) (C)/(F)	33.28	36.90	19.37	21.45
EPS (S\$ cents) (E)/(G)	2.07	2.22	0.47	0.45
Gearing ratio (times) (D)/(C)	12%	18%	N/A	11%
Current ratio (times) (A)/(B)	2.35	2.09	9.90	3.22

As illustrated above, assuming that the Market Purchase had taken place on 31 December 2014 and using internal resources, the share buy-back will have the effect of reducing the working capital and the Shareholders' funds (net of goodwill) of the Group and Company, by the purchase price of the Shares purchased. The NTA per Share of the Group as at 31 December 2014 will increase from 33.28 cents to 34.65 cents for the Group and decrease from 19.37 cents to 19.19 cents for the Company respectively.

Assuming that the Market Purchase had taken place on 31 December 2014 and using external borrowings, the share buy-back will have the effect of reducing the working capital and the Shareholders' funds (net of goodwill) of the Group and Company, by the purchase price of the Shares purchased. The NTA per Share of the Group as at 31 December 2014 will increase from 33.28 cents to 36.90 cents for the Group and increase from 19.39 cents to 21.45 cents for the Company respectively.

Assuming that the Market Purchase had taken place on 31 December 2014 and using internal resources, the basic EPS of the Group for financial year ended 31 December 2014 will increase from 2.07 cents to 2.30 cents for the Group and increase from 0.47 cents to 0.52 cents for the Company respectively as a result of the reduction in the number of issued Shares.

Assuming that the Market Purchase had taken place on 31 December 2014 and using external borrowings, the basic EPS of the Group for financial year ended 31 December 2014 will increase from 2.07 cents to 2.22 cents for the Group and decrease from 0.47 cents to 0.45 cents for the Company respectively as a result of the reduction in the number of issued Shares.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for the financial year ended 31 December 2014, and is not necessarily representative of future financial performance.

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

Shareholders who are in doubt as to their respective tax positions or the tax implications of a share buy-back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.7. Listing Rules

The Listing Rules specify 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. Such announcement must include details of the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable.

While the Listing Rules do not expressly prohibit any purchase of Shares by a listed company during any particular time or times, because the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, to comply with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the announcement of the Company's full year results, as the case may be, and ending on the date of the relevant results.

2.8. Tax Implications

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

2.9. Take-over Code implications

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

2.9.1 Obligation to make a take-over offer

Pursuant to Appendix 2 of the Take-over Code, when a company buys back its shares, any resulting increase in the percentage of voting rights held by a shareholder and persons acting in concert with him will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in the change of effective control, or as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

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, *inter alia*, will be presumed to be acting in concert:

- (a) a company with its parent, subsidiaries, its fellow subsidiaries, any Associated Companies of the aforesaid companies, any company whose Associated Companies include any of the aforesaid companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid companies for the purchase of shares carrying voting rights;
- (b) 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);
- (c) a company with any of its pension funds and employee share schemes;
- (d) 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;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts as well as companies controlled by any of the 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;
- (g) partners; and

- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act in accordance with his instructions, companies controlled by any of the aforesaid persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons or companies for the purchase of voting rights.

For this purpose, a company is an Associated Company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

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

The effect of Rule 14 of the Take-over Code is that, unless exempted, the 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 would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

A Shareholder, who is not acting in concert with the Directors, will not be required to make a take-over offer under Rule 14 of the Code if, as a result of the Company purchasing its Shares, the voting rights of the Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting on the resolution authorising the Share Buy-Back Mandate at the EGM.

2.9.3 Application of the Take-over Code

Based on substantial Shareholders' notifications received by the Company as at the Latest Practicable Date (which is set out in section 4 of this Circular), Assetraise is a controlling Shareholder of the Company. As the beneficial owner of Assetraise, Mr. Teo Cher Koon, the Managing Director of the Company, is deemed to have an interest in the 129,572,250 Shares held by Assetraise, which is equivalent to approximately 36.53% of the Company's issued Shares.

In the event that the Company undertakes any purchase or acquisition of Shares of up to the maximum limit of 10% of its issued Shares as permitted by the Share Buy-Back Mandate, the aggregate shareholdings and voting rights of Mr. Teo Cher Koon and persons presumed to be acting in concert with him under the Code (the "**Relevant Parties**") in the Company will increase from approximately 36.53% to approximately 40.59%. Accordingly, if such increase in shareholding were to occur over any 6-month period, the shareholding of the Relevant Parties would have increased by more than 1% and they would be required to make a general offer for the Shares held by the other Shareholders pursuant to Rule 14.1(b) of the Take-over Code.

The Relevant Parties and persons acting in concert with them will be exempted from the requirement to make an offer under Rule 14 of the Take-over Code, subject to the following conditions set out in Appendix 2 of the Take-over Code:-

- (a) the circular to Shareholders on the resolution to approve the Share Buy-Back Mandate contains advice to the effect that by voting for the resolution, Shareholders are waiving their rights to a general offer at the required price from the Relevant Parties and persons acting in concert with them, who, as a result of the Company buying back its Shares, would increase their voting rights to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, would increase their voting rights by more than 1% in any 6-month period; and the names of the Relevant Parties and persons acting in concert with them, and their voting rights at the time of the resolution and after the proposed buy-back under the Share Buy-Back Mandate are disclosed in the same circular;

- (b) the resolution to authorise the Share Buy-Back Mandate is approved by a majority of the Shareholders present and voting at the EGM on a poll who could not become obliged to make an offer as a result of the share buy-back under the Share Buy-Back Mandate;
- (c) the Relevant Parties abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to approve the Share Buy-Back Mandate;
- (d) within seven (7) days after the passing of the resolution to approve the Share Buy-Back Mandate, each of the Directors is to submit to the SIC a duly signed Form 2 as set out in the Appendix to the SIC's Practice Statement on Share Buy-Back Guidance Note;
- (e) the Relevant Parties not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back Mandate is imminent and the earlier of:-
 - (i) the date on which the authority of the Share Buy-Back Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the EGM in respect of the proposed Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase to 30% or more; and

- (f) the Relevant Parties holding between 30% and 50% of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back Mandate is imminent and the earlier of:-
 - (i) the date on which the authority of the Share Buy-Back Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the EGM in respect of the proposed Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the share buy-back, would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months.

It follows that where the aggregate voting rights held by the Relevant Parties increase by more than 1% solely as a result of the share buy-back and none of them has acquired any Shares during the relevant period defined above, then the Relevant Parties would be eligible for the SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption has been granted, would continue to enjoy the exemption.

Shareholders should note that by voting in favour of the Share Buy-Back Mandate, they are waiving their rights to a take-over offer at the required price from the Relevant Parties.

Save as disclosed above, the Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholders are, or may be regarded as parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a share buy-back pursuant to the Share Buy-Back Mandate.

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

The Relevant Parties and persons acting in concert with them (including Assetraise) will abstain from voting at the EGM in respect of the proposed Share Buy-Back Mandate and will not accept nominations as proxy or otherwise for voting at the EGM in respect thereof.

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

The Company has not made any share buy-back in the twelve (12) months preceding the Latest Practicable Date.

2.11. Reporting Requirements

Within thirty days of the passing of the approval of the proposed Share Buy-Back Mandate, the Directors shall lodge a copy of the relevant Shareholders' resolution with the Registrar of Companies (the "**Registrar**").

The Directors shall lodge with the Registrar a notice of share purchase within thirty days of a share buy-back. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of treasury shares held, the Company's issued share capital before and after the purchases, the amount of consideration paid by the Company for the purchases, whether the shares were purchased out of the profits or the capital of the company and such other particulars as may be required in the prescribed form.

Within thirty days of the cancellation or disposal of treasury shares in accordance with the provisions of the Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

2.12. Listing Status on the SGX-ST

The Listing Manual requires an issuer to ensure that at least 10.0% of any class of its listed securities must be held by the public. The Company will ensure that any Share purchased by the Company will not result in a fall in the percentage of Shares held by the public to below 10.0% of the total number of issued Shares. The number of Shares held in the hands of the public was 174,346,700 Shares or approximately 49.16% of the Company's issued share capital as at the Latest Practicable Date.

Assuming that (a) the Company purchases a maximum of 10.0% of the issued Shares from the public and (b) the Shares held by the substantial Shareholders of the Company and the Directors remain unchanged, the percentage of Shares in the hands of the public after such a buy-back will be approximately 43.51%.

The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares which would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the orderly trade of the Shares or the listing status of the Company.

As at the Latest Practicable Date, the Company has 179,972,475 outstanding warrants apart from its Shares listed on the SGX-ST.

3. PROPOSED ADOPTION OF THE ISDN ESOS 2016

3.1 Rationale

The Company had previously implemented the ISDN Performance Share Plan which was approved by Shareholders at an extraordinary general meeting of the Company on 17 February 2012 and is currently in force.

The Company has undertaken a review of employee remuneration and benefits and wishes to re-introduce an employee share option scheme known as “ISDN Employee Share Option Scheme 2016” to be implemented in conjunction with the Company’s existing ISDN Performance Share Plan, so as to provide eligible Participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The Rules of the ISDN ESOS 2016 are set out in Appendix A of this Circular. Both the ISDN Employee Share Option Scheme 2016 and the ISDN Performance Share Plan will form an integral and important component of the Company’s compensation plan and are designed primarily to reward and retain Participants whose services are vital to the growth and performance of the Group.

The ISDN Employee Share Option Scheme 2016 and the ISDN Performance Share Plan are designed to complement each other in the Group’s efforts to reward, retain and motivate Participants to achieve better performance. The aim of implementing more than one incentive plan is to increase the Group’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance by providing the Group with a more comprehensive set of remuneration tools and further strengthen the Group’s competitiveness in attracting and retaining talent.

SGX-ST has approved in-principle the listing and quotation of the Shares arising from the ISDN ESOS 2016, subject to compliance with SGX-ST listing requirements and guidelines, and independent Shareholders approval being obtained for the ISDN ESOS 2016. The approval of the SGX-ST shall not be taken as an indication of the merits of the ISDN ESOS 2016.

3.2 Objectives of the ISDN ESOS 2016

The objectives of the ISDN ESOS 2016 are as follows:

- (a) to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and profitability of the Group;
- (c) to instil loyalty to, and a stronger identification by Participants with the long-term prosperity of, the Group;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for Shareholders; and
- (e) to align the interests of Participants with the interests of Shareholders.

3.3 Summary of Rules

The following is a summary of the rules of the ISDN ESOS 2016:

3.3.1 Participants

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the ISDN ESOS 2016:

- (a) Group Employees and Directors:
 - (i) confirmed full-time employees of our Company and/or its subsidiaries who have attained the age of 21 years on or before the Offering Date;

- (ii) directors of our Company and/or its subsidiaries who perform an executive function;
 - (iii) Non-executive and Independent Directors of our Company; and
 - (iv) employees who qualify under sub-paragraph (i) above and are seconded to a company, which is an Associated Company, or any other company outside the Group in which our Company and/or Group has an equity interest.
- (b) Associated Company Employees and Directors:

Subject to the Company having control over the Associated Company:

- (i) confirmed full-time employees of an Associated Company who have attained the age of 21 years and above on or before the Offering Date;
- (ii) directors of an Associated Company who perform an executive function; and
- (iii) Non-executive directors of an Associated Company.

provided that, as of the relevant Offer Date, they have attained the age of twenty-one (21) years, have not entered into any compositions with their respective creditors and are not undischarged bankrupts, and in the opinion of the Committee, have contributed or will contribute to the success and development of the Group and/or the relevant Associated Company; and in the case of employees of the Group or employees of the relevant Associated Companies, must hold such position as may be designated by the Company from time to time, and whose eligibility have been confirmed by the Company and/or any of its Subsidiaries and/or any of its Associated Companies (as the case may be) as at each proposed Offer Date as determined by the Committee.

Pursuant to Rule 853 of the Listing Manual, participation in the ISDN ESOS 2016 by any Controlling Shareholder or his Associate must be approved by the independent Shareholders at a general meeting and a separate resolution must be passed for each such person to approve the actual number and terms of the Options to be granted to such person. The Company will at such time provide the rationale and justification for any proposal to grant the Controlling Shareholders and/or their Associates any Options. Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the ISDN ESOS 2016 and grant of Options to them.

There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the ISDN ESOS 2016 may be amended from time to time at the absolute discretion of the Committee.

3.3.2 Administration of the ISDN ESOS 2016

The ISDN ESOS shall be administered by the Remuneration Committee of the Company (which may include Directors who may be Participants of the ISDN ESOS 2016) in its absolute discretion with such powers and duties as are conferred to it by the Board. A member of the Committee who is also a Participant of the ISDN ESOS 2016 shall abstain from deliberation in respect of the Options granted or to be granted to him/her.

3.3.3 Size of the ISDN ESOS 2016

The aggregate number of Shares over which the Committee may grant Options on any date under the ISDN ESOS 2016, when added to the number of Shares issued and/or issuable in respect of (a) all Awards granted under the ISDN Performance Share Plan; and (b) all outstanding options or awards granted under such other schemes implemented the Company (if any), shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares)

on the day immediately preceding the relevant Date of Grant. The Directors believe that this limit allows the Group sufficient flexibility to decide upon the number of Options to offer to the existing and new Participants. The number of eligible Participants is expected to grow over the years. The Group, in line with its goal of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base and talent base, and thus the number of eligible Participants will increase as a result. If the number of Options available under the ISDN ESOS 2016 is limited, the Company may only be able to grant a small number of Options to each eligible Participant which may not be a sufficiently attractive incentive. The Company is of the opinion that it should have a sufficient number of Options to offer to new Participants as well as to existing ones. The number of Options offered must also be significant to serve as a meaningful reward for contributions to the Group. However, it does not necessarily mean that the Committee will definitely issue Options up to the prescribed limit. The Committee shall exercise its discretion in deciding the number of Options to be granted to each Participant, and this will depend on the performance and value of the Participant to the Group.

3.3.4 Maximum entitlements

The number of Shares over which Options may be granted to a Participant under the ISDN ESOS 2016 shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as rank, job performance, years of service, contribution to the success of the Group, potential for future development of that Participant and the extent of effort and resourcefulness required to achieve the service conditions and/or performance targets within the performance and/or service periods.

The aggregate number of Shares for which Options may be granted under the ISDN ESOS 2016 to Controlling Shareholders and their Associates shall not exceed 25% of the total number of Shares available under the ISDN ESOS 2016. The number of Shares over which Options may be granted under the ISDN ESOS 2016 to each Controlling Shareholder or his Associate shall not exceed 10% of the total number of Shares available under the ISDN ESOS 2016.

3.3.5 Options, exercise period and exercise price

The Options that are granted under the ISDN ESOS 2016 may have exercise prices that are, at the Committee's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for the Shares for the five (5) consecutive Market Days immediately preceding the relevant Date of Grant; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price ("**Market Price Option**") may be exercised after the first anniversary of the Date of Grant while Options exercisable at a discount to the Market Price ("**Discounted Option**") may only be exercised after the second anniversary from the date of Grant. Options granted to the employees and Executive Directors of the Group and employee and directors of its Associated Companies under the ISDN ESOS 2016 will have a life span of 10 years while Options granted to the Non-Executive Directors of the Group will have a life span of five (5) years.

Subject to the prevailing legislation and the Listing Rules, the Company will have the flexibility to deliver Shares to Grantees upon the exercise of their Options by way of an allotment of new Shares and/or the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share buy-back mandate and/or held by the Company as treasury shares. In determining whether to issue new Shares or to deliver existing Shares to Grantees upon the exercise of their Options, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

3.3.6 Grant of Options

Under the rules of the ISDN ESOS 2016, there are no fixed periods for the grant of Options. As such, offers for the grant of Options may be made at any time at the discretion of the Committee. However, no Option shall be granted during the period of two weeks immediately preceding the date of announcement of the Company's results for the first three quarters of its financial year and/or one month before the announcement of the Company's full year results (as the case may be).

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

3.3.7 Termination of Options

Special provisions in the rules of the ISDN ESOS 2016 deal with the lapse or earlier exercise of Options in circumstances which include the termination of the Grantee's employment in the Group, the bankruptcy of the Grantee, the death of the Grantee, a takeover of the Company and the winding up of the Company.

3.3.8 Acceptance of offer

The grant of Options shall be accepted within 30 days from the date of offer. Offers of Options made to Grantees, if not accepted by the closing date, will automatically lapse and shall forthwith be deemed to be null and void and of no effect. Upon acceptance of the offer, the Grantee must pay the Company a consideration of S\$1.00 or such amount as the Committee may decide.

3.3.9 Rights of Shares arising from the exercise of Options

Shares arising from the exercise of Options are subject to the provisions of the Companies Act and the Constitution of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to such Share, including those rights which rise from a liquidation of the Company). The Shares so allotted will upon issue rank *pari passu* in all respects with the then existing issued Shares, save for any dividend, rights, allotments or distributions, the record date for which is prior to the relevant exercise date of the Option. For such purposes, "record date" means the date as at the close of business on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

3.3.10 Duration of the ISDN ESOS 2016

The ISDN ESOS 2016 shall continue in operation at the discretion of the Committee, subject to a maximum duration of ten (10) years commencing on the date on which the ISDN ESOS 2016 is adopted by the Company in a general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the ISDN ESOS 2016 may be continued for any further period thereafter with the approval of Shareholders by resolution in general meeting and of any relevant authorities which may then be required.

3.3.11 Abstention from voting

Shareholders who are eligible to participate in the ISDN ESOS 2016 are to abstain from voting on any resolution of Shareholders relating to the ISDN ESOS 2016 and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

3.3.12 Adjustments and alterations under the ISDN ESOS 2016

Variation of capital

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

- (i) the Exercise Price in respect of the Shares comprised in any Option to the extent unexercised;
- (ii) the class and/or number of Shares comprised in any Option to the extent unexercised and the rights attached thereto; and/or
- (iii) the class and/or number of Shares in respect of which additional Options may be granted pursuant to the ISDN ESOS 2016,

shall be adjusted in such a manner as the Committee may determine to be appropriate. Adjustments other than on a capitalisation issue must be confirmed in writing by the Auditors (acting as experts and not as arbitrators) to be fair and reasonable.

The following (whether singly or in combination) shall not be regarded as events requiring adjustments:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) any issue of securities pursuant to any joint venture;
- (iii) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertibles into Shares or subscription rights of any warrants issued from time to time by the Company enabling holders thereof to acquire new Shares in the capital of the Company;
- (iv) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; or
- (v) any reduction in the number of issued Shares as a result of 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 SGX Main Board during the period when a share buy-back mandate granted by Shareholders (including any renewal of such mandate) is in force.

Notwithstanding the provisions of the rules of the ISDN ESOS 2016:

- (i) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (ii) no such adjustment shall be made unless the Committee, after considering all relevant circumstances considers it equitable to do so.

Modifications to the ISDN ESOS 2016

The ISDN ESOS 2016 may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:

- (i) any modification or alteration which shall alter adversely the rights attached to any Options granted prior to such modification or alteration and which in the opinion of the Committee, materially alter the rights attaching to any Option(s) granted prior to such modification or alteration may only be made with the consent in writing of such number of Grantees who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters of the total number of all the Shares

which would fall to be issued and allotted upon exercise in full of all outstanding Options;

- (ii) any modification or alteration which would be to the advantage of Participants under the ISDN ESOS 2016 shall be subject to the prior approval of Shareholders in a general meeting; and
- (iii) no modification or alteration shall be made without the prior approval of the SGX-ST (if required) or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

3.3.13 Reporting requirements

Under the Listing Rules, an immediate announcement must be made on the Date of Grant and provide details of the grant, including the following:

- (a) the Date of Grant;
- (b) Exercise Price of the Options granted;
- (c) number of Options granted;
- (d) market price of the Shares on the Date of Grant;
- (e) number of Options granted to each Director and Shareholder (and each of their Associates), if any; and
- (f) the validity period of the Options.

The Company shall, for as long as the ISDN ESOS 2016 continues in operation, make the following disclosure in its annual report:

- (a) the names of the members of the Committee administering the ISDN ESOS 2016;
- (b) the information required in the table below for the following Grantees (which for the avoidance of doubt, shall include Grantees who have exercised all their Options in any particular Financial Year):
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Grantees, other than those in (b)(i) and (b)(ii) above, who receive 5% or more of the total number of Options available under the ISDN ESOS 2016; and

Name of Grantee	Options granted during the Financial Year under review (including terms)	Aggregate Options granted since commencement of the ISDN ESOS 2016 to the end of the Financial Year under review	Aggregate Options exercised since commencement of the ISDN ESOS 2016 to the end of the Financial Year under review	Aggregate Options outstanding as at the end of the Financial Year under review
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- (c) the number and proportion of Options granted at the following discounts to the Market Price in the Financial Year under review:

- (i) options granted at up to 10% discount; and
- (ii) options granted at between 10% but not more than 20% discount; and
- (d) such other information as may be required by the Listing Rules and all other applicable laws and requirements,

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

3.4 Grant of Discounted Options

Discounted Options will only be granted to deserving Participants whose performance has been consistently good and/or whose future contributions to the Group will be invaluable. The ability to offer Discounted Options will operate as a means to recognise the performance of Grantees as well as to motivate them to continue to excel while encouraging them to focus on improving the profitability and return of the Group to a level that benefits Shareholders when these are eventually reflected through an appreciation of the Company's share price. Discounted Options would be perceived in a more positive light by the Grantees, inspiring them to work hard and produce results in order to be offered Discounted Options as only Participants who have made significant contributions to the success and development of the Group would be granted Discounted Options.

The flexibility to grant Discounted Options is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Committee will have absolute discretion to:

- (a) grant Options set at a discount to the Market Price of a Share (subject to a maximum limit of 20%); and
- (b) determine the Participants to whom, and the Options to which, such reduction in Exercise Prices will apply.

In determining whether to give a discount and the quantum of the discount, the Committee shall be at liberty to take into consideration factors including the performance of the Company, the Group, the performance of the Participant concerned, the contribution of the Participant to the success and development of the Group and the prevailing market conditions.

At present, the Company foresees that Discounted Options may be granted principally in the following circumstances:

- (a) Firstly, where it is considered more effective to reward and retain talented Participants by way of a Discounted Option rather than a Market Price Option. This is to reward the outstanding performers who have contributed significantly to the Group's performance and the Discounted Option serves as additional incentive to such Participants. Options granted by the Company on the basis of market price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence during such periods the ability to offer Discounted Options would allow the Company to grant Options on a more realistic and economically feasible basis. Furthermore, Discounted Options will give an opportunity to the Participants to realise some tangible benefits even if external events cause the Share price to remain largely static.
- (b) Secondly, where it is more meaningful and attractive to acknowledge a Participant's achievements through a Discounted Option rather than paying him a cash bonus. For example, Discounted Options may be used to compensate Participants and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit-based cash bonuses or rewards may be combined with grants of Market Price Options or Discounted Options, as part of the compensation packages for Participants. The ISDN ESOS 2016 will provide the Participants with an incentive to focus more on improving the profitability of the Group thereby enhancing shareholder value when these are eventually reflected through the

price appreciation of the Shares after the vesting period.

The Committee will have the absolute discretion to grant Discounted Options, to determine the level of discount (subject to a maximum discount of 20% of the Market Price) and the Grantees to whom, and the Options to which, such discount in the Exercise Price will apply provided that Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the ISDN ESOS 2016 at a discount not exceeding the maximum discount as aforesaid. The Company may also grant Options without any discount to the Market Price. In addition, the Company may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the market price or at a discount to the Market Price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

In accordance with Rule 845(5) of the Listing Manual, the making of offers and grants of Option(s) at a discount of the Market Price is subject to the approval of Shareholders at a general meeting. For the avoidance of doubt, such prior approval shall be required to be obtained only once, and once obtained, shall, unless revoked, authorise the making of offers and grants of Option(s) under the ISDN ESOS 2016 at such discount for the duration of the scheme. Accordingly, the Company will seek approval from independent Shareholders at the EGM in the event that the Company intends at any time in the future to grant any Options at a discount of the Market Price

3.5 Rationale for participation by Controlling Shareholders and their Associates

An employee or a Director who is a Controlling Shareholder(s) or their Associates shall be entitled to participate in the ISDN ESOS 2016. Although the Controlling Shareholder(s) or their Associates may already have shareholding interests in the Company, including them in the ISDN ESOS 2016 ensures that they are equally entitled, with the other eligible directors and employees of the Group who are not Controlling Shareholder(s) or their Associates, to take part and benefit from this system of remuneration. The Company is of the view that the Company should have a fair and equitable system to reward the eligible directors and employees who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholder(s) or their Associates. A person who would otherwise be eligible should not be excluded from participating in the ISDN ESOS 2016 solely for the reason that he is a Controlling Shareholder or an Associate of a Controlling Shareholder.

Specific approval of independent Shareholders is required for the participation of Controlling Shareholder(s) and their Associates in the ISDN ESOS 2016. When it is proposed that Options be granted under the ISDN ESOS 2016 to eligible Participants who are Controlling Shareholder(s) or Associates of Controlling Shareholder(s), in accordance with the requirements of the Listing Rules, the actual number and terms of the Options to be granted to each such person are subject to the approval of independent Shareholders in a separate resolution. In seeking such independent Shareholders' approval, clear justification as to their participation and the number and terms (including the Exercise Price) of Options to be granted to the Controlling Shareholder or Associate of Controlling Shareholder shall be provided. Accordingly, the Company is of the view that there are sufficient safeguards against any abuse of the ISDN ESOS 2016 resulting from the participation of Controlling Shareholder(s) or their Associates.

As at the Latest Practicable Date, the Group's employee or Executive Director who are Controlling Shareholders and their Associates are namely Mr. Teo Cher Koon and Ms. Thang Yee Chin. It is proposed that these persons be eligible to participate in the ISDN ESOS 2016.

3.5.1 Rationale for participation of Mr. Teo Cher Koon

Mr. Teo Cher Koon is the Managing Director of the Company. He is responsible for the formulation and implementation of our Group's overall strategic vision, business development, market expansion plans and long-term sustainability, and overseeing our Group's day-to-day operations with the support of the Group's executive officers.

The Directors believe that Mr. Teo Cher Koon will continue to contribute substantially to the growth of the Group and allowing him to participate in the ISDN ESOS 2016 will serve to reward as well as to instil in him a commitment to continue to contribute to the growth of

the Group. As a full time employee of the Group, Mr. Teo Cher Koon should also be eligible to participate in the ISDN ESOS 2016 alongside our Group Employees and Group Executive Directors.

3.5.2 Rationale for participation of Ms Thang Yee Chin

Ms Thang Yee Chin is the spouse of Mr Teo Cher Koon, Managing Director and substantial shareholder of the Company. Ms Thang Yee Chin has been with the Group since 26 September 2005. She is an executive director of Servo Dynamics Pte Ltd, a principal subsidiary of the Company.

The Directors consider it crucial to provide incentives which will instil a sense of commitment and loyalty to the Group and in particular for the Group to successfully retain talent for succession planning. The extension of the ISDN ESOS 2016 to Ms Thang Yee Chin will ensure that she is equally entitled, with other employees who are not Controlling Shareholders or Associates of Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing their long-term commitment to the Company.

As at the Latest Practicable Date, Mr Teo Cher Koon is deemed interested in the 129,572,250 Shares, representing approximately 36.53% of the total number of issued Shares, and Ms Thang Yee Chin is deemed to be interested in 129,572,250 Shares, representing approximately 36.53% of the total number of issued Shares.

For the reasons set out above, the Company is proposing the participation of Mr Teo Cher Koon and Ms Thang Yee Chin in the ISDN ESOS 2016.

The Company will seek specific approval from the independent Shareholders in the event that the Company intends at any time in the future to grant any Options to the Controlling Shareholders and their Associates.

3.6 Rationale for participation by directors and employees of Associated Companies

It is desired that the Company should have a share option scheme which caters to the directors and employees of the Group as well as persons who are not employed within the Group but who work closely with the Group and who, by reason of their relationship with the Group, are in a position to input and contribute their experience, knowledge and expertise to the development and prosperity of the Group. Such other persons would include the directors and employees of any Associated Companies (present and/or in the future) which the Group has control over.

3.7 Rationale for permitting the participation of Non-Executive Directors (including Independent Directors) in the ISDN ESOS 2016

The Non-Executive Directors (including the Independent Directors) are from different professions and working backgrounds. They are able to provide the Group with the benefit of their extensive experience, knowledge and expertise that can assist in furthering the business interests of the Group, and/or provide the Group with strategic or significant alliances or opportunities. The Company regards these persons as a resource pool from which the Group is able to tap for business contacts and networking, and for the benefit of their experiences and insight. Participation in the ISDN ESOS 2016 is being extended to Non-Executive Directors (including Independent Directors) in recognition of their contributions. The Company will consider, *inter alia*, the contributions of such persons to the success and development of the Group when selecting them for participation in the ISDN ESOS 2016.

As the ISDN ESOS 2016 is intended to cater primarily to employees of the Group, it is anticipated that Options that may be granted to the Non-Executive Directors (including Independent Directors) pursuant to the ISDN ESOS 2016 in the situations described above, would not comprise (whether on an individual or collective basis) a significant portion of the Shares available under the ISDN ESOS 2016 as the Non-Executive Directors (including Independent Directors) would, mainly, continue to be remunerated for their services by way of directors' fees. It is envisaged that the bulk of the options granted pursuant to the ISDN ESOS 2016 will be to the employees of the Group, as they will comprise the bulk of the Participants. In order to minimise any potential conflict of interests

and not to compromise the independence of our Non-Executive Directors, our Company intends to grant only a nominal number of Options granted under the ISDN ESOS 2016 to such Non-Executive Directors.

The provision of Options to the Non-Executive Directors (including Independent Directors) will ensure that the Company will be able to continue to attract onto its Board, directors who will be able to assist in furthering the business interests of the Group. This will help enhance the growth and long-term profitability of the Company.

3.8 Financial Effects of the ISDN ESOS 2016

3.8.1 Cost of Options

The ISDN ESOS 2016 will increase the Company's issued share capital to the extent of the new Shares that will be issued and allotted pursuant to the exercise of Options. Under the FRS 102 on Share-based Payment, the fair value of employee services received in exchange for the grant of the Options would be recognised as an expense. For equity-settled share-based payment transactions, the total amount to be expensed in profit or loss over the vesting period is determined by reference to the fair value of each Option granted at the Date of Grant and the number of Options vested by vesting date, with a corresponding increase in equity.

3.8.2 Share capital

The ISDN ESOS 2016 will result in an increase in our Company's issued share capital when new Shares are issued to Grantees. The number of new Shares issued will depend on, amongst others, the size of the Options granted under the ISDN ESOS 2016. Whether and when the Options granted under the ISDN ESOS 2016 will be exercised will depend on the exercise price of the Options, when the Options will vest as well as the prevailing trading price of the Shares. In any case, the ISDN ESOS 2016 provides that the number of Shares to be issued or transferred under the ISDN ESOS 2016, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, will be subject to the maximum limit of 15% of the Company's total number of issued Shares (excluding Shares held by the Company as treasury shares) from time to time. If instead of issuing new Shares to Grantees, existing Shares are purchased for delivery to Grantees, the ISDN ESOS 2016 will have no impact on our Company's issued share capital.

3.8.3 NTA

As described in the paragraph below on EPS, the grant of Options will be recognised as an expense, the amount of which will be computed in accordance with FRS 102. When new Shares are issued pursuant to the exercise of Options, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to Grantees, existing Shares are purchased for delivery to Grantees, the NTA would be impacted by the cost of the Shares purchased.

3.8.4 EPS

Without taking into account earnings that may be derived by the Group from the use of the proceeds from the issuance of Shares pursuant to the exercise of Options granted under the ISDN ESOS 2016, any new Shares issued pursuant to any exercise of the Options will have a dilutive impact on the Group's EPS. Outstanding Options without being exercised are dilutive to the calculation of diluted EPS when the Exercise Price of the issue of ordinary Shares is less than the prevailing market price during the period. Options have a dilutive effect only when the prevailing market price during the period exceeds the Exercise Price of the Options.

4. DISCLOSURE OF DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders, based on information recorded in the Register of Directors' and Substantial Shareholders' Shareholdings, respectively, maintained by the Company pursuant to Section 164 and Section 88 of the Act, respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors						
Lim Siang Kai	0	0	0	0	0	0
Teo Cher Koon ⁽¹⁾	0	0	129,572,250	36.53	129,572,250	36.53
Kong Deyang	2,050,000	0.58	0	0	2,050,000	0.58
Soh Beng Keng	0	0	0	0	0	0
Tay Gim Sin, Leonard	396,000	0.11	0	0	396,000	0.11
Substantial Shareholders (other than Directors)						
Assetraise Holdings Limited ⁽¹⁾	129,572,250	36.53	0	0	129,572,250	36.53
Karl Walter Braun	20,000,000	5.64	0	0	20,000,000	5.64
Tan Thiam Chye	28,290,000	7.98	30,000 ⁽²⁾	0.01	28,320,000	7.99
Cheng Siew Heah	15,930,000	4.49	12,390,000 ⁽³⁾	3.50	28,320,000	7.99

⁽¹⁾ Assetraise Holdings Limited, a company incorporated in the British Virgin Islands, is beneficially owned entirely by Mr. Teo Cher Koon. As such, Mr. Teo Cher Koon is deemed to have an interest in the 129,572,250 shares held by Assetraise Holdings Limited.

⁽²⁾ Mr Tan Thiam Chye is deemed to have an interest in 30,000 shares held by his spouse, Mdm Cheng Siew Heah

⁽³⁾ Mdm Cheng Siew Heah is deemed to have an interest in 12,390,000 shares held by her spouse, Mr Tan Thiam Chye.

The Company does not have any limits on the shareholding of any Shareholder.

5. DIRECTORS' RECOMMENDATIONS

5.1 The Proposed Renewal of the Share Buy-Back Mandate

Save for Mr. Teo Cher Koon, who is required to abstain from recommending Shareholders to vote in favour of the proposed Share Buy-Back Mandate, the Directors, having carefully considered the terms and rationale of the Share Buy-Back Mandate, are of the opinion that the renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the Share Buy-Back Mandate to be proposed at the EGM.

5.2 The Proposed Adoption of the ISDN Employee Share Option Scheme 2016

All Directors of the Company are eligible to participate in the ISDN ESOS 2016. As a result, they have refrained from making any recommendations to Shareholders in respect of the Ordinary Resolution relating to the adoption of the ISDN ESOS 2016 to be proposed at the EGM.

5.3 The Proposed Grant of Authority to Offer and Grant Options at a Discount in the ISDN Employee Share Option Scheme 2016

All Directors of the Company are eligible to participate in the ISDN ESOS 2016. As a result, they have refrained from making any recommendations to Shareholders in respect of the Ordinary Resolution relating to the proposed grant of authority to offer and grant options at a discount under the ISDN ESOS 2016 to be proposed at the EGM.

5.4 The Proposed Participations of Mr Teo Cher Koon, a Controlling Shareholder and Ms Thang Yee Chin, an Associate of Mr Teo Cher Koon in the ISDN Employee Share Option Scheme 2016

All Directors of the Company are eligible to participate in the ISDN ESOS 2016. As a result, they have refrained from making any recommendations to Shareholders in respect of the Ordinary Resolutions relating to the proposed participations of Mr Teo Cher Koon and Ms Thang Yee Chin in the ISDN ESOS 2016.

6. ABSTENTION FROM VOTING

Mr Teo Cher Koon has informed the Company that save for Assetraise, which is presumed to be acting in concert with Mr Teo Cher Koon for the purposes of the Take-over Code by virtue of his beneficial ownership in Assetraise, there are no parties acting in concert (as defined under the Take-over Code) with him for the purpose of the resolution relating to the proposed Share Buy-Back Mandate.

Mr Teo Cher Koon will abstain, and will procure that his associates including Assetraise shall abstain from voting, whether by representative or proxy, on the resolution relating to the proposed renewal of the Share Buy-Back Mandate.

Mr Teo Cher Koon will not accept, and will procure that his associates including Assetraise do not accept, nominations as proxy or otherwise vote at the EGM in respect of the Share Buy-Back Mandate unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes be cast for the resolution.

All persons (including those Directors who are also Shareholders) who are eligible to participate in the ISDN ESOS 2016 must abstain from voting on all the resolutions relating to the ISDN ESOS 2016 at the EGM, and should not accept nominations as proxies unless specific instructions have been given in the proxy instruments by the Shareholders appointing them on how they wish their votes to be cast. In particular, Shareholders who are eligible to participate in the ISDN ESOS 2016 shall abstain from voting on Ordinary Resolutions 2 to 5.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate and the ISDN ESOS 2016, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at No. 10 Kaki Bukit Road 1, #01-30 KB Industrial Building, Singapore 416175 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Constitution of the Company;
- (b) the audited financial statements of the Group and the Company for the financial year ended 31 December 2014;
- (c) the proposed Rules of the ISDN ESOS 2016; and

Yours faithfully

For and on behalf of the Board of Directors of
ISDN Holdings Limited

Teo Cher Koon
Managing Director and President

ISDN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company registration no. 200416788Z)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of **ISDN Holdings Limited** (the “**Company**”) will be held at 1 Robinson Road #18-00, AIA Tower, Singapore 048542 on 22 April 2016 at 10.00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 9.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following:

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

THAT:

- (1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore, (the “**Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or acquire issued ordinary shares fully paid in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

- (a) on-market purchases on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Market Purchase**”); and/or
- (b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act (“**Off-Market Purchase**”),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy-Back Mandate**”).

- (2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:

- (a) the date on which the next annual general meeting of the Company is held;
- (b) the date by which the next annual general meeting of the Company is required by law to be held;
- (c) the time when such mandate is revoked or varied by the shareholders of the Company in general meeting; or
- (d) the date on which the share buy-back is carried out to the full extent mandated, whichever is earlier.

- (3) in this resolution:

“**Maximum Percentage**” means that number of issued Shares representing 10.0% of the total number of issued Shares as at the date of the passing of this Ordinary Resolution (excluding any Shares which are held as treasury shares as at that date); and

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

- (i) in the case of a Market Purchase, 105% of the average closing market price. For this purpose, the average closing market price is:
 - (a) the average of the closing market prices of the Shares over the last five (5) Market Days (on which transactions in the Shares were recorded) immediately before the date of the Market Purchase by the Company; and
 - (b) deemed to be adjusted for any corporate action that occurs after the relevant five (5)-Market Day period; and
 - (ii) in the case of an Off-Market Purchase, 105% of the highest price at which a Share is transacted on the SGX-ST on the Market Day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an Off-Market Purchase offer stating the purchase price and the relevant terms of the equal access scheme.
- (4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

ORDINARY RESOLUTION 2: PROPOSED ADOPTION OF THE ISDN EMPLOYEE SHARE OPTION SCHEME 2016

THAT:

- (1) the employee share option scheme to be known as “ISDN Employee Share Option Scheme 2016” (the **“ISDN ESOS 2016”**), details of which are set out in the Circular dated 1 April 2016 to the Shareholders, be and is hereby approved and adopted.
- (2) the Remuneration Committee of the Company for the time being, or such other committee comprising Directors of the Company duly appointed by the Board of Directors to administer the ISDN ESOS 2016 (the **“ESOS Committee”**) be and is hereby authorised:
 - (i) to establish and administer the ISDN ESOS 2016;
 - (ii) to modify and/or amend the ISDN ESOS 2016 from time to time provided that such modification and/or amendment is effected in accordance with the rules of the ISDN ESOS 2016 and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the ISDN ESOS 2016;
 - (iii) to offer and grant options in accordance with the provisions of the ISDN ESOS 2016.
- (3) the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the ISDN ESOS 2016 and to issue such shares as may be required to be issued pursuant to the exercise of the options under the ISDN ESOS 2016 provided always that the aggregate number of shares to be issued pursuant to the Schemes shall not exceed fifteen per cent. (15%) of the issued share capital (excluding treasury shares) of the Company from time to time, and when added to the amount of Shares issued and issuable and/or transferred and transferable in respect of (a) all Shares available under the ISDN ESOS 2016; and (b) all Shares, options or awards granted under any other share option scheme, share award scheme or share incentive scheme of the Company then in force, shall not exceed fifteen per cent. (15%) of the total issued share capital (excluding treasury shares) of the Company from time to time and provided also that subject to such adjustments as may be made to the ISDN ESOS 2016 as a result of any variation in the capital structure of the Company

- (4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution:

ORDINARY RESOLUTION 3: DISCOUNT OF UP TO 20% TO THE MARKET PRICE OF A SHARE UNDER THE ISDN ESOS 2016

THAT CONTINGENT ON THE PASSING OF ORDINARY RESOLUTION 2, approval be and is hereby given for:

- (1) the maximum discount that may be given under the ISDN ESOS 2016 to be up to 20% of the Market Price for the Shares at the time of the grant of the Option; and
- (2) the Directors to be authorised to offer Options at a maximum discount of up to 20% of the Market Price for the Shares at the time of the grant of the Option.

ORDINARY RESOLUTION 4: PROPOSED PARTICIPATION BY TEO CHER KOON, A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE ISDN ESOS 2016

THAT CONTINGENT ON THE PASSING OF ORDINARY RESOLUTION 2, approval be and is hereby given for the participation by Teo Cher Koon, a Controlling Shareholder of the Company, in the ISDN ESOS 2016.

ORDINARY RESOLUTION 5: PROPOSED PARTICIPATION BY THANG YEE CHIN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE ISDN ESOS 2016

THAT CONTINGENT ON THE PASSING OF ORDINARY RESOLUTION 2, approval be and is hereby given for the participation by Thang Yee Chin, an Associate of a Controlling Shareholder of the Company, in the ISDN ESOS 2016.

BY ORDER OF THE BOARD

Gwendolyn Gn Jong Yuh
Company Secretary

7 April 2016
Singapore

Notes:

- (a) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the “Act”), a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the Proxy Form.
- (b) Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
- (c) The instrument appointing a proxy or proxies must be deposited at registered office of the Company at 10 Kaki Bukit Road, #01-30 KB Industrial Building, Singapore 416175, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any postponement or adjournment thereof. Completion and return of the proxy form by a member will not prevent him from attending and voting at the Extraordinary General Meeting if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.
- (d) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

ISDN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company registration no. 200416788Z)

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the extraordinary general meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the extraordinary general meeting.

PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

I/We*, _____ (name)

of _____ (address)

being a member/members* of **ISDN HOLDINGS LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her*, the Chairman of the Meeting (defined below), as my/our* proxy/proxies* to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the extraordinary general meeting (the "Meeting") of the Company to be held at 1 Robinson Road #18-00, AIA Tower, Singapore 048542 on 22 April 2016 at 10.00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 9.00 a.m. on the same day and at the same place) and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

	For	Against
Ordinary Resolutions		
(1) To approve the renewal of Share Buy-Back Mandate		
(2) To approve the adoption of the ISDN ESOS 2016		
(3) To approve the grant of authority to offer and grant options at a discount of up to 20% to the Market Price of a Share under the ISDN ESOS 2016		
(4) To approve the participation of Teo Cher Koon, a Controlling Shareholder of the Company, in the ISDN ESOS 2016		
(5) To approve the participation of Thang Yee Chin, an associate of a Controlling Shareholder of the Company, in the ISDN ESOS 2016		

Dated this _____ day of _____ 2016

Total Number of Shares Held

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

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the “**Act**”), a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the Proxy Form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at 10 Kaki Bukit Road, #01-30 KB industrial Building, Singapore 416175, not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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

Personal Data Privacy:

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

APPENDIX A

RULES OF THE ISDN EMPLOYEE SHARE OPTION SCHEME 2016

1. NAME OF THE SCHEME

This employee share option scheme shall be called the “ISDN Employee Share Option Scheme 2016” or the “ISDN ESOS 2016”.

2. DEFINITIONS

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

- “Associate” or “Associates”* : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- “Associated Company” or “Associated Companies”* : (a) any company in which the Group have, a direct interest of not less than 20% but not more than 50% of the aggregate of the nominal amount of all the voting shares; or
- (b) any company, other than a subsidiary of the Group or a company which is an associated company of the Group by virtue of paragraph (a), the policies of which the Group, is able to control or influence materially.
- “Auditors”* : The auditors of the Company for the time being.
- “Award”* : A contingent award of Shares granted pursuant to the rules of the ISDN Performance Share Plan, as the case may be.
- “Board”* : The board of Directors of the Company.
- “CDP”* : The Central Depository (Pte) Limited.
- “Committee”* : The Remuneration Committee of the Company, or such other committee comprising Directors of the Company as may be duly authorised and appointed by the Board to administer the ISDN ESOS 2016.
- “Companies Act”* : The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time.
- “Company”* : ISDN Holdings Limited.
- “Constitution”* : The Constitution of the Company, as amended, modified or supplemented from time to time.

<i>“Controlling Shareholder”</i>	: A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the 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 the Company.
<i>“CPF”</i>	: The Central Provident Fund.
<i>“Date of Grant”</i>	: The date on which an Option is granted to a Participant pursuant to the rules of the ISDN ESOS 2016.
<i>“Director(s)”</i>	: The director(s) of the Company.
<i>“Exercise Notice”</i>	: The notice in writing to the Company in or substantially in the form set out in Schedule 3, for the purposes of exercising Options.
<i>“Exercise Price”</i>	: The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determine in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10.
<i>“FRS”</i>	: Financial Reporting Standards issued by the Accounting Standards Council.
<i>“Financial Year”</i>	: Each period, at the end of which the accounts of the Company are prepared and audited, for the purpose of laying the same before an annual general meeting of the Company.
<i>“Grantee”</i>	: The person to whom an offer of an Option is made.
<i>“Group”</i>	: The Company and its Subsidiaries.
<i>“Group Director”</i>	: A director of the Company and/or any of its Subsidiaries.
<i>“Group Employee”</i>	: Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the ISDN ESOS 2016 in accordance with the rules thereof.
<i>“Group Executive Director”</i>	: A director of the Group who performs an executive function.
<i>“Group Non-Executive Director”</i>	: A director of the Group other than a Group Executive Director.
<i>“ISDN ESOS 2016”</i>	: The ISDN Employee Share Option Scheme 2016, as modified, supplemented or amended from time to time.
<i>“ISDN Performance Share Plan”</i>	: The ISDN Performance Share Plan of the Company, which was approved at an extraordinary general meeting of the Company held on 17 February 2012.
<i>“Independent Director”</i>	: An independent director of the Company.
<i>“Main Board”</i>	: The main board of the SGX-ST.
<i>“Main Board Rules”</i>	: The rules of the Listing Manual of SGX-ST, as may be amended from time to time and is applicable to the Main Board companies.

<i>“Market Day”</i>	: A day on which the SGX-ST is open for trading in securities.
<i>“Market Price”</i>	: The price equal to the average of the last dealt prices per Share, as determined by reference to the daily official list or other publication published by the SGX-ST for five (5) consecutive Market Days immediately preceding the relevant Offer Date, provided always that in the case of a Market Day on which the Shares are not traded on Main Board, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded to the nearest one-tenth of a cent in the event of fractional prices.
<i>“Non-Executive Non-Independent Director”</i>	: A Director who is a non-executive Director and non-independent Director.
<i>“Offer Date”</i>	: The date on which an offer to grant an Option is made.
<i>“Option”</i>	: The right to subscribe for Shares granted or to be granted pursuant to the rules of the ISDN ESOS 2016.
<i>“Option Period”</i>	: The period for the exercise of an Option being: <ul style="list-style-type: none"> (a) in the case of an Option granted to a Participant with the Exercise Price set at the Market Price, a period commencing after the first anniversary of the Date of Grant of that Option and expiring on the 10th anniversary of such Date of Grant, subject as provided in Rules 11 and 15 and any other conditions as may be determined by the Committee from time to time; and (b) in the case of an Option granted to a Participant with the Exercise Price set at a discount to the Market Price, a period commencing after the second anniversary of the Date of Grant that Option and expiring on the 10th anniversary of such Date of Grant, subject as provided in Rules 11 and 15 and any other conditions as may be determined by the Committee.
<i>“Participant”</i>	: A person who is eligible to participate in the ISDN ESOS 2016 in accordance with the rules herein.
<i>“Record Date”</i>	: The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
<i>“Rules”</i>	: The rules of the ISDN ESOS 2016, as may be amended from time to time, and any reference to a particular Rule shall be construed accordingly.
<i>“SGX-ST”</i>	: Singapore Exchange Securities Trading Limited.
<i>“Shareholders”</i>	: Shareholders of the Company from time to time.
<i>“Share(s)”</i>	: Issued and paid-up ordinary share(s) in the capital of the Company.
<i>“Subsidiary”</i>	: The term “Subsidiary” shall have the meaning ascribed to it in Section 5 of the Companies Act.
<i>“Substantial Shareholder”</i>	: A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all voting Shares of the Company.

<i>“Treasury Shares”</i>	: The Shares held in treasury by the Company.
<i>“Vesting Date”</i>	: The date on which an Option for Shares is effectuated.
<i>“Vesting Period”</i>	: The period during which an Option may vest, if any.
<i>“S\$” and “cents”</i>	: Singapore dollars and cents respectively, the lawful currency of Singapore.
<i>“%”</i>	: Per centum or percentage.

2.2 The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

2.3 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 include corporations.

2.4 Any reference in the ISDN ESOS 2016 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 or any statutory modification thereof and used in the ISDN ESOS 2016 shall, where applicable, have the same meaning assigned to it under the Companies Act.

2.5 Any reference in the ISDN ESOS 2016 to a time of day shall be a reference to Singapore time.

2.6 Any reference to “subsidiary” shall have the meaning ascribed to it in Section 5 of the Companies Act.

3. OBJECTIVES

3.1 The ISDN ESOS 2016 will provide an opportunity for Participants who have contributed significantly to the growth and performance of the Group and satisfy the eligibility criteria as set out in Rule 4 of the ISDN ESOS 2016, to participate in the equity of the Company.

3.2 The ISDN ESOS 2016 is primarily a share incentive scheme. It recognises the fact that the services of such Participants are important to the success and continued well-being of the Group. Implementation of the ISDN ESOS 2016 will enable the Company to give recognition to the contributions made by such Participants. At the same time, it will give such Participants an opportunity to have a direct interest in the Company and will also help to achieve the following positive objectives:

- (a) to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and profitability of the Group;
- (c) to instill loyalty to, and a stronger identification by Participants with the long-term prosperity of, the Group;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
- (e) to align the interests of Participants with the interests of the Shareholders.

3.3 The ISDN ESOS 2016 is made available to eligible Participants of the Group and Associated Companies (if and where applicable), at all levels.

3.4 For the avoidance of doubt, the Company has the flexibility to grant Awards under the ISDN Performance Share Plan as well as Options under the ISDN ESOS 2016 to the same Participant, simultaneously.

4. ELIGIBILITY

4.1 Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the ISDN ESOS 2016:

- (a) Group Employees (including Group Executive Directors) and Group Non-Executive Directors;
- (b) directors, non-executive directors and employees of any Associated Company (if and where applicable) subject to the Company having control over such Associated Company;

provided that, as of the relevant Offer Date, such persons have attained the age of twenty-one (21) years, have not entered into any compositions with their respective creditors and are not undischarged bankrupts, and in the opinion of the Committee, have contributed or will contribute to the success and development of the Group and/or the relevant Associated Company; and in the case of Group Employees or employees of the relevant Associated Companies, must hold such position as may be designated by the Company from time to time, and whose eligibility have been confirmed by the Company and/or any of its Subsidiaries and/or any of its Associated Companies (as the case may be) as at each proposed Offer Date as determined by the Committee.

4.2 Persons who are Controlling Shareholders or their Associates shall not participate in the ISDN ESOS 2016, unless:

- (a) written justification has been provided to Shareholders for their participation at the introduction of the ISDN ESOS 2016 or prior to the first grant of Options to them;
- (b) the actual number and terms of any Options to be granted to them have been specifically approved by Shareholders who are not beneficiaries of the ISDN ESOS 2016 in a general meeting in separate resolutions for each such Controlling Shareholder or his Associates; and
- (c) all conditions for their participation in the ISDN ESOS 2016 as may be required by the regulations of the SGX-ST from time to time are satisfied.

In this regard, (1) the aggregate number of Shares available to Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the ISDN ESOS 2016; and (2) the number of Shares available to each Controlling Shareholder or his Associate must not exceed 10% of the Shares available under the ISDN ESOS 2016.

4.3 Participants who are also Shareholders and are eligible to participate in the ISDN ESOS 2016 must abstain from voting on any resolution relating to the participation of, or grant of Options to the Participants.

4.4 Controlling Shareholders and their Associates shall abstain from voting on any resolution in relation to their participation in the ISDN ESOS 2016 and grant of Options to them.

4.5 For the purposes of determining eligibility to participate in the ISDN ESOS 2016, the secondment of a Group Employee to another company within the Group or to an Associated Company or to another company outside the Group in which the Group has an equity interest shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.

4.6 There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.

4.7 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, the terms of eligibility for participation in the ISDN ESOS 2016 may be amended from time to time at the absolute discretion of the Committee.

5. MAXIMUM ENTITLEMENT

Subject to Rule 4 and Rule 6, the number of Shares over which Options may be granted to a Participant for subscription under the ISDN ESOS 2016 shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the Participant's rank, job performance, years of service, contribution to the success of the Group, potential for future development of the Participant and the extent of effort and resourcefulness required to achieve the service conditions and/or performance targets within the performance and/or service periods.

6. SIZE

- 6.1 The aggregate number of Shares over which Options may be granted on any date under the ISDN ESOS 2016 shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares) on the day preceding the relevant Date of Grant. Overall, the aggregate number of Shares issued and/or issuable in respect of (a) all Options granted under the ISDN ESOS 2016; (b) all Awards granted under the ISDN Performance Share Plan; and (c) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force (if any), shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares) on the day immediately preceding the relevant Date of Grant.
- 6.2 The aggregate number of Shares for which Options may be granted under the ISDN ESOS 2016 to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the ISDN ESOS 2016, and the number of Shares over which an Option may be granted under the ISDN ESOS 2016 to each Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the ISDN ESOS 2016.

7. OFFER DATE

- 7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the ISDN ESOS 2016 is in force, except that, for so long as the Shares are listed and quoted on the SGX-ST, no Option shall be granted during the period of two weeks immediately preceding the date of announcement of the Company's results for the first three quarters of its financial year and/or one month before the announcement of the Company's full year results (as the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day on which such announcement is released.
- 7.2 An offer to grant an Option to a Grantee shall be made by way of a letter (the "**Letter of Offer**") in the form or substantially in the form set out in Schedule 1, subject to such amendments as the Committee may determine from time to time.

8. ACCEPTANCE OF OFFER

- 8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the 30th day from such Offer Date by (a) completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Schedule 2, subject to such modifications as the Committee may from time to time determine accompanied by the payment of S\$1.00 as consideration (the "**Consideration**") or such other amounts and such other documentation as the Committee may require; and (b) if, at the date on which the Committee, for and on behalf of the Company, receives from the Grantee the Acceptance Form and the Consideration in respect of the Option as aforesaid, he remains eligible to participate in the ISDN ESOS 2016 in accordance with these Rules.
- 8.2 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares. The Committee shall within fifteen (15) Market Days of receipt of the Acceptance Form and the Consideration, acknowledge receipt of the same.

- 8.3** If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the 30-day period referred to in Rule 8.1, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.
- 8.4** The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice given pursuant to Rule 12 which does not comply strictly with the terms of the ISDN ESOS 2016.
- 8.5** Options are personal to the Grantees to whom they are granted and shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, or in any way whatsoever, without the Committee's prior written approval but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 11.6 in the event of the death of such Grantee.
- 8.6** In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Grantee shall have no claim whatsoever against the Company.
- 8.7** Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (a) it is not accepted in the manner as provided in Rule 8.1 within the 30-day period referred to therein; or
 - (b) the Grantee dies prior to his acceptance of the Option; or
 - (c) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
 - (d) the Grantee, being a Group Employee or an employee of an Associated Company, ceases to be in the employment of the Group or the relevant Associated Company prior to his acceptance of the Option;
 - (e) the Grantee, being a Group Director or the director of an Associated Company, ceases to be a Group Director or the director of the relevant Associated Company and also ceases to be a Group Employee or an employee of the Associated Company (if applicable) prior to his acceptance of the Option;
 - (f) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

9. EXERCISE PRICE

- 9.1** Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at:
- (a) the Market Price; or
 - (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee at its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price and approved by the Shareholders at a general meeting in a separate resolution in respect of that Option.
- 9.2** In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:
- (a) the performance of the Company and the Group, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth;
 - (b) the years of service and individual performance of the eligible Participant;

- (c) the contribution of the eligible Participant to the success and development of the Company and/or the Group; and
- (d) the prevailing market and economic conditions.

9.3 The ability to offer Options at a discount to the Market Price of the Shares will allow flexibility in structuring the Options. Being able to offer Options at a discount is important in situations where it is more meaningful for the Company to acknowledge a Participant's achievement through offering Options at a discount to the Market Price rather than paying him a cash bonus, as these Options operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Options granted at Market Price, or in situations where more compelling motivation is required in order to attract new talent into the Group and/or retain talented individuals.

9.4 Further, because Options granted with a discount under the ISDN ESOS 2016 are subject to a longer Vesting Period of two (2) years, as compared to a Vesting Period of one (1) year for those granted at the Market Price, holders of such Options are encouraged to be more long-sighted, thereby promoting, amongst others, staff and executive retention and reinforcing their commitment to the Group. The Company also believes that the maximum 20% discount to the Market Price of the Shares is sufficient to allow for flexibility in the ISDN ESOS 2016, and would also minimise the potential dilutive effect to the Shareholders arising from the ISDN ESOS 2016.

9.5 In the event that the Company is no longer listed on any stock exchange, the Exercise Price for each Share in respect of which an Option is exercisable shall be the fair market value of each such Share as determined by the Committee in good faith.

10. VARIATION OF CAPITAL

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

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

shall be adjusted in such a manner as the Committee may determine to be appropriate. Adjustments other than on a capitalisation issue must be confirmed in writing by the Auditors (acting as experts and not as arbitrators) to be fair and reasonable.

10.2 Notwithstanding the provisions of Rule 10.1 above:

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

10.3 The following (whether singly or in combination) shall not be recognised as events requiring adjustments:

- (a) any issue of securities as consideration for an acquisition or a private placement of securities;
- (b) any issue of securities pursuant to any joint venture;
- (c) any increase in the number of issued Shares as a consequence of the exercise of any options or conversion of any loan stock or any other securities convertibles into Shares or subscription rights of any warrants issued from time to time by the Company enabling holders thereof to acquire new Shares in the capital of the Company;

- (d) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; or
- (e) any reduction in the number of issued Shares as a result of 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.

10.4 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify each Grantee (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

11. OPTION PERIOD

11.1 Options granted with the Exercise Price set at the Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof) at any time, by a Grantee after the first anniversary of the Date of Grant of that Option, provided always that the Options shall be exercised before the 10th anniversary of the relevant Date of Grant and Options granted to Group Non-Executive Directors shall be exercised before the 5th anniversary of the relevant Date of Grant or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Grantee shall have no claim against the Company.

11.2 Options granted with the Exercise Price set at a discount to the Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof) at any time, by a Grantee after the second anniversary of the Date of Grant of that Option, provided always that the Options shall be exercised before the 10th anniversary of the relevant Date of Grant and Options granted to Group Non-Executive Directors shall be exercised before the 5th anniversary of the relevant Date of Grant or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Grantee shall have no claim against the Company.

11.3 Subject to the discretion of the Committee, an Option shall, to the extent unexercised, immediately lapse and become null and void and shall have no claim against the Company:

- (a) subject to Rules 11.4, 11.5 and 11.6, upon the Grantee ceasing to be a Group Employee or a Group Director, or in the case of an employee or director of an Associated Company, ceasing to be an employee or director of the relevant Associated Company, for any reason whatsoever;
- (b) upon the bankruptcy of the Grantee or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
- (c) in the event of events resulting in termination for cause including but not limited to gross negligence, wilful misconduct, insubordination or incompetence on the part of the Grantee, as determined by the Committee in its absolute discretion.

For the purpose of Rule 11.3(a), the Grantee shall be deemed to have ceased being so employed as of the date of the notice of termination or resignation, as the case may be, unless such notice shall be withdrawn prior to its effective date. For the avoidance of doubt, no Option shall lapse pursuant to Rule 11.3(a) in the event of any transfer of employment of a Grantee within the Group or to an Associated Company or upon the cessation of employment of a Group Executive Director who shall continue to serve as a Group Non-Executive Director.

11.4 Where a Grantee who is a Group Director or who is a director of an Associated Company ceases to be a Group Director or director of the Associated Company (as the case may be) for any reason whatsoever, but continues to be an employee of the Group or an employee of the Associated Company, he shall continue to be entitled to exercise the unexercised Options held by him. In the event such person also ceases to be an employee of the Group or ceases to be an employee of the Associated Company, all unexercised Options held by him at the time shall immediately lapse and become null and void and shall have no claim against the Company.

11.5 If a Grantee ceases to be a Group Director, ceases to be in the employment of the Group, and/or ceases to be a director or employee of any Associated Company by reason of:

- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (b) redundancy;
- (c) retirement at or after the legal retirement age;
- (d) retirement before that age with the consent of the Committee;
- (e) the Subsidiary or Associated Company, by which he is principally employed and/or a director thereof ceasing to be a company within the Group or ceasing to be an Associated Company (as the case may be) or the undertaking or part of the undertaking of such Subsidiary or Associated Company, being transferred otherwise than to another company within the Group; or
- (f) for any other reason approved in writing by the Committee,

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

11.6 If a Grantee dies and at the date of his death holds any unexercised Option(s), such Option(s) may, at the absolute discretion of the Committee, be exercisable by the duly appointed legal personal representatives of the Grantee from the date of his death to the end of the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 The Committee may, by notification, provide for further restrictions on the period during which Options may be exercised (whether granted with the Exercise Price set at a discount to Market Price or not) whether by providing a schedule for the vesting of Shares comprised in the relevant Options or otherwise.

12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Grantee giving notice in writing to the Company in or substantially in the form set out in Schedule 3 (i.e. the Exercise Notice), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any), any other applicable administrative or handling fees or charges by the SGX-ST, CDP or agent, and any other documentation the Committee may require. All payment shall be made by cheque, cashier's order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

12.2 Subject to the Companies Act and the Main Board Rules, the Company shall have the flexibility to deliver Shares to Grantees upon the exercise of their Options by way of:

- (a) an allotment of new Shares; and/or
- (b) the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

In determining whether to issue new Shares or to deliver existing Shares to Grantees upon the exercise of their Options, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

12.3 Subject to:

- (a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules of the ISDN ESOS 2016 and the Constitution of the Company,

the Company shall, as soon as practicable after the exercise of an Option by a Grantee allot, transfer or procure the transfer (as the case may be) of the Shares in respect of which such Option has been exercised by the Grantee and, where required, despatch the relevant share certificates to the Grantee or, if the Shares are listed and quoted on the SGX-ST, to CDP for the credit of the securities account or securities sub-account of that Grantee by ordinary post or such other mode of delivery as the Committee may deem fit.

12.4 Where new Shares are allotted upon the exercise of an Option, the Company shall, as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Grantee pursuant to any adjustments made in accordance with Rule 10.

12.5 Shares which are allotted or transferred on the exercise of an Option by a Grantee shall be issued or registered (as the case may be), as the Grantee may elect, in his name or, if the Shares are listed and quoted on the SGX-ST, in the name of CDP to the credit of the securities account of the Grantee maintained with CDP or the Grantee's securities sub-account with a CDP Depository Agent.

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

12.7 Except as may be set out in Rule 12 and subject to Rule 10, an Option does not confer on a Grantee any right to participate in any new issue of Shares.

13. MODIFICATIONS AND ALTERATIONS

13.1 Any or all of the provisions of the ISDN ESOS 2016 may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

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

- (b) any modification or alteration which would be to the advantage of Participants under the ISDN ESOS 2016 shall be subject to the prior approval of Shareholders at a general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

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

The Company understands that any term alteration of the ISDN ESOS 2016 such as repricing the Exercise Price of the Options shall not be permitted and further that the replacement of existing Options shall not be permitted.

13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST, if required or such other regulatory authorities as may be necessary) amend or alter the ISDN ESOS 2016 in any way to the extent necessary to cause the ISDN ESOS 2016 to comply with any statutory provision or the provisions or the regulations of any regulatory or any relevant authority or body (including the SGX-ST or such other regulatory authorities as may be necessary).

13.3 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Grantees.

14. DURATION

14.1 The ISDN ESOS 2016 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which the ISDN ESOS 2016 is adopted by Shareholders in general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the ISDN ESOS 2016 may continue beyond the above stipulated period with the approval of the Shareholders by resolution at a general meeting and of any relevant authorities which may then be required.

14.2 The ISDN ESOS 2016 may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting, subject to all relevant approvals which may be required. If the ISDN ESOS 2016 is so terminated, no further Options shall be offered by the Company hereunder.

14.3 The termination, discontinuance or expiry of the ISDN ESOS 2016 shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

15. TAKEOVER AND WINDING UP OF THE COMPANY

15.1 In the event of a takeover offer being made for the Company, Grantees (including Grantees holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and/or 11.2) holding Options as yet unexercised shall, notwithstanding Rule 11 and 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part during the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

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

whereupon any Option(s) then remaining unexercised shall immediately lapse and become null and void,

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under any relevant regulatory provisions or legislation and, being entitled to do so, gives notice to the Grantees that it intends to exercise such rights on a specified date, all Options shall remain exercisable by the Grantees until such specified date or the expiry of the respective Option Periods relating thereto, whichever is earlier. Any Option(s) not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11, remain exercisable until the expiry of the Option Period. For the avoidance of doubt, the provisions of this Rule 15.1 shall not come into operation in the event that a takeover offer which is conditional does not or is not declared unconditional.

- 15.2** If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Grantees (including Grantees holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 or 11.2) shall notwithstanding Rule 11 but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option(s) shall lapse and become null and void, Provided Always that the date of exercise of any Option(s) shall be before the expiry of the relevant Option Period.
- 15.3** If an order or an effective resolution is passed for the winding up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 15.4** In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this Rule 15.4) and thereupon, each Grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.
- 15.5** If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Grantees, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Grantee holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.
- 15.6** If the events stipulated in this Rule 15 should occur, to the extent that an Option is not exercised within the respective periods referred to herein in this Rule 15, it shall lapse and become null and void.

16. ADMINISTRATION

- 16.1** The ISDN ESOS 2016 will be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board. A Participant who is a member of the Committee shall abstain from deliberation in respect of an Option to be granted to that Participant.

- 16.2** The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the ISDN ESOS 2016) for the implementation and administration of the ISDN ESOS 2016 as it thinks fit.
- 16.3** Any decision of the Committee, made pursuant to any provision of the ISDN ESOS 2016 (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes and uncertainty as to the interpretation of the ISDN ESOS 2016 or any rule, regulation, or procedure thereunder or as to any rights under the ISDN ESOS 2016).
- 16.4** As a safeguard against abuse, pursuant to the Main Board Rules, a Participant who is a member of the Committee shall not be involved in its deliberation in respect of Options (if any) to be granted to him. Further, where Options are proposed to be granted to or held by Group Executive Directors, Controlling Shareholders or their Associates, all members of the Board (and not just members of the Committee) who are not Group Executive Directors, Controlling Shareholders or Associates of Controlling Shareholders, will be involved in deliberation on the same.

17. NOTICES

- 17.1** Any notice given by a Grantee to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Grantee in writing.
- 17.2** Any notice or documents required to be given by the Company to a Grantee or any correspondences to be made between the Company and the Grantee shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be sent to the Grantee by hand or sent to him at his home address stated in the records of the Company or the last known address of the Grantee, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

18. TERMS OF EMPLOYMENT UNAFFECTED

- 18.1** The ISDN ESOS 2016 or any Option shall not form part of any contract of employment between the Company or any Subsidiary or any Associated Company (as the case may be) and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group and/or the relevant Associated Company shall not be affected by his participation in the ISDN ESOS 2016 or any right which he may have to participate in it or any Option which he may hold and the ISDN ESOS 2016 or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 18.2** The ISDN ESOS 2016 shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company, any Subsidiary and/or any Associated Company directly or indirectly or give rise to any cause of action at law or in equity against the Company or any Subsidiary or any Associated Company.

19. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Grantee under the ISDN ESOS 2016 shall be borne by the Grantee.

20. COSTS AND EXPENSES

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

20.2 Save for the taxes referred to in Rule 19 and such costs and expenses expressly provided in the ISDN ESOS 2016 to be payable by the Grantees, all fees, costs, and expenses incurred by the Company in relation to the ISDN ESOS 2016 including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of the Shares pursuant to the exercise of any Option shall be borne by the Company.

21. POTENTIAL COST OF AWARDS TO THE COMPANY PURSUANT TO FRS 102: SHARE-BASED PAYMENT

21.1 Grantees shall receive Shares (and not their equivalent cash value or combination thereof) in settlement of the Options. In such an event, the Options would be accounted for as equity-settled share-based transactions (“**equity settlement**”), as described in the following paragraphs.

21.2 The fair value of employee services received in exchange for the grant of the Options would be recognised as a charge to the profit or loss over the Vesting Period of an Option with a corresponding credit to reserve account. The total amount of the charge over the Vesting Period is generally measured by reference to the fair value of each Option granted. This is normally estimated by applying the option pricing model at the Date of Grant. Before the end of the Vesting Period, at each accounting year end, the estimate of the number of Options that are expected to vest by the Vesting Date is revised, and the impact of the revised estimate is recognised in the profit or loss with a corresponding adjustment to the reserve account. After the Vesting Date, no adjustment to the charge to the profit or loss will be made.

21.3 The amount charged to the profit or loss would be the same whether the Company settles the Options using new Shares or existing Shares.

21.4 Under the ISDN ESOS 2016, the choice of settlement lies with the Company. It does not have an obligation to settle in cash. Therefore, the Company shall account for the Options in accordance with the requirements of an equity settlement referred to in the foregoing paragraph.

21.5 If the Options (being of an equity settlement in nature) are not subsequently exercised by the Grantees (for instance, because the Options are out of the money), the Company is not allowed to reverse the expense already charged to the profit or loss.

22. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Companies Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages, (including any interest arising thereof), whatsoever and howsoever arising in respect of any matter under or in connection with the ISDN ESOS 2016 including but not limited to the Company’s delay or failure in delivering the Shares or in applying for or procuring the listing of and quotation for the Shares on Main Board or, if applicable, any other stock exchanges on which the Shares are quoted or listed.

23. CONDITION OF OPTION

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

24. DISCLOSURE IN ANNUAL REPORT

The Company shall, for so long as the ISDN ESOS 2016 continues in operation, make the following disclosure in its annual report:

- (a) the names of the members of the Committee administering the ISDN ESOS 2016;

(b) the information required in the table below for the following Grantees (which for avoidance of doubt, shall include Grantees who have exercised all their Options in any particular Financial Year):

- (i) Participants who are Directors of the Company;
- (ii) Participants who are Controlling Shareholders and their Associates; and
- (iii) Participants, other than those in (b)(i) and (b)(ii) above, who receive 5% or more of the total number of Options available under the ISDN ESOS 2016;

Name of Participant	Options granted during the Financial Year under review (including terms)	Aggregate Options granted since commencement of the ISDN ESOS 2016 to end of Financial Year under review	Aggregate Options exercised since commencement of the ISDN ESOS 2016 to end of Financial Year under review	Aggregate Options outstanding as at the end of Financial Year under review

(c) the number and proportion of Options granted at a discount during the Financial Year under review in respect of every 10% discount range, up to the maximum quantum of discount granted; and

(d) any other information required to be so disclosed pursuant to the Main Board Rules and all other applicable laws and requirements,

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

25. DISPUTES

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

26. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the ISDN ESOS 2016 must abstain from voting on any Shareholders' resolution relating to the ISDN ESOS 2016 and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form or how the vote is to be cast. In particular, Shareholders who are eligible to participate in the ISDN ESOS 2016 shall abstain from voting on the following resolutions, where applicable: (a) implementation of the ISDN ESOS 2016; (b) the maximum discount which may be given in respect of any Option; and (c) participation by and grant of Options to Controlling Shareholders and their Associates.

27. EXCLUSION OF THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person other than the Company or a Grantee shall have any right to enforce any provision of the ISDN ESOS 2016 or any Option by virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore.

28. COLLECTION, USE AND DISCLOSURE OF PERSONAL DATA

For the purposes of implementing and administering the ISDN ESOS 2016, and in order to comply with any applicable laws, listing rules, regulations and/or guidelines, the Company will collect, use and disclose the personal data of the Participants, as contained in each Letter of Offer and/or any other notice or communication given or received pursuant to the ISDN ESOS 2016, and/or which is otherwise collected from the Participants (or their authorised representatives). By participating in the ISDN ESOS 2016, each Participant consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the Company and/or third parties who provide services to the Company (whether within or outside Singapore), and to the collection, use and further disclosure by such parties for such purposes. Each Participant also warrants that where he discloses the personal data of third parties to the Company in connection with ISDN ESOS 2016, he has obtained the prior consent of such third parties for the Company to collect, use and disclose their personal data for the abovementioned purposes, in accordance with any applicable laws, regulations and/or guidelines. Each Participant shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Participant's breach of this warranty.

29. GOVERNING LAW

The ISDN ESOS 2016 shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Grantees, by accepting the offer of the grant of Options in accordance with the ISDN ESOS 2016, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

Schedule 1

ISDN EMPLOYEE SHARE OPTION SCHEME 2016

LETTER OF OFFER

Private and Confidential

Serial No : _____

Date : _____

To: [Name]
[Designation]
[Address]

Dear Sir/Madam

We have the pleasure of informing you that, pursuant to the ISDN Employee Share Option Scheme 2016 (the “**ISDN ESOS 2016**”), you have been nominated to participate in the ISDN ESOS 2016 by the Remuneration Committee (the “**Committee**”) of ISDN Holdings Limited (the “**Company**”) to administer the ISDN ESOS 2016. Unless otherwise defined, terms as defined in the ISDN ESOS 2016 shall have the same meaning when used in this letter.

Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option (the “**Option**”), to subscribe for and be allotted _____ Shares at the price of S\$ _____ for each Share (the “**Exercise Price**”). The Exercise Price represents a discount of _____% to the Market Price.*

The Option Period applicable to the Option is as follows*:

Option Period	
Commencement Date	Expiry Date

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

The Option shall be subject to the terms of the ISDN ESOS 2016, a copy of which is available for inspection at the business address of the Company.†

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

Yours faithfully
For and on behalf of the Company

Name:
Designation:

* Applicable only to an Option which was granted at a price which is set at a discount to the Market Price.

† An Option which was granted at Market Price may not be exercised before the first anniversary of the Offer Date, while an Option granted at a price which is set at a discount to the Market Price may not be exercised before the second anniversary of the Offer Date.

Conditions (if any) to be attached to the exercise of the Option will be determined by the Committee at its absolute discretion.

Schedule 2

ISDN EMPLOYEE SHARE OPTION SCHEME 2016

ACCEPTANCE FORM

Serial No : _____

Date : _____

To: The Committee
ISDN EMPLOYEE SHARE OPTION SCHEME 2016
ISDN Holdings Limited
10 Kaki Bukit Road 1,
#01-30 KB Industrial Building
Singapore 416175

Closing Date for Acceptance of Offer : _____

Number of Shares Offered : _____

Exercise Price for Each Share (S\$) : _____

Total Amount Payable (S\$) : _____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the ISDN ESOS 2016 referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares at S\$_____ for each Share. I enclose *cash/cheque/cashier's order/banker's draft/postal order no. _____ for S\$1.00 in payment for the purchase of the Option.

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

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

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

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

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

PLEASE PRINT IN BLOCK LETTERS

Name in Full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete as appropriate

Notes:

1. Option must be accepted in full or in multiples of 100 shares.
2. The Acceptance Form must be forwarded to the above address in an envelope marked "Private and Confidential".
3. The Grantee shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

Schedule 3

ISDN EMPLOYEE SHARE OPTION SCHEME 2016

FORM OF EXERCISE OF OPTION

Total number of ordinary shares (the “ Shares ”) offered at S\$ _____ for each Share (the “ Exercise Price ”) under the ISDN ESOS 2016 on _____ (Date of Grant)	:	_____
Number of Shares previously allotted thereunder	:	_____
Outstanding balance of Shares to be allotted thereunder	:	_____
Number of Shares now to be subscribed	:	_____

To: The Committee
ISDN EMPLOYEE SHARE OPTION SCHEME 2016
ISDN Holdings Limited
10 Kaki Bukit Road 1,
#01-30 KB Industrial Building
Singapore 416175

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares in ISDN Holdings Limited (the “**Company**”) at S\$_____ for each Share.
2. I enclose *cash/cheque/cashier’s order/banker’s draft/postal order no. _____ for S\$_____ by way of subscription for the total number of the said Shares and the CDP charges of S\$_____.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the ISDN Employee Share Option Scheme 2016 and the Constitution of the Company.
4. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.
5. I request the Company to allot and issue the Shares in the name of The Central Depository (Pte) Limited (“**CDP**”) for credit of my *Securities Account with CDP/Sub-Account with the Depository Agent/CPF investment account with my Agent Bank specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP in respect thereof.

PLEASE PRINT IN BLOCK LETTERS

Name in Full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

*Direct Securities Account No. : _____

OR

*Sub-Account No. : _____

Name of Depository Agent : _____

OR

*CPF Investment Account No. : _____

Name of Agent Bank : _____

Signature : _____

Date : _____

* Delete as appropriate

Notes:

1. An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof.
2. The form entitled "Form of Exercise of Option" must be forwarded to the above address in an envelope marked "Private and Confidential".

