



HONG LEONG FINANCE

LETTER TO SHAREHOLDERS

DATED 3 JUNE 2020

**IN RELATION TO THE PROPOSED SECOND EXTENSION OF
THE HONG LEONG FINANCE SHARE OPTION SCHEME 2001**

HONG LEONG FINANCE LIMITED

Co. Reg. No. 196100003D

(Incorporated in the Republic of Singapore)

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LETTER TO SHAREHOLDERS

HONG LEONG FINANCE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 196100003D)

Board of Directors:

Executive Director:

Kwek Leng Beng (Chairman & Managing Director)

Lead Independent Director:

Po'ad bin Shaik Abu Bakar Mattar

Independent Non-Executive Directors:

Chng Beng Hua

Cheng Shao Shiong @ Bertie Cheng

Ter Kim Cheu

Raymond Lim Siang Keat

Peter Chay Fook Yuen

Tan Tee How

Tan Siew San

Non-Independent Non-Executive Directors:

Kwek Leng Peck

Kwek Leng Kee

Kevin Hangchi

Registered Office:

16 Raffles Quay #01-05

Hong Leong Building

Singapore 048581

3 June 2020

To: The Shareholders of Hong Leong Finance Limited (the "**Shareholders**")

Dear Sir/Madam

PROPOSED SECOND EXTENSION OF THE HONG LEONG FINANCE SHARE OPTION SCHEME 2001

We refer to the Notice of the Sixtieth Annual General Meeting of Hong Leong Finance Limited ("**HLF**" or the "**Company**") ("**60th AGM**") issued by the Company on 3 June 2020 (the "**Notice**") and Resolution 8 of the Notice which is an Ordinary Resolution to be proposed at the 60th AGM for the second extension of the Hong Leong Finance Share Option Scheme 2001.

1. BACKGROUND

The Company currently has in place a share option scheme, which was approved by the Shareholders at the extraordinary general meeting of the Company held on 31 January 2001, under the name "Singapore Finance Share Option Scheme 2001", and was subsequently renamed "Hong Leong Finance Share Option Scheme 2001" (the "**Scheme**") pursuant to the change of name of the Company to "Hong Leong Finance Limited".

The Scheme was adopted for an initial duration of up to a maximum period of ten years, with the provision that it could be continued beyond that period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The initial duration of the Scheme was previously due to expire on 30 January 2011 and such initial duration of the Scheme was extended for a period of ten years from 31 January 2011 up to 30 January 2021 with the approval of the Shareholders obtained at the Fiftieth Annual General Meeting of the Company held on 23 April 2010.

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Subsequent to 23 April 2010, the rules of the Scheme were amended in March 2020 to:

- (a) include a clawback provision which provides that in the event of exceptional circumstances involving a misstatement of the financial results of the Company in respect of any relevant financial year, which had formed the basis for a grant of an option under the Scheme, or any misconduct on the part of the participant, resulting in financial loss to the Company, the Company would reserve the right to recover or cancel the relevant option (whether in whole or in part) before the relevant option is exercised. Such recovery or cancellation of the relevant option may take into account the number of shares under option that might have been granted had the same been calculated based on the restated financial results for the relevant financial year; and
- (b) update the references to “capitalisation of profits or reserves” and “capitalisation issue” to read as “bonus issue” in line with the amendments to the listing rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) which took effect on 7 February 2020.

As the foregoing amendments were not made for the advantage of participants of the Scheme, no Shareholders’ approval for such alterations was required.

The current rules of the Scheme are set out in Appendix A to this letter.

2. RATIONALE FOR PROPOSED SECOND EXTENSION

The Scheme is an integral part of the Company’s programme for incentive compensation. It aims to provide participants with an opportunity to have a real and personal direct interest in the Company and helps to achieve the following positive objectives:

- (a) the giving of recognition to achievements and contributions of participants through ownership in the equity of the Company to enable them to share in the success of the Company and/or its subsidiaries (the “**Group**”), leading to the development of a participatory style of management which instills loyalty and a stronger sense of identification with the long term goals of the Group;
- (b) the promotion of staff morale leading to the retention of employees of the Group whose contributions are important to the long term growth and prosperity of the Group;
- (c) the motivation of participants to optimise standards and efficiency and to maintain a high level of contribution and the encouragement of participants towards higher standards of performance and commitment by linking their performance to that of the Group’s;
- (d) the attainment of harmonious employer/staff relations, as well as the strengthening of working relationships with the Group’s close business associates;
- (e) the making of total compensation more attractive and competitive in order for the Group to attract, retain and motivate talented employees; and
- (f) the enhancement of the value of the Company in the long term.

As the Scheme remains a key part of the Group’s compensation arrangements, the Directors propose that the duration of the Scheme be further extended for another period of ten years from 31 January 2021 up to 30 January 2031. Other than the proposed second extension of the duration of the Scheme, all other rules of the Scheme remain unchanged.

The existing limit on the total number of shares in the capital of the Company (“**Shares**”) over which options (“**Options**”) may be granted under the Scheme is not increased as a result of the proposed second extension of the duration of the Scheme. In this regard, the aggregate number of Shares over which Options may be granted under the Scheme, including Options which may be granted during the further extended ten-year period of the Scheme, when added to the number of Shares issued and issuable in respect of all Options already granted under the Scheme shall not exceed 15% of the total number of issued Shares on the day preceding the date of grant.

The Board has approved the recommendations from the Company’s Remuneration Committee and Scheme Committee for the proposed second extension of the duration of the Scheme.

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The SGX-ST has approved in-principle the listing and quotation of the Shares to be issued pursuant to the further extended Scheme. Such approval by SGX-ST is not indicative of the merits of the proposed second extension of the duration of the Scheme, the Shares, the Company and/or its subsidiaries.

3. PARTICULARS OF EXISTING OPTIONS

As at 20 May 2020 (the “**Latest Practicable Date**”), Options in respect of 50,906,750 Shares have been granted to 685 participants since the adoption of the Scheme on 31 January 2001, of which as at the Latest Practicable Date:

- (a) 17,196,009 new Shares have been issued to participants pursuant to Options granted;
- (b) Options in respect of 14,961,750 Shares are outstanding; and
- (c) Options in respect of 18,748,991 Shares have lapsed.

The aggregate number of Shares which may be issued under the Scheme is 67,130,470 Shares based on 15% of the total number of issued Shares as at the Latest Practicable Date, of which 34,972,711 Shares remain available for the grant of Options as at the Latest Practicable Date.

Particulars of options held by Directors as at the Latest Practicable Date are as follows:

Name of Director	Grant Date	No. of Shares under Option granted	No. of Shares under Option exercised/lapsed	No. of Shares under outstanding Option
Kwek Leng Beng	5.12.2002	600,000	600,000	-
	16.9.2003	400,000	400,000	-
	28.9.2004	360,000	360,000	-
	28.9.2005	360,000	360,000	-
	28.9.2006	324,000	324,000	-
	19.9.2007	378,000	378,000	-
	30.9.2008	378,000	378,000	-
	29.9.2009	360,000	360,000	-
	28.9.2010	400,000	-	400,000
	29.9.2011	360,000	360,000	-
	14.9.2012	256,000	256,000	-
	25.9.2013	160,000	160,000	-
	25.9.2014	160,000	-	160,000
	23.9.2015	144,000	144,000	-
	23.9.2016	144,000	95,040	48,960
	21.9.2017	115,000	-	115,000
25.9.2018	156,000	-	156,000	
23.9.2019	172,000	-	172,000	

4. RECOMMENDATION

For the reasons set out in paragraph 2 of this letter, the Directors of the Company are of the view that the proposed second extension of the duration of the Scheme will be beneficial to and in the interests of the Company. However, in view of the Directors being eligible to participate in the Scheme, they have accordingly abstained from making any recommendation on, and in the case of Directors who are Shareholders, shall abstain from voting in respect of, the Ordinary Resolution 8 to be proposed at the 60th AGM, being the Ordinary Resolution relating to the proposed second extension of the Scheme.

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In addition, the Company will procure Shareholders who are eligible to participate in the Scheme to abstain from voting on Ordinary Resolution 8.

The Company will disregard any votes cast by Directors who are Shareholders and Shareholders who are eligible to participate in the Scheme, in respect of their holdings of Shares (if any) on Ordinary Resolution 8.

The Company will procure that the Directors and persons who are eligible to participate in the Scheme will decline to accept appointment as proxies for Shareholders to vote on Ordinary Resolution 8, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Ordinary Resolution 8.

Save as disclosed above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Scheme.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 **Interests of Directors in issued Shares.** As at the Latest Practicable Date, the interests of the Directors in issued Shares, based on the Company's Register of Directors' Shareholdings, are as follows:

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Kwek Leng Beng	6,618,607	1.48	—	—	6,618,607	1.48
Po'ad bin Shaik Abu Bakar Mattar	—	—	—	—	—	—
Chng Beng Hua	—	—	—	—	—	—
Cheng Shao Shiong @ Bertie Cheng	—	—	—	—	—	—
Ter Kim Cheu	—	—	—	—	—	—
Raymond Lim Siang Keat	—	—	—	—	—	—
Peter Chay Fook Yuen	—	—	—	—	—	—
Tan Tee How	—	—	—	—	—	—
Tan Siew San	—	—	—	—	—	—
Kwek Leng Peck	517,359	0.12	—	—	517,359	0.12
Kwek Leng Kee	1,595,079	0.36	—	—	1,595,079	0.36
Kevin Hangchi	472,109	0.11	—	—	472,109	0.11

5.2 **Interests of substantial shareholders in issued Shares.** As at the Latest Practicable Date, the interests of the substantial shareholders of the Company in issued Shares, based on the Company's Register of Substantial Shareholders, are as follows:

Substantial Shareholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Hong Realty (Private) Limited ("HR")	23,271,370	5.20	23,678,335 ⁽¹⁾	5.29	46,949,705	10.49
Hong Leong Enterprises Pte. Ltd. ("HLE")	4,485,047	1.00	19,968,812 ⁽²⁾	4.46	24,453,859	5.46
Hong Leong Investment Holdings Pte. Ltd. ("HLIH")	99,608,176	22.26	106,252,582 ⁽³⁾	23.74	205,860,758	46.00
Davos Investment Holdings Private Limited ("Davos")	—	—	205,860,758 ⁽⁴⁾	46.00	205,860,758	46.00
Kwek Holdings Pte Ltd ("KH")	—	—	205,860,758 ⁽⁴⁾	46.00	205,860,758	46.00

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Notes:

- (1) HR is deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore to have an interest in the 23,678,335 shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (2) HLE is deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore to have an interest in the 19,968,812 shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (3) HLIH is deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore to have an interest in the 106,252,582 shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof, which includes (i) the 46,949,705 shares held directly and indirectly by HR and (ii) the 24,453,859 shares held directly and indirectly by HLE.
- (4) Davos and KH are deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, to have interests in the 205,860,758 shares held directly and/or indirectly by HLIH in which each of them is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

6. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter (including Appendix A) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the proposed second extension of the duration of the Scheme, the Company and its subsidiaries which are relevant to the proposed second extension of the duration of the Scheme, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this letter in its proper form and context.

Yours faithfully
For and on behalf of
The Board of Directors of
HONG LEONG FINANCE LIMITED

Kwek Leng Beng
Chairman/Managing Director

Note:

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter.

Shareholders who are in any doubt as to the action they should take should consult their stockbrokers or other professional advisers immediately.

APPENDIX A

RULES OF THE HONG LEONG FINANCE SHARE OPTION SCHEME 2001

1. NAME OF THE SCHEME

The Scheme shall be called the “Hong Leong Finance Share Option Scheme 2001”.

2. DEFINITIONS

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

“Act”	The Companies Act, Chapter 50 of Singapore as amended or modified from time to time
“Adoption Date”	The date on which the Scheme is adopted by the Company in general meeting
“Aggregate Subscription Cost”	The total amount payable for the Shares to be subscribed for on the exercise of an Option
“Associated Company”	A company in which at least 20 per cent. but not more than 50 per cent. of its shares are held by the Company or the Group and over which the Company/Group has control over its financial and operating policies
“Associated Company Employee”	Any employee (including an executive director) of an Associated Company
“Auditors”	The auditors for the time being of the Company
“Board”	The board of directors of the Company
“CDP”	The Central Depository (Pte) Limited
“Company”	Hong Leong Finance Limited, a company incorporated in Singapore
“Controlling Shareholder”	A Group Employee, a Non-Executive Director, a Parent Group Employee, a Parent Group Non-Executive Director or an Associated Company Employee who, in relation to the Company, has control
“CPF”	Central Provident Fund
“Depository Agent”	An entity registered as a depository agent with CDP for the purpose of maintaining securities sub-accounts for its own account and for the account of others
“Discount Price Option”	The right to subscribe for Shares granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 7.3
“Executive Director”	A director of the Company and/or its subsidiaries who performs an executive function
“Grantee”	A person to whom an offer of an Option is made
“Group”	The Company and its subsidiaries
“Group Employee”	An employee of the Group or an Executive Director who is selected by the Scheme Committee to participate in the Scheme in accordance with Rule 4.1(a)(i), (ii) and (iv)
“Incentive Period”	In relation to an Incentive Price Option, the period commencing on the Offering Date and terminating on a day preceding the 2nd anniversary of such Offering Date or such other day as may be determined by the Scheme Committee

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“Incentive Price Option”	The right to subscribe for Shares granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 7.2
“Market Price Option”	The right to subscribe for Shares granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 7.1
“market day”	A day on which the SGX-ST is open for trading in securities
“Market Price”	In relation to a Share, shall mean the price as determined in accordance with Rule 7.1
“Non-Executive Director”	A director of the Company and/or its subsidiaries who is not an Executive Director
“Non-Group Employee”	An Associated Company Employee, a Non-Executive Director or a Parent Group Non-Executive Director who is selected by the Scheme Committee to participate in the Scheme in accordance with Rules 4.1(c), 4.1(a)(iii) and 4.1(b)(iii) respectively
“Offering Date”	The date on which the offer of the grant of an Option is made pursuant to Rule 6.1
“Option”	A Market Price Option, an Incentive Price Option or a Discount Price Option, as the case may be
“Option Period”	The period for the exercise of an Option, being: <ul style="list-style-type: none">(a) in the case of a Market Price Option granted to a Group Employee or a Parent Group Employee, a period commencing on the first anniversary of the Offering Date and expiring on the day preceding the tenth anniversary of such Offering Date, subject as provided in Rules 8 and 9;(b) in the case of a Market Price Option granted to a Non-Group Employee, a period commencing on the first anniversary of the Offering Date and expiring on the day preceding the fifth anniversary of such Offering Date, subject as provided in Rules 8 and 9;(c) in the case of an Incentive Price Option or a Discount Price Option granted to a Group Employee or a Parent Group Employee, a period commencing on the second anniversary of the Offering Date and expiring on the day preceding the tenth anniversary of such Offering Date, subject (in each case) as provided in Rules 8 and 9; and(d) in the case of an Incentive Price Option or a Discount Price Option granted to a Non-Group Employee, a period commencing on the second anniversary of the Offering Date and expiring on the day preceding the fifth anniversary of such Offering Date, subject (in each case) as provided in Rules 8 and 9
“Parent Company”	A holding company for the time being of the Company designated by the Scheme Committee for the purposes of the Scheme
“Parent Group”	The Parent Company and its subsidiaries (other than the Group)
“Parent Group Employee”	An employee of the Parent Group or a Parent Group Executive Director who is selected by the Scheme Committee to participate in the Scheme in accordance with Rule 4.1(b) (i), (ii) and (iv)
“Parent Group Executive Director”	A director of the Parent Company and/or its subsidiaries (other than the Group) who performs an executive function

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“Parent Group Non-Executive Director”	A director of the Parent Company and/or its subsidiaries (other than the Group) who is not a Parent Group Executive Director
“Participant”	The holder of an Option
“Rules”	The rules of the Scheme, as the same may be amended from time to time
“Scheme”	The Hong Leong Finance Share Option Scheme 2001, as modified or altered from time to time
“Scheme Committee”	A committee comprising directors of the Company, and up to one other person as may be nominated by the Parent Company, duly authorised and appointed by the Board to administer the Scheme
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shares”	Shares in the capital of the Company
“Subscription Price”	The price at which (subject to any adjustment pursuant to Rule 11) a Participant shall subscribe for each Share upon the exercise of an Option as determined in accordance with Rule 7.1 in relation to a Market Price Option, Rule 7.2 in relation to an Incentive Price Option, and Rule 7.3 in relation to a Discount Price Option
“subsidiary”	This term shall have the meaning ascribed to it under the Act
“trading day”	A day on which there is a transaction in the Shares on the SGX-ST
“Vesting Schedule”	A schedule of dates falling within the Option Period at which Shares which are the subject of the Option shall, in whole or in part, vest in the Participant
“\$”	Singapore dollars
“%”	Percentage or per centum.

2.2 For the purposes of the Scheme:

- (a) in relation to a company, “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (b) unless rebutted, a person who holds directly or indirectly, a shareholding of 15 per cent. or more of the Company’s issued shares shall be presumed to be a Controlling Shareholder; and
- (c) in relation to a Controlling Shareholder, his “associates” shall be the persons defined as such under the provisions of the SGX-ST Listing Manual.

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

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

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

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3. OBJECTIVES

The Scheme is a share incentive scheme. The purpose of the Scheme is to provide an opportunity for Group Employees to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to Non-Executive Directors, Parent Group Employees, Parent Group Non-Executive Directors and Associated Company Employees who have contributed to the success and development of the Company and/or Group. The Scheme is proposed on the basis that it is important to acknowledge the contribution, which is essential to the well-being and prosperity of the Group, made by these categories of persons. The Company, by adopting the Scheme, will give these categories of persons a real and meaningful stake in the Company and will help to achieve the following objectives:

- (a) the giving of recognition to achievements and contributions of participants through ownership in the equity of the Company to enable them to share in the success of the Group, leading to the development of a participatory style of management which instills loyalty and a stronger sense of identification with the long term goals of the Group;
- (b) the promotion of staff morale leading to the retention of employees of the Group whose contributions are important to the long term growth and prosperity of the Group;
- (c) the motivation of participants to optimise standards and efficiency and to maintain a high level of contribution and the encouragement of participants towards higher standards of performance and commitment by linking their performance to that of the Group's;
- (d) the attainment of harmonious employer/staff relations, as well as the strengthening of working relationships with the Group's close business associates;
- (e) the making of total compensation more attractive and competitive in order for the Group to attract, retain and motivate talented employees; and
- (f) the enhancement of the value of the Company in the long term.

4. ELIGIBILITY

4.1 The following persons subject to any provisions as may be determined by the SGX-ST, shall be eligible to participate in the Scheme at the absolute discretion of the Scheme Committee:

(a) Group Employees and Non-Executive Directors

- (i) confirmed employees of the Company and/or its subsidiaries who have attained the age of 21 years;
- (ii) directors of the Company and/or its subsidiaries who perform an executive function;
- (iii) non-executive directors of the Company and/or its subsidiaries who have served on the relevant board for at least 12 months; and
- (iv) employees who qualify under sub-paragraph (i) above and are seconded to an Associated Company, a company in the Parent Group or any other company outside the Group.

(b) Parent Group Employees and Parent Group Non-Executive Directors

- (i) confirmed employees of the Parent Group who have attained the age of 21 years;
- (ii) directors of the Parent Group who perform an executive function;
- (iii) non-executive directors of the Parent Group who have served on the relevant board for at least 12 months; and
- (iv) employees who qualify under sub-paragraph (i) above and are seconded to an Associated Company, or any other company outside the Parent Group.

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(c) Associated Company Employees

- (i) confirmed employees of an Associated Company who have attained the age of 21 years; and
- (ii) directors of an Associated Company who perform an executive function.

- 4.2 Persons who are Controlling Shareholders or their associates shall (notwithstanding that they may meet the eligibility criteria in Rule 4.1) not participate in the Scheme.
- 4.3 Group Employees who are eligible to participate in the Scheme may also be eligible to participate in any other share option or incentive scheme implemented by the Company for their benefit. There is no restriction on the participation by persons selected to participate in the Scheme also participating in any other share option or incentive scheme implemented by any other company, whether within or outside the Group.
- 4.4 All participation is subject to the Rules herein and shall be at the absolute discretion of the Scheme Committee. In determining the Participants, the Scheme Committee will take into account, *inter alia*, the objectives of the Scheme detailed in Rule 3 above.

5. LIMITATIONS UNDER THE SCHEME

- 5.1 The aggregate number of new Shares over which the Scheme Committee may grant Options on any date, when added to the number of new Shares issued and issuable in respect of all Options granted under the Scheme, shall not exceed 15 per cent. of the total number of issued Shares of the Company on the day preceding that date.
- 5.2 The number of Shares comprised in (as the case may be) Market Price Options, Incentive Price Options or Discount Price Options to be offered to any Group Employee, Non-Executive Director, Parent Group Employee, Parent Group Non-Executive Director or Associated Company Employee in accordance with the Scheme shall be determined at the absolute discretion of the Scheme Committee, who shall take into account, in respect of a Group Employee, criteria such as the rank, the past performance, years of service and potential for future development of that employee and, in respect of a Non-Executive Director, Parent Group Employee, Parent Group Non-Executive Director or Associated Company Employee, his contribution to the success and development of the Group, provided that in relation to Parent Group Employees and Parent Group Non-Executive Directors:
- (a) the aggregate number of Shares which may be offered by way of grant of Options to Parent Group Employees and Parent Group Non-Executive Directors collectively under the Scheme shall not exceed 20 per cent. of the total number of new Shares available under the Scheme, and such aggregate number of Shares which may be offered to Parent Group Employees and Parent Group Non-Executive Directors collectively under the Scheme has been approved by independent shareholders of the Company in a separate resolution; and
 - (b) any Options to be granted to any Parent Group Employee or Parent Group Non-Executive Director which, together with Options already granted to that Parent Group Employee or Parent Group Non-Executive Director under the Scheme, represents five per cent. or more of the aggregate number of new Shares available to Parent Group Employees and Parent Group Non-Executive Directors collectively, shall be approved by independent shareholders of the Company in a separate resolution for each such Parent Group Employee or (as the case may be) Parent Group Non-Executive Director.

For the purposes of obtaining the approval of the independent shareholders of the Company mentioned above, the Scheme Committee shall procure that the circular, letter or notice to the shareholders in connection therewith shall set out:

- (i) clear justifications for the participations of such Parent Group Employees and/or, as the case may be, Parent Group Non-Executive Directors;
- (ii) clear rationale for the number and terms (including the Subscription Price) of the Options to be granted to such Parent Group Employees and/or, as the case may be, Parent Group Non-Executive Directors; and
- (iii) any discount applicable to the Subscription Price of such Options.

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6. GRANT AND ACCEPTANCE OF OPTIONS

- 6.1 The Scheme Committee may, subject as provided in Rule 5, grant Options at any time and from time to time.
- 6.2 The Letter of Offer to grant the Option shall be in, or substantially in, the form set out in Schedule A-1 in relation to a Market Price Option or a Discount Price Option, and in the form set out in Schedule A-2 in relation to an Incentive Price Option, subject in each case to such modification as the Scheme Committee may from time to time determine.
- 6.3 An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Scheme Committee.
- 6.4 The grant of an Option under this Rule 6 shall be accepted within thirty (30) days from the Offering Date of that Option and, in any event, not later than 5.00 p.m. on the thirtieth (30th) day from such Offering Date by completing, signing and returning the Acceptance Form in, or substantially in, the form set out in Schedule B-1 in relation to a Market Price Option or a Discount Price Option, and in the form set out in Schedule B-2 in relation to an Incentive Price Option, subject in each case to such modification as the Scheme Committee may from time to time determine, accompanied by payment of \$1.00 as consideration. The Grantee may accept or refuse the whole or part of the offer.
- 6.5 If a grant of an Option is not accepted in the manner as provided in Rule 6.4, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and become null, void and of no effect.

7. SUBSCRIPTION PRICE

- 7.1 The Subscription Price for each Share in respect of which a Market Price Option is exercisable shall be fixed by the Scheme Committee at a price equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list made available by the SGX-ST, for the 3 consecutive trading days immediately preceding the Offering Date of that Option, rounded up to the nearest whole cent.
- 7.2 The Subscription Price for each Share in respect of which an Incentive Price Option is exercisable shall be the Market Price (as determined in accordance with Rule 7.1), subject to adjustment as hereafter provided in this Rule 7.2.

The Subscription Price for each Share in respect of which an Incentive Price Option is exercisable shall be subject to such discount, if any, as may be determined by the Scheme Committee in its absolute discretion, provided that:

- (a) the maximum discount which may be given in respect of that Option shall not exceed 20 per cent. of the initial Subscription Price in respect of that Option; and
- (b) the Scheme Committee shall, not later than the last day of the Incentive Period relating to that Option, determine whether or not a discount should be given in respect of that Option and, if so, the quantum of such discount.

For the purposes of sub-paragraph (b) of this Rule 7.2, in determining whether to grant any discount and the quantum of such discount, if any, the Scheme Committee shall take into consideration such criteria as the Scheme Committee may, in its absolute discretion, deem appropriate including but not limited to:

- (i) the performance of the Company and the Group over the Incentive Period, taking into account financial parameters such as return on equity, and/or earnings growth, and any performance targets set by the Scheme Committee for the Company and Group;
- (ii) the individual performance of the Participant over the Incentive Period; and
- (iii) the contribution of the Participant over the Incentive Period to the success and development of the Company and/or the Group.

The Scheme Committee may also determine that the Incentive Price Option shall be cancelled, in which case, it shall immediately lapse without any claims against the Company and the Participant shall have no further rights in respect thereof.

APPENDIX A

Not later than the last day of the Incentive Period, the Scheme Committee shall inform the Participant as to whether the Option has been cancelled or whether it has granted a discount and, if so, the quantum of the discount on the Subscription Price, and, if relevant, the adjusted Subscription Price, for that Option.

- 7.3 The Subscription Price for each Share in respect of which a Discount Price Option is exercisable shall be determined by the Scheme Committee at its absolute discretion, and fixed by the Scheme Committee at a price, rounded up to the nearest whole cent, which is set at a discount to the Market Price (as determined in accordance with Rule 7.1), provided that the maximum discount shall not exceed 20 per cent. of the Market Price.
- 7.4 The Subscription Price shall be subject to adjustment pursuant to Rule 11.
- 7.5 Subject as otherwise expressly provided in these Rules, a Discount Price Option or an Incentive Price Option shall not vest earlier than the second anniversary of its date of grant.

8. RIGHTS TO EXERCISE OPTIONS

- 8.1 Subject as provided in this Rule 8 and in Rule 9, each Option shall be exercisable, in whole or in part, during the Option Period applicable to that Option subject to any conditions, including a Vesting Schedule, that may be imposed by the Scheme Committee in relation to the vesting of any Shares comprised in that Option.
- 8.2 Unless otherwise determined by the Scheme Committee in its absolute discretion, an Option shall, to the extent unexercised, immediately lapse without any claim against the Company:
- (a) subject to Rules 8.3 and 8.4, upon the Participant, being a Group Employee, a Parent Group Employee or an Associated Company Employee, ceasing for any reason whatsoever to be in the employment of the Group, the Parent Group or the Associated Company, as the case may be; or
 - (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
 - (c) in the event of any misconduct on the part of the Participant as determined by the Scheme Committee in its discretion and subject to Rule 8.2A.

The discretion to allow the Option to remain valid notwithstanding the circumstances described in subparagraphs (a), (b) and (c) above shall be exercised by the Scheme Committee where there are strong justifications under the prevailing circumstances to do so, including, but not limited to, any unfairness caused to the Participant by the lapse of the Option, taking into account factors including, but not limited to, the reasons for the Participant's cessation in his relevant position and the past contributions made by the Participant. In exercising such discretion, the Scheme Committee may also determine the period during which such Option may continue to be exercisable, provided that such period may not in any event exceed the Option Period applicable to such Option. Such exercise shall, at the discretion of the Scheme Committee, either be in full or only in respect of such Shares comprised in that Option for which the Participant would have been entitled to exercise pursuant to Rule 8.1. The Scheme Committee may, in exercising such discretion, allow the Option to be exercised at any time (and, in relation to an Incentive Price Option, provided that the Scheme Committee has determined that the Option is not to be cancelled, the Subscription Price applicable to that Option shall be the initial Subscription Price subject to any discount determined by the Scheme Committee), notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Option Period in respect of such Option.

For the purpose of Rule 8.2(a), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date. For the avoidance of doubt, in the case of an Executive Director or a Parent Group Executive Director, mere cessation of performing an executive function is not deemed to be cessation of employment.

APPENDIX A

8.2A In the event of exceptional circumstances involving a misstatement of the financial results of the Company in respect of any relevant financial year, which had formed the basis for a grant of an Option, or any misconduct on the part of the Participant, resulting in financial loss to the Company, the Company reserves the right to recover or cancel the relevant Option (whether in whole or in part) before the Option is exercised. Such recovery or cancellation of the Option may take into account the number of Shares under Option that might have been granted had the same been calculated based on the restated financial results for the relevant financial year.

8.3 If a Participant ceases to be employed by the Group, the Parent Group or an Associated Company, as the case may be, by reason of his:

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

or any other compassionate reason approved in writing by the Scheme Committee, he may, at the discretion of the Scheme Committee, exercise any Option either in full or only in respect of such Shares comprised in that Option for which he would have been entitled to exercise pursuant to Rule 8.1 within such period after the date of such cessation of employment as may be determined by the Scheme Committee in its absolute discretion (but before the expiration of the Option Period in respect of that Option), and upon the expiration of such period, the Option shall lapse. The Scheme Committee in exercising such discretion, may allow the Option to be exercised at any time (and, in relation to an Incentive Price Option, provided that the Scheme Committee has determined that the Option is not to be cancelled, the Subscription Price applicable to that Option shall be the initial Subscription Price subject to any discount determined by the Scheme Committee), notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Option Period in respect of such Option.

8.4 If a Participant ceases to be employed in or to be a director in the Group, the Parent Group or of an Associated Company, as the case may be:

- (a) by reason of the company in which he is employed or of which he is a director ceasing to be a company within the Group, or the Parent Group, or an Associated Company, as the case may be, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company in the Group, or the Parent Group, or such Associated Company, as the case may be; or
- (b) for any other compassionate reason provided the Scheme Committee gives its consent in writing,

he may, at the absolute discretion of the Scheme Committee exercise any Option then remaining unexercised in the manner and at the times provided in Rule 8.1 or within such other period during the Option Period as may be determined by the Scheme Committee in its absolute discretion, provided that Rules 8.2, 8.2A, 8.3, 8.5 and 8.6 will continue to apply during that period as though the event contemplated in this Rule 8.4 did not occur.

8.5 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the discretion of the Scheme Committee, be exercised by the duly appointed personal representatives of the Participant within such period after his death as may be determined by the Scheme Committee in its absolute discretion (but before the expiration of the Option Period in respect of that Option), and upon the expiration of such period, the Option shall lapse. Such exercise shall, at the discretion of the Scheme Committee, either be in full or only in respect of such Shares comprised in that Option for which the Participant would have been entitled to exercise pursuant to Rule 8.1. The Scheme Committee may, in exercising such discretion, allow the Option to be exercised at any time (and, in relation to an Incentive Price Option, provided that the Scheme Committee has determined that the Option is not to be cancelled, the Subscription Price applicable to that Option shall be the initial Subscription Price subject to any discount determined by the Scheme Committee), notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Option Period in respect of such Option.

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8.6 If, for any reason whatsoever, a Participant (being an Executive Director or a Non-Executive Director) ceases to be a member of the relevant board or (being a Parent Group Executive Director or Parent Group Non-Executive Director) ceases to be a director in the Parent Group or (being an executive director of an Associated Company) ceases to be an executive director of the Associated Company, any Option then held by him shall, to the extent unexercised, immediately lapse without any claim against the Company, unless otherwise determined by the Scheme Committee in its absolute discretion. Such discretion shall be exercised by the Scheme Committee where there are strong justifications under the prevailing circumstances to do so, including, but not limited to, any unfairness caused to the Participant by the lapse of the Option, taking into account factors including, but not limited to, the reasons for the Participant's cessation in his relevant position and the past contributions made by the Participant. In exercising such discretion, the Scheme Committee may also determine the period during which such Option may continue to be exercisable, provided that such period may not in any event exceed the Option Period applicable to such Option. Such exercise shall, at the discretion of the Scheme Committee, either be in full or only in respect of such Shares comprised in that Option for which the Participant would have been entitled to exercise pursuant to Rule 8.1. The Scheme Committee may, in exercising such discretion, allow the Option to be exercised at any time (and, in relation to an Incentive Price Option, provided that the Scheme Committee has determined that the Option is not to be cancelled, the Subscription Price applicable to that Option shall be the initial Subscription Price subject to any discount determined by the Scheme Committee), notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Option Period in respect of such Option.

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

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

- (a) the expiry of six months thereafter, or such later date as may be determined, prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Scheme Committee and the SGX-ST; or
- (b) the date of expiry of the Option Period relating thereto, whereupon the Option then remaining unexercised shall lapse.

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

9.2 If under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled, notwithstanding Rule 8 but subject to Rule 9.5, to exercise any Option then held by him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon the Option shall lapse and become null and void.

9.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

9.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Participant shall be entitled, within thirty (30) days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto), to exercise any unexercised Option, after which such unexercised Option shall lapse and become null and void.

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- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors or other qualified financial consultants, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Scheme Committee, be permitted to exercise that Option as provided for in this Rule 9.
- 9.6 To the extent that an Option is not exercised within the periods referred to in this Rule 9, it shall lapse and become null and void.
- 9.7 Any exercise of an Incentive Price Option pursuant to this Rule 9 shall, provided that the Scheme Committee has determined that the Option is not to be cancelled, be at the initial Subscription Price applicable to that Option subject to any discount determined by the Scheme Committee.

10. EXERCISE OF OPTIONS

- 10.1 An Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in, or substantially in, the form of the Exercise Notice set out in Schedule C-1 in relation to a Market Price Option or a Discount Price Option, and in the form of Schedule C-2 in relation to an Incentive Price Option, subject in each case to such modification as the Scheme Committee may from time to time determine. The Exercise Notice, duly completed, must be accompanied by a remittance for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation which the Scheme Committee may require, failing which the Option shall not be treated as validly exercised. All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 10.2 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Memorandum and Articles of Association of the Company, the Company shall, within ten (10) market days after the exercise of an Option, allot the relevant Shares and despatch the share certificates in respect of such Shares by ordinary post or such other mode as the Scheme Committee may deem fit.
- The Company shall, as soon as practicable after such allotment, apply to the SGX-ST (and any other stock exchange on which the Shares are quoted or listed) for permission to deal in and for quotation of such Shares.
- 10.3 Shares which arise on the exercise of an Option by a Participant shall be allotted and issued in the name of CDP for credit of the relevant number of Shares to the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or, if applicable, the CPF investment account maintained with a CPF agent bank.
- 10.4 Shares allotted and issued on exercise of an Option shall be subject to all the provisions of the Memorandum and Articles of Association of the Company, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

11. VARIATION OF CAPITAL

- 11.1 If a variation in the share capital of the Company (whether by way of a bonus issue or rights issue, reduction, sub-division or consolidation) shall take place, then:
- (a) the Subscription Price for the Shares, the class and/or number of Shares comprised in the Option to the extent unexercised; and/or

APPENDIX A

- (b) the class and/or number of Shares over which Options may be granted under the Scheme,

shall be adjusted in such manner as the Scheme Committee may determine to be appropriate and except in relation to a bonus issue, upon the written confirmation by the Auditors or other qualified financial consultants appointed by the Scheme Committee (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

- 11.2 Notwithstanding the provisions of Rule 11.1, no such adjustment shall be made unless the Scheme Committee after considering all relevant circumstances, considers it equitable to do so.
- 11.3 The following (whether singly or in combination) shall not be regarded as events requiring adjustment:
- (a) any issue of securities as consideration for an acquisition or a private placement of securities;
 - (b) any increase in the number of issued Shares as a consequence of the exercise of options or other convertibles issued from time to time by the Company entitling holders thereof to acquire new Shares in the capital of the Company (including the exercise of any Options granted pursuant to the Scheme and any previous scheme(s));
 - (c) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; and
 - (d) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) effected on the SGX-ST pursuant to a share purchase mandate (or any renewal thereof) given by the shareholders of the Company in general meeting and for the time being in force.
- 11.4 Upon any adjustment required to be made pursuant to the foregoing provisions of this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives, where applicable) in writing and deliver to him (or his duly appointed personal representatives, where applicable) a statement setting forth the Subscription Price thereafter in effect and the class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall, unless otherwise stated therein, take effect upon such written notification being given.

12. ADMINISTRATION OF THE SCHEME

- 12.1 The Scheme shall be administered by the Scheme Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Scheme Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.
- 12.2 The Scheme Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it thinks fit.
- 12.3 Any decision of the Scheme Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors or other qualified financial consultants) shall be final and binding, including any decisions pertaining to the quantum of discount pursuant to Rules 7.2 or 7.3, or to disputes as to the interpretation of the Scheme or any rule, regulation, procedure thereunder or as to any rights under the Scheme.

13. NOTICES

- 13.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 13.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Scheme Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or the last known address of the Participant.

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- 13.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 13.2 or, if sent by post, on the day following the date of posting.

14. MODIFICATIONS TO THE SCHEME

- 14.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Scheme Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
 - (b) the definitions of “Group”, “Group Employee”, “Non-Group Employee”, “Executive Director”, “Non-Executive Director”, “Parent Company”, “Parent Group”, “Parent Group Employee”, “Parent Group Executive Director”, “Parent Group Non-Executive Director”, “Associated Company”, “Associated Company Employee”, “Controlling Shareholder”, “Scheme Committee”, “Option Period”, “Grantee”, “Participant” and “Subscription Price” and the provisions of Rules 4, 5, 6, 7, 9, 10.1, 10.4, 12 and this Rule 14 shall not be altered to the advantage of Participants except with the prior approval of the Company’s shareholders in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of the SGX-ST, or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.
- 14.2 Notwithstanding anything to the contrary contained in Rule 14.1, the Scheme Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 14.3 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Participants.

15. TERMS OF EMPLOYMENT UNAFFECTED

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

16. DURATION OF THE SCHEME

- 16.1 The Scheme shall continue to be in force at the discretion of the Scheme Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Company’s shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 16.2 The Scheme may be terminated at any time by the Scheme Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.
- 16.3 The termination of the Scheme shall not affect Options which have been granted and accepted as provided in Rule 6.4, whether such Options have been exercised (whether fully or partially) or not. Any Vesting Schedule appertaining to Options granted continues to apply and the Scheme Committee continues to have authority in the case of outstanding Incentive Price Options to cancel such Options and to fix any discounts as the case may be.

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17. TAXES

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

18. COSTS AND EXPENSES

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

18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Scheme Committee, the Board and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 10.2 (and any other stock exchange on which the Shares are quoted or listed).

20. DISCLOSURES IN ANNUAL REPORTS

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

- (a) The names of the members of the Scheme Committee administering the Scheme.
- (b) The information required in the table below for the following Participants:
 - (i) Directors;
 - (ii) Participants who are Controlling Shareholders of the Company and their associates; and
 - (iii) Participants (other than those in (b)(i) and (b)(ii) above) who receive Options granted pursuant to the Scheme which in aggregate, represent 5% or more of the total number of Shares available under the Scheme.

Name of participant	Shares under Options granted during financial year under review (including terms)	Aggregate Shares under Options granted since commencement of Scheme to end of financial year under review	Aggregate Shares under Options exercised since commencement of Scheme to end of financial year under review	Aggregate Shares under Options outstanding as at end of financial year under review

APPENDIX A

- (c) (i) The names of and number and terms of Options granted to each Parent Group Employee and Parent Group Non-Executive Director who receives 5% or more of the total number of Shares available under the Scheme to Parent Group Employees and Parent Group Non-Executive Directors collectively, during the financial year under review, provided that no disclosure shall be required under this paragraph (c)(i) in respect of any Options granted to a Parent Group Executive or Parent Group Non-executive Director while his services are seconded to a company within the Group.
- (ii) The aggregate number of Shares under Options granted to Parent Group Employees and Parent Group Non-executive Directors for the financial year under review, and since the commencement of the Scheme to the end of the financial year under review, provided that no disclosure shall be required under this paragraph (c)(ii) in respect of any Options granted to a Parent Group Executive or Parent Group Non-executive Director while his services are seconded to a company within the Group.
- (d) The number and proportion of Shares under Options granted at a discount of 10% or less during the financial year under review.
- (e) The number and proportion of Shares under Options granted at a discount of more than 10% during the financial year under review.

21. DISPUTES

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

22. GOVERNING LAW

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

SCHEDULE A-1

HONG LEONG FINANCE SHARE OPTION SCHEME 2001

LETTER OF OFFER (Market Price Option/Discount Price Option)

Serial No:

Date:

To: [Name]
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam

We are pleased to inform you that you have been selected to participate in the Hong Leong Finance Share Option Scheme 2001 (the "Scheme"). Terms as defined in the Scheme shall have the same meanings when used in this letter.

Accordingly, in consideration of the payment of a sum of \$1.00, an offer is hereby made to grant you a [^]Market Price Option/Discount Price Option (the "Option"), to subscribe for and be allotted Shares in Hong Leong Finance Limited at a price of \$_____ for each Share (the "Subscription Price").

* The Subscription Price represents a discount of _____ per cent. to the Market Price.

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

Option Period	
Commencement Date	Expiration Date

The Vesting Schedule applicable to the Shares covered by the Option is as follows:

Vesting Schedule	Percentage of Shares over which the Option is exercisable
† Before _____	Nil
From _____ to _____	(i) Up to _____ %
From _____ to _____	(ii) Up to _____ % (including (i) above)
After _____	(iii) 100%

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 Scheme Committee duly authorised and appointed to administer the Scheme.

The Option shall be subject to the terms of the Scheme, a copy of which is enclosed herewith.

In the event of exceptional circumstances involving a misstatement of the financial results of the Company in respect of the financial year ended [] ("FY []"), which forms the basis for this grant, or any misconduct on your part, resulting in financial loss to the Company, the Company reserves the right to recover or cancel the Option (whether in whole or in part) before the Option is exercised. Such recovery or cancellation of the Option may take into account the number of Shares under Option that might have been granted had the same been calculated based on the restated financial results for FY [].

SCHEDULE A-1

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

Yours faithfully

^ To be deleted accordingly.

* Applicable only to a Discount Price Option.

† A Market Price Option may not be exercised before the 1st anniversary of the Offering Date, while a Discount Price Option may not be exercised before the 2nd anniversary of the Offering Date.

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

SCHEDULE A-2

HONG LEONG FINANCE SHARE OPTION SCHEME 2001

LETTER OF OFFER (Incentive Price Option)

Serial No:

Date:

To: [Name]
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam,

We are pleased to inform you that you have been selected to participate in the Hong Leong Finance Share Option Scheme 2001 (the "Scheme"). Terms as defined in the Scheme shall have the same meanings when used in this letter.

Accordingly, in consideration of the payment of a sum of \$1.00, an offer is hereby made to grant you an Incentive Price Option (the "Option"), to subscribe for and be allotted Shares in Hong Leong Finance Limited at a price of \$ _____ for each Share (the "Subscription Price").

Pursuant to Rule 7.2 of the Scheme, the Subscription Price may be subject to such discount as may be determined by the Scheme Committee, at its absolute discretion, subject to a maximum discount of 20 per cent. thereof. The performance target and incentive period are as follows:

Not later than [a date to be fixed], the Scheme Committee shall inform you as to whether it has granted a discount and, if so, the quantum of the discount on the Subscription Price applicable to the Option and, if relevant, the adjusted Subscription Price.

The Scheme Committee may however determine that no discount will be given in respect of the Option, in which event the Subscription Price shall remain at \$ _____ for each Share.

The Scheme Committee may also determine that this Option be cancelled in which case it shall lapse without any claims against the Company.

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

Option Period	
Commencement Date	Expiration Date

The Vesting Schedule applicable to the Shares covered by the Option is as follows:

Vesting Schedule	Percentage of Shares over which the Option is exercisable
† Before _____	Nil
From _____ to _____	(i) Up to _____ %
From _____ to _____	(ii) Up to _____ % (including (i) above)
After _____	(iii) 100%

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 Scheme Committee duly authorised and appointed to administer the Scheme.

SCHEDULE A-2

The Option shall be subject to the terms of the Scheme, a copy of which is enclosed herewith.

In the event of exceptional circumstances involving a misstatement of the financial results of the Company in respect of the financial year ended [] ("FY []"), which forms the basis for this grant, or any misconduct on your part, resulting in financial loss to the Company, the Company reserves the right to recover or cancel the Option (whether in whole or in part) before the Option is exercised. Such recovery or cancellation of the Option may take into account the number of Shares under Option that might have been granted had the same been calculated based on the restated financial results for FY [].

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

Yours faithfully

† An Incentive Price Option may not be exercised before the 2nd anniversary of the Offering Date.

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

SCHEDULE B-1

HONG LEONG FINANCE SHARE OPTION SCHEME 2001

**ACCEPTANCE FORM
(Market Price Option/Discount Price Option)**

Serial No:

To: The Scheme Committee
Hong Leong Finance Share Option Scheme 2001
c/o Hong Leong Finance Limited
Human Resources Department
16 Raffles Quay #34-03
Hong Leong Building
Singapore 048581

Closing Date for Acceptance of Offer : _____

Number of Shares Offered : _____

Subscription Price for each Share : \$ _____

Total Amount Payable : \$ _____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the Scheme 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 *Market Price Option/Discount Price Option to subscribe for Shares at a price of \$ _____ for each Share and enclose cash of \$1.00 as consideration for the Option.

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

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 accordingly

SCHEDULE B-2

HONG LEONG FINANCE SHARE OPTION SCHEME 2001

ACCEPTANCE FORM (Incentive Price Option)

Serial No:

To: The Scheme Committee
Hong Leong Finance Share Option Scheme 2001
c/o Hong Leong Finance Limited
Human Resources Department
16 Raffles Quay #34-03
Hong Leong Building
Singapore 048581

Closing Date for Acceptance of Offer : _____

Number of Shares Offered : _____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the Scheme 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 Incentive Price Option to subscribe for Shares at a price of \$ _____ for each Share (the "Subscription Price"), and enclose cash of \$1.00 as consideration for the Option.

I acknowledge that:

- (a) pursuant to Rule 7.2 of the Scheme, the Subscription Price may be subject to such discount as may be determined by the Scheme Committee, at its absolute discretion, subject to a maximum discount of 20 per cent. thereof;
- (b) not later than [a date to be fixed], the Scheme Committee shall inform me as to whether it has granted a discount and, if so, the quantum of the discount on the Subscription Price applicable to the Option and, if relevant, the adjusted Subscription Price;
- (c) the Scheme Committee may however determine that no discount will be given in respect of the Option, in which event the Subscription Price shall remain at \$ _____ for each Share;
- (d) the Scheme Committee may also determine that this Option be cancelled, in which case it will lapse without any claim against the Company; and
- (e) the decision of the Scheme Committee shall be final and binding.

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

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.

SCHEDULE B-2

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete accordingly

SCHEDULE C-1

HONG LEONG FINANCE SHARE OPTION SCHEME 2001

FORM OF EXERCISE OF OPTION (Market Price Option/Discount Price Option)

Total number of shares (the "Shares") offered at : _____
\$ _____ for each Share under the Scheme on _____
_____ (Offering Date)

Number of Shares previously allotted thereunder : _____

Outstanding balance of Shares to be allotted thereunder : _____

Number of Shares now to be subscribed : _____

To: The Scheme Committee
Hong Leong Finance Share Option Scheme 2001
c/o Hong Leong Finance Limited
Human Resources Department
16 Raffles Quay #34-03
Hong Leong Building
Singapore 048581

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the *Market Price Option/Discount Price Option to subscribe for Shares in Hong Leong Finance Limited (the "Company") at \$ _____ for each Share.
2. I enclose a *cheque/cashier's order/banker's draft/postal order no. _____ for \$ _____ by way of subscription for the number of the said Shares now to be subscribed.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Hong Leong Finance Share Option Scheme 2001 and the Memorandum and Articles of Association 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 said Shares referred to in paragraph 1 above in the name of The Central Depository (Pte) Limited ("CDP") and to deliver to CDP the certificate(s) for the Shares for credit to my securities account as specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP and any stamp duty payable in respect thereof:

*(i) Direct Securities Account No.: _____
or

*(ii) Sub-Account No. and Name of Depository Agent
Sub-Account No.: _____
Name of Depository Agent: _____

or
*(iii) CPF Investment Account No. and Name of Agent Bank
CPF Investment Account No.: _____
Name of Agent Bank: _____

SCHEDULE C-1

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete accordingly

SCHEDULE C-2

HONG LEONG FINANCE SHARE OPTION SCHEME 2001

FORM OF EXERCISE OF OPTION (Incentive Price Option)

Total number of shares (the "Shares") offered at : _____
\$ _____ for each Share under the Scheme on
_____ (Offering Date), #such price being
adjusted to \$ _____ for each Share on _____
(a day to be determined)

Number of Shares previously allotted thereunder : _____

Outstanding balance of Shares to be allotted thereunder : _____

Number of Shares now to be subscribed : _____

To insert the adjusted price, if applicable

To: The Scheme Committee
Hong Leong Finance Share Option Scheme 2001
c/o Hong Leong Finance Limited
Human Resources Department
16 Raffles Quay #34-03
Hong Leong Building
Singapore 048581

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, and your letter dated _____ (a day to be determined) issued to me pursuant to Rule 7.2 of the Scheme, I hereby exercise the Incentive Price Option to subscribe for Shares in Hong Leong Finance Limited (the "Company") at \$ _____ for each Share.

2. I enclose a *cheque/cashier's order/banker's draft/postal order no. _____ for \$ _____ by way of subscription for the number of the said Shares now to be subscribed.

3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Hong Leong Finance Share Option Scheme 2001 and the Memorandum and Articles of Association 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 said Shares referred to in paragraph 1 above in the name of The Central Depository (Pte) Limited ("CDP") and to deliver to CDP the certificate(s) for the Shares for credit to my securities account as specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP and any stamp duty payable in respect thereof:

*(i) Direct Securities Account No.: _____

or

*(ii) Sub-Account No. and Name of Depository Agent

Sub-Account No.: _____

Name of Depository Agent: _____

or

*(iii) CPF Investment Account No. and Name of Agent Bank

CPF Investment Account No.: _____

Name of Agent Bank: _____

SCHEDULE C-2

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete accordingly