

APPENDIX TO THE ANNUAL REPORT DATED 8 OCTOBER 2020

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

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 or transferred all your shares in the capital of Karin Technology Holdings Limited (the “Company”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward this appendix with the notice of Annual General Meeting and the attached proxy form(s) to the purchaser or transferee as arrangements will be made by CDP for a separate appendix with the notice of Annual General Meeting and the attached proxy form(s) to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should hand this appendix with the notice of Annual General Meeting and the attached proxy form(s) to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

In-principle approval for the listing and quotation of the new Shares to be issued in accordance with the Karin Performance Share Plan is not to be taken as an indication of the merits of the Karin Performance Share Plan, the new Shares, the Company and/or its subsidiaries. The Singapore Exchange Securities Trading Limited assumes no responsibility for any of the statements made, reports contained or opinions expressed in this appendix.



嘉靈集團
KARIN
GROUP

嘉靈控股集團有限公司

Karin Technology Holdings Limited

(Incorporated in Bermuda on 30 August 2002)

(Registration Number: 32514)

APPENDIX

IN RELATION TO

- (I) **THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE;**
- (II) **THE PROPOSED ADOPTION OF THE KARIN PERFORMANCE SHARE PLAN;**
- (III) **THE PROPOSED PARTICIPATION OF MR. NG YUK WING, PHILIP, A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE KARIN PERFORMANCE SHARE PLAN;**
- (IV) **THE PROPOSED PARTICIPATION OF MR. NG MUN KIT, MICHAEL, A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE KARIN PERFORMANCE SHARE PLAN; AND**
- (V) **THE PROPOSED PARTICIPATION OF MR. NG KIN WING, RAYMOND, A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE KARIN PERFORMANCE SHARE PLAN.**

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DEFINITIONS

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

- “2009 Circular” : The circular to the Shareholders dated 19 January 2009 relating to the Share Buyback Mandate
- “2009 SGM” : The special general meeting of the Company held on 12 February 2009
- “Act” or “Bermuda Companies Act” : The Companies Act 1981 of Bermuda
- “AGM” : The annual general meeting of the Company to be convened and held by way of electronic means on 23 October 2020 at 10:00 a.m., notice of which is set out on pages 142 to 150 of the Annual Report
- “Annual Report” : The annual report of the Company dated 8 October 2020
- “Appendix” : This appendix to Shareholders dated 8 October 2020
- “Approval Date” : Shall have the meaning ascribed to it in section 2.5 (a) of this Appendix
- “Asia Platform” : Asia Platform Investment Limited
- “Associate” : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

<i>“Associated Company”</i>	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group and over which the Company has control
<i>“Average Closing Price”</i>	:	Shall have the meaning ascribed to it in section 2.5 (d) of this Appendix
<i>“Award”</i>	:	A contingent award of Shares granted pursuant to the rules of the Plan
<i>“Auditor”</i>	:	The auditor of the Company for the time being
<i>“Board” or “Directors”</i>	:	The board of directors of the Company for the time being
<i>“Bye-laws”</i>	:	The bye-laws of the Company as amended, modified or supplemented from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Committee”</i>	:	A committee comprising Directors as may be duly authorised and appointed by the Board to administer the ESOS and the Plan
<i>“Companies Law”</i>	:	The Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time
<i>“Company”</i>	:	Karin Technology Holdings Limited
<i>“Controlling Shareholder”</i>	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares in the Company (unless determined otherwise by the SGX-ST); or (b) in fact exercises control over the Company
<i>“day of the making of the offer”</i>	:	Shall have the meaning ascribed to it in section 2.5 (d) of this Appendix
<i>“EPS”</i>	:	Earnings per Share
<i>“ESOS”</i>	:	Karin Employee Share Option Scheme
<i>“Exchange Rate”</i>	:	The exchange rate of S\$1: HK\$5.66175
<i>“Extended Group”</i>	:	The Company, its subsidiaries and Associated Companies

<i>“Financial Statements”</i>	:	A copy of the financial statements which are to be laid before a general meeting of the Company, made up to the end of the applicable financial year and including every document and all information as required by the Bermuda Companies Act and/or the rules or regulations of the SGX-ST
<i>“FY”</i>	:	The financial year ended or, as the case may be, ending 30 June
<i>“Group”</i>	:	The Company and 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 Plan in accordance with the rules thereof
<i>“Group Executive Director”</i>	:	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function
<i>“Highest Last Dealt Price”</i>	:	Shall have the meaning ascribed to it in section 2.5 (d) of this Appendix
<i>“Karin Performance Share Plan” or “Plan”</i>	:	The Karin employee performance share plan proposed to be adopted at the AGM
<i>“Kikki Investment”</i>	:	Kikki Investment Ltd
<i>“Latest Practicable Date”</i>	:	11 September 2020, being the latest practicable date prior to the printing of this Appendix
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
<i>“Market Day”</i>	:	A day on which SGX-ST is open for trading in securities
<i>“Market Price”</i>	:	The average of the last dealt price for a Share as determined by reference to the daily official list or any other publication published by the SGX-ST for five (5) consecutive Market Days immediately preceding the relevant Date of Offer
<i>“Market Purchases”</i>	:	Shall have the meaning ascribed to it in section 2.5 (c) of this Appendix
<i>“Maximum Price”</i>	:	Shall have the meaning ascribed to it in section 2.5 (d) of this Appendix
<i>“Memorandum”</i>	:	The memorandum of association of the Company
<i>“Non-Executive Directors”</i>	:	The directors of the Group who do not perform an executive function with the Group

“NTA”	:	Net tangible assets
“Off-Market Purchases”	:	Shall have the meaning ascribed to it in section 2.5 (c) of this Appendix
“Options”	:	Share options granted pursuant to the ESOS
“Participant”	:	A person who is selected by the Committee to participate in the Plan and/or ESOS and who has been granted an Award and/or an Option, as the case may be
“Performance Target”	:	The performance target prescribed by the Committee to be fulfilled by a Participant for any particular period under the Plan
“Performance Period”	:	The performance period during which the relevant Performance Target shall be satisfied
“Relevant Period”	:	Shall have the meaning ascribed to it in section 2.5 (b) of this Appendix
“Remuneration Committee”	:	The remuneration committee of the Company, comprising such Directors as may be nominated by the Board from time to time
“Rule 14”	:	Shall have the meaning ascribed to it in section 2.10 of this Appendix
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities account maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buyback Mandate”	:	The general mandate granted or to be granted by the Shareholders for the purposes of authorising the purchase or acquisition of Shares by the Company, subject to compliance with the Companies Law, the Singapore Companies Act and the rules and regulations of the SGX-ST
“Shareholders”	:	Registered holders of the Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Account
“Shares”	:	Issued ordinary shares of HK\$0.10 each in the capital of the Company

“ <i>Singapore Companies Act</i> ”	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“ <i>Substantial Shareholder</i> ”	:	A Shareholder who has an interest in not less than five per cent. (5%) of the total voting rights in the Company
“ <i>Take-over Code</i> ”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“ <i>treasury shares</i> ”	:	Issued Shares of the Company which are held as treasury shares by the Company in accordance with the applicable provisions of the Companies Law
“ <i>HK\$</i> ” and “ <i>HK cents</i> ”	:	Hong Kong dollars and cents, respectively
“ <i>S\$</i> ” and “ <i>S cents</i> ”	:	Singapore dollars and cents, respectively
“ <i>%</i> ” or “ <i>per cent.</i> ”	:	Per centum or percentage

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

The terms “**associate**” shall have the meanings ascribed to it in the Listing Manual, and “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Except where specifically defined, the terms “**we**”, “**us**” and “**our**” in this Circular refer to Karin Technology Holdings Limited.

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

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

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

Any reference in this Appendix 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 not otherwise defined in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

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

LETTER TO SHAREHOLDERS

KARIN TECHNOLOGY HOLDINGS LIMITED

(Incorporated in Bermuda on 30 August 2002)

(Registration Number: 32514)

Directors:

Mr. Ng Kin Wing, Raymond (Executive Chairman and Chief Executive Officer)
Mr. Ng Mun Kit, Michael (Executive Director)
Mr. Lee Yiu Chung, Eugene (Chief Operating Officer) (resigned on 1 July 2020)
Prof. Ng Tung Sang (Independent Director)
Mr. Lim Yew Kong, John (Independent Director)
Mr. Lawrence Kwan (Independent Director)

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

8 October 2020

To: The shareholders of Karin Technology Holdings Limited

Dear Sir/Madam,

- (I) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE;**
- (II) THE PROPOSED ADOPTION OF THE KARIN PERFORMANCE SHARE PLAN;**
- (III) THE PROPOSED PARTICIPATION OF MR. NG YUK WING, PHILIP, A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE KARIN PERFORMANCE SHARE PLAN;**
- (IV) THE PROPOSED PARTICIPATION OF MR. NG MUN KIT, MICHAEL, A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE KARIN PERFORMANCE SHARE PLAN;**
- (V) THE PROPOSED PARTICIPATION OF MR. NG KIN WING, RAYMOND, A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE KARIN PERFORMANCE SHARE PLAN.**

1. INTRODUCTION

The Directors are proposing to seek Shareholders' approval at the forthcoming AGM for:

- (a) the proposed renewal of the Share Buyback Mandate;
- (b) the adoption by the Company of the Karin Performance Share Plan;
- (c) the participation of Mr. Ng Yuk Wing, Philip, a Controlling Shareholder, in the Karin Performance Share Plan;

- (d) the participation of Mr. Ng Mun Kit, Michael, a Controlling Shareholder, in the Karin Performance Share Plan; and
- (e) the participation of Mr. Ng Kin Wing, Raymond, a Controlling Shareholder, in the Karin Performance Share Plan

(collectively, the “**Proposals**”).

The purpose of this Appendix is to provide Shareholders with information pertaining to the Proposals, and to seek Shareholders’ approval in respect of the same at the AGM to be held by way of electronic means on 23 October 2020 at 10:00 a.m. The notice of AGM is set out on pages 142 to 150 of the Annual Report.

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 letter.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

Any purchase or acquisition of Shares by the Company has to be made in accordance with and in the manner prescribed by, the Companies Law, the Singapore Companies Act, the Bye-laws and such other laws and regulations as may, for the time being apply, including, Rules 881 to 886 of the Listing Manual which relate to the purchase or acquisition of issued shares in the capital of a company listed on the SGX-ST.

At the 2009 SGM, the Shareholders first approved, *inter alia*, a mandate to allow the Company to purchase or otherwise acquire Shares in accordance with the terms set out in the resolution authorising the same, and subject to compliance with the Companies Law, the Singapore Companies Act and the rules and regulations of the SGX-ST. The rationale for the authority and limitations on, and the financial effects of the Share Buyback Mandate, were set out in the 2009 Circular.

The Share Buyback Mandate was subsequently renewed by Shareholders at the Company’s last ten (10) annual general meetings held on 15 October 2009, 21 October 2010, 13 October 2011, 19 October 2012, 24 October 2013, 9 October 2014, 28 October 2015, 20 October 2016, 20 October 2017, 25 October 2018 and 24 October 2019 and will continue in force until the forthcoming AGM on 23 October 2020.

Approval is being sought from the Shareholders at the forthcoming AGM for the proposed renewal of the Share Buyback Mandate, pursuant to which the Company will be authorised to purchase or otherwise acquire Shares on the terms of the Share Buyback Mandate.

The authority conferred pursuant to the Share Buyback Mandate may be exercised by the Directors at any time during the period commencing from the date of the forthcoming AGM and will continue in force until the earlier of the date on which the next annual general meeting of the Company is held or is required by law or the Bye-laws to be held, unless prior thereto, Share purchases or acquisitions are

carried out to the full extent mandated or the authority contained in the Share Buyback Mandate is varied or revoked by the Company at a general meeting. The authority contained in the existing Share Buyback Mandate will be expiring on 23 October 2020, being the date of the Company's forthcoming annual general meeting.

2.2 Shares Purchased By The Company In The Previous 12 Months

For the period of 12 months prior to the Latest Practicable Date, pursuant to the Share Buyback Mandate, the Company had not purchased any of its shares.

2.3 Rationale for the proposed renewal of the Share Buyback Mandate

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

Share buybacks provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner.

The Share Buyback Mandate will also allow the Directors greater flexibility over the Company's share capital structure and dividend policy with a view to enhancing the earnings and/or NTA per Share.

The Directors further believe that share buybacks by the Company will help mitigate short-term market volatility in Share price, offset the effects of short-term speculation and bolster Shareholders' confidence. It will also enable the Directors to utilise the Shares which are purchased and held as treasury shares for the purposes of any employees' share scheme.

If and when circumstances permit, the Directors will decide whether to effect the share buybacks via market purchases or off-market purchases in accordance with an equal access scheme as defined in section 76C of the Singapore Companies Act (as further described in section 2.5 below), after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out share buybacks to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or orderly trading of the Shares, and/or the financial condition of the Company or the Group, taking into account the working capital requirements of the Company and the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

2.4 Mandate

Approval is being sought from Shareholders at the AGM by way of an ordinary resolution for the proposed renewal of the Share Buyback Mandate. If approved, the Share Buyback Mandate will be renewed from the date of the AGM and continue in force until the earlier of the date of the next annual general meeting of the Company or such date as the next annual general meeting is required by law or by the Bye-laws to be held, unless prior thereto, Share purchases are carried out to the full

extent mandated or the date on which the authority conferred by the Share Buyback Mandate is revoked or varied at a general meeting. The Share Buyback Mandate will be put to Shareholders for renewal at each subsequent annual general meeting of the Company.

2.5 The Terms of the Share Buyback Mandate

The authority and limitations placed on purchases of Shares by the Company, if the Share Buyback Mandate is renewed at the AGM, are substantially the same as that previously approved by Shareholders at the 2009 SGM.

For the benefit of the Shareholders, the authority and limitations on the Share Buyback Mandate are summarised below.

(a) *Maximum number of Shares*

Only ordinary shares of the Company which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares which may be purchased or acquired by the Company is limited to the number of Shares representing not more than 10% of the issued ordinary share capital (excluding treasury shares) of the Company as at the date on which the proposed renewal of the Share Buyback Mandate is approved (i.e. the date of the AGM) (the “**Approval Date**”), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Law, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time).

For illustrative purposes only, based on the existing issued and paid-up capital (excluding treasury shares) of the Company as at the Latest Practicable Date of HK\$21,474,800 comprising 214,748,000 Shares, and assuming that no further Shares are issued on or prior to the AGM, not more than 21,474,000 Shares (representing 10% of the issued ordinary share capital (excluding treasury shares) of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

(b) *Duration of authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (i) the date on which the next annual general meeting of the Company is held or required by law or the Bye-laws to be held;
- (ii) the date on which Share purchases or acquisitions pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

- (iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked at a general meeting,

(the “**Relevant Period**”).

(c) *Manner of purchase of Shares*

Purchases of Shares may be made by way of:

- (i) on-market purchases (“**Market Purchases**”) transacted on SGX-ST through its 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; and/or
- (ii) off-market purchases (“**Off-Market Purchases**”) (if effected otherwise than on SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit and in the interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Bye-laws and the Listing Manual.

The Directors may impose such terms and conditions which are consistent with the Share Buyback Mandate, the Listing Manual, the Companies Law and the Singapore Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Singapore Companies Act, an equal access scheme must satisfy all of the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares, to purchase or acquire the same percentage of Shares from such persons;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are to be the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (cc) in the event that there are offeree Shareholders holding odd numbers of Shares, differences in the offers introduced solely to ensure that each person is left with a whole number of Shares in board lots of 100 Shares after the Share purchases.

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

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

(d) *Maximum purchase price*

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

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

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price,

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

For the above purposes:

“**Average Closing Price**” means 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, preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five-Market Day period;

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

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

2.6 Status of Purchased Shares under the Share Buyback Mandate

A Share purchased or acquired by the Company shall be deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the issued share capital of the Company will be diminished by the nominal value of the number of Shares purchased or acquired by the Company and which are not held as treasury shares but the cancellation shall not be taken as reducing the amount of the Company’s authorised share capital. Certificates in respect of Shares purchased by the Company will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase unless such Shares are held by the Company as treasury shares.

Under the Companies Law, a company limited by shares or other company having a share capital may, if authorised by its memorandum of association or bye-laws, purchase its own shares. The shares so purchased may either be cancelled (in which event, the company’s issued, but not its authorised share capital, will be diminished accordingly) or if authorised by its memorandum of association or bye-laws, may be held as treasury shares. Under the Companies Law, if a company holds shares as treasury shares, the company shall be entered in the register of members as a member holding the shares but the company is not permitted to exercise any rights in respect of those shares (including any right to attend and vote at meetings) and no dividend or other distribution (whether in cash or otherwise) of the company’s assets shall be paid or made to the company in respect of such shares. However, the allotment of shares as fully paid bonus shares in respect of shares held by the company as treasury shares is allowed.

No acquisition by a company of its own shares to be held as treasury shares may be effected if, on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the acquisition would be, unable to pay its liabilities as they become due.

Under the Companies Law, a company that acquires its own shares to be held as treasury shares may:

- (i) hold all or any of the treasury shares;
- (ii) dispose of or transfer all or any of the treasury shares for cash or other consideration; or
- (iii) cancel all or any of the treasury shares.

2.7 Source of Funds for Share Buybacks

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

The Company will use internal sources and/or external borrowings to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buyback Mandate on the NAV and EPS as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase prices paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchases.

2.8 Financial Effects of the Share Buyback Mandate

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares by the Company which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, whether the Shares purchased or acquired are held in treasury or cancelled, and the price paid for such Shares. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2020, are based on the following principal assumptions:

- (a) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 30 June 2020 for the purpose of computing the financial effects on the EPS of the Group;
- (b) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 30 June 2020 for the purpose of computing the financial effects on Shareholders' equity, NTA per Share and gearing of the Company and the Group;
- (c) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate is assumed to be financed by internal funds; and

- (d) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are insignificant and are ignored for the purpose of computing the financial effects.

Information as at the Latest Practicable Date

For illustrative purposes only, based on the issued and paid-up ordinary share capital (excluding treasury shares) of the Company as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of up to the maximum limit of 10% of its issued share capital (excluding treasury shares) will result in the purchase or acquisition of 21,474,000 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 21,474,000 Shares at the Maximum Price of S\$0.325 for one (1) Share (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares over the last five (5) Market Days preceding the Latest Practicable Date on which transactions in the Shares were recorded), the maximum amount of funds required for the purchase or acquisition of 21,474,000 Shares is S\$6,979,000 (or equivalent to HK\$39,513,000 based on the Exchange Rate). This calculation is based on the assumption that the whole purchase consideration will be funded internally.

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 21,474,000 Shares at the Maximum Price of S\$0.375 for one (1) Share (being the price equivalent to 20% above the highest price transacted for a Share as recorded on the Market Day immediately preceding the Latest Practicable Date on which there were trades in the Shares), the maximum amount of funds required for the purchase or acquisition of 21,474,000 Shares is S\$8,052,000 (or equivalent to HK\$45,592,000 based on the Exchange Rate). This calculation is based on the assumption that the whole purchase consideration will be funded internally.

Pro Forma Financial Effects

For illustration purposes only, and on the basis of the assumptions set out above, the financial effects of the:

- (a) acquisition and subsequent cancellation of Shares by the Company pursuant to the Share Buyback Mandate; and
- (b) acquisition of Shares held as treasury shares by the Company pursuant to the Share Buyback Mandate,

on the audited financial statements of the Group and the Company for FY2020 are as follows:

Purchases and subsequent cancellation of Shares

	Group			Company		
	Before Share purchase	After Share purchase assuming Market Purchase	After Share purchase assuming Off-Market Purchase	Before Share purchase	After Share purchase assuming Market Purchase	After Share purchase assuming Off-Market Purchase
(HK\$'000)						
At 30 June 2020						
Share capital	21,476	19,327	19,327	21,476	19,327	19,327
Shareholders' funds	427,700	388,187	382,108	123,078	83,565	77,486
NTA	425,138	385,625	379,546	123,078	83,565	77,486
Current assets	726,736	687,223	681,144	51,144	11,631	5,552
Current liabilities	458,976	458,976	458,976	4,374	4,374	4,374
Working capital	267,760	228,247	222,168	46,770	7,257	1,178
Total borrowings	85,540	85,540	85,540	–	–	–
Cash and cash equivalents	86,711	47,198	41,119	230	230	230
Profit after tax and minority interest	4,800	4,800	4,800	25,472	25,472	25,472
No. of Shares ('000)	214,748	193,274	193,274	214,748	193,274	193,274
Financial Ratios						
NTA per Share (HK cents) ⁽¹⁾	197.97	199.52	196.38	57.31	43.24	40.09
Basic EPS (HK cents) ⁽²⁾	2.24	2.48	2.48	11.86	13.18	13.18
Net gearing (times) ⁽³⁾	N/A	0.10	0.12	N/A	N/A	N/A
Return on equity (%) ⁽⁴⁾	1.12	1.24	1.26	20.70	30.48	32.87

Notes:

- (1) NTA per Share equals to NTA divided by the number of Shares outstanding as at 30 June 2020.
- (2) Basic EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the year ended 30 June 2020 of 214,748,000 Shares and 193,274,000 Shares before and after the Share purchase, respectively.
- (3) Net gearing equals to total borrowings net of cash and cash equivalents divided by Shareholders' funds.
- (4) Return on equity equals to profit after tax and minority interests divided by Shareholders' funds.
- (5) For the purposes of this illustration, it is assumed that the Company will utilise its current assets to fund the purchase consideration for the share buyback.

Purchases of Shares and held as treasury shares

	Group			Company		
	Before Share purchase	After Share purchase assuming Market Purchase	After Share purchase assuming Off-Market Purchase	Before Share purchase	After Share purchase assuming Market Purchase	After Share purchase assuming Off-Market Purchase
(HK\$'000)						
At 30 June 2020						
Share capital	21,476	21,476	21,476	21,476	21,476	21,476
Shareholders' funds	427,700	388,187	382,108	123,078	83,565	77,486
NTA	425,138	385,625	379,546	123,078	83,565	77,486
Current assets	726,736	687,223	681,144	51,144	11,631	5,552
Current liabilities	458,976	458,976	458,976	4,374	4,374	4,374
Working capital	267,760	228,247	222,168	46,770	7,257	1,178
Total borrowings	85,540	85,540	85,540	–	–	–
Cash and cash equivalents	86,711	47,198	41,119	230	230	230
Profit after tax and minority interest	4,800	4,800	4,800	25,472	25,472	25,472
No. of Shares ('000)	214,748	193,274	193,274	214,748	193,274	193,274
Financial Ratios						
NTA per Share (HK cents) ⁽¹⁾	197.97	179.57	176.74	57.31	38.91	36.08
Basic EPS (HK cents) ⁽²⁾	2.24	2.48	2.48	11.86	13.18	13.18
Net gearing (times) ⁽³⁾	N/A	0.10	0.12	N/A	N/A	N/A
Return on equity (%) ⁽⁴⁾	1.12	1.24	1.26	20.70	30.48	32.87

Notes:

- (1) NTA per Share equals to NTA divided by the number of Shares outstanding as at 30 June 2020.
- (2) Basic EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the year ended 30 June 2020 of 214,748,000 Shares and 193,274,000 Shares before and after the Share purchase, respectively.
- (3) Net gearing equals to total borrowings net of cash and cash equivalents divided by Shareholders' funds.
- (4) Return on equity equals to profit after tax and minority interests divided by Shareholders' funds.
- (5) For the purposes of this illustration, it is assumed that the Company will utilise its current assets to fund the purchase consideration for the share buyback.

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 of the Company as at 30 June 2020 and is not necessarily representative of the future financial performance of the Company. Although the Share Buyback Mandate would authorise the Company to purchase

or acquire up to 10% of the issued share capital of the Company, the Company may not necessarily purchase or acquire the entire 10% of the issued share capital of the Company. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

2.9 Listing Manual Requirements

The Listing Manual provides that a listed company shall report all purchases or acquisitions of its shares to 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 and the purchase price per share or the highest and lowest prices paid for such shares, as applicable as well as the total consideration (including stamp duties and clearing charges) paid or payable for the Shares.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company of its own shares during any particular time or times, because a listed company would be regarded as an “insider” in relation to any proposed purchase of its issued shares, the Company will not undertake any purchase of Shares pursuant to the Share Buyback Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision until such price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares pursuant to the Share Buyback Mandate during the period commencing:

- (i) one (1) month immediately preceding the announcement of the Company’s half-year financial statements; and
- (ii) one (1) month immediately preceding the announcement of the Company’s financial statements of its full-year results,

and ending on the date of the announcement of the relevant results.

The Listing Manual also requires a listed company to ensure that at least 10% of its shares are at all times held by the public. The “public” as defined in the Listing Manual, are persons other than the directors, substantial shareholders, chief executive officers or controlling shareholders of a company and its subsidiaries, as well as associates of such persons.

As at the Latest Practicable Date, 53,780,000 Shares representing 25.04% of the issued share capital of the Company are held in the hands of the public by an aggregate of 633 Shareholders. In the event that the Company purchases the maximum of 10% of its issued ordinary share capital from such public Shareholders, the resultant percentage of Shares held by public Shareholders would be reduced

to approximately 16.72%. Accordingly, the Company is of the view that there is a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases and acquisitions of Shares up to the full 10% limit pursuant to the Share Buyback Mandate, without affecting adversely the listing status of the Shares on SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.10 Take-Over Code Implications arising from Share Purchases

Mandatory Offers under Rule 14 of the Take-over Code

Under the Take-over Code, a person will be required to make a general offer for a public company if:

- (a) he acquires 30% or more of the voting rights of the company; or
- (b) he holds between 30% and 50% of the voting rights of the company and he increases his voting rights in the company by more than one per cent. (1%) in any six-month period.

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”). Consequently, depending on the number of Shares purchased by the Company and the Company’s issued share capital at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make an offer under Rule 14.

Persons Acting In Concert

Under the Take-over Code, persons acting in concert or concert parties 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 the company.

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

- (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with one another.

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

Obligations to make a General Offer as a result of the Share Buyback

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

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

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

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Buyback Mandate are advised to consult their professional advisers and/or the Securities Industry Council before they acquire any Shares during the Relevant Period.

Application of the Take-over Code

Based on the Company's register of Directors' shareholdings and register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors (who have interests in Shares) and the Substantial Shareholders before and after the purchase of Shares pursuant to the Share Buyback Mandate, assuming: (i) the Company purchases the maximum amount of 10% of the issued

ordinary share capital of the Company; (ii) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or which they are deemed interested in; and (iii) none of the outstanding Options is exercised, will be as follows:

	Before Share Purchases			After Share Purchases		
	Direct Interest	Deemed Interest	Total Interest %	Direct Interest	Deemed Interest	Total Interest %
Directors						
Ng Kin Wing, Raymond ⁽¹⁾	–	70,639,950	32.89	–	70,639,950	32.89
Ng Mun Kit, Michael ⁽²⁾	–	70,639,950	32.89	–	70,639,950	32.89
Lawrence Kwan	–	–	–	–	–	–
Prof. Ng Tung Sang ⁽⁴⁾	–	100,000	0.05	–	100,000	0.05
Lim Yew Kong, John	100,000	–	0.05	100,000	–	0.05
Substantial Shareholders						
Asia Platform ⁽²⁾⁽³⁾	70,639,950	–	32.89	70,639,950	–	36.55
Kikki Investment ⁽¹⁾	70,639,950	–	32.89	70,639,950	–	36.55
Ng Yuk Wing, Philip ⁽³⁾	–	72,151,950	33.60	–	72,151,950	37.33
Ng Mun Kit, Michael ⁽²⁾	–	70,639,950	32.89	–	70,639,950	36.55
Kikkiy Investment Ltd ⁽¹⁾	–	70,639,950	32.89	–	70,639,950	36.55
Ng Kin Wing, Raymond ⁽¹⁾	–	70,639,950	32.89	–	70,639,950	36.55
Ng Eng Seng	17,220,200	–	8.02	17,220,200	–	8.91

Notes:

- (1) Our Executive Chairman and Chief Executive Officer, Mr. Ng Kin Wing, Raymond, is deemed to be interested through the shareholding in Kikki Investment, which directly holds 70,639,950 Shares in our Company. Kikki Investment is an investment holding company wholly owned by Kikkiy Investment Limited which is in turn wholly owned by Mr. Ng Kin Wing, Raymond.
- (2) Our Executive Director, Mr. Ng Mun Kit, Michael, is deemed interested through the shareholding of Asia Platform, which directly holds 70,639,950 Shares in our Company. Mr. Ng Mun Kit, Michael holds not less than 20% of the voting shares in Asia Platform.
- (3) Our Executive Advisor, Mr. Ng Yuk Wing, Philip, is deemed interested through his shareholding in Asia Platform which he indirectly holds 70,639,950 Shares, and his spouse, who directly holds 1,512,000 Shares. Asia Platform is an investment holding company which is wholly owned by Mr. Ng Yuk Wing, Philip and his son, Mr. Ng Mun Kit, Michael. Mr. Ng Yuk Wing, Philip holds not less than 20% of the voting shares in Asia Platform.
- (4) Prof. Ng Tung Sang is deemed interest in the shares held by DBS Bank (Hong Kong) Limited.

Mr. Ng Kin Wing, Raymond and Mr. Ng Yuk Wing, Philip are brothers. Mr. Ng Mun Kit, Michael is the son of Mr. Ng Yuk Wing, Philip. Accordingly, each of Asia Platform and Kikki Investment (respectively being the investment holding companies of Mr. Ng Yuk Wing, Philip and Mr. Ng Mun Kit, Michael, and Mr. Ng Kin Wing, Raymond, and their families) are considered persons acting in concert under the Take-over Code. The aggregate direct shareholding of Asia Platform and Kikki Investment is 141,279,900 Shares, which accounts for more than 50% of Company's voting rights.

As such, there will not be any obligation on any Shareholders (including Directors) and persons acting in concert with them to make a general offer to other Shareholders pursuant to Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Shareholders (including Directors) and their concert parties increase, since their shareholdings in the Company as at the Latest Practicable Date are either above 50% or will not reach 30% or more after the maximum purchase of Shares by the Company.

The Directors are also not aware of any other Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases or acquires the maximum number of Shares under the Share Buyback Mandate.

2.11 Tax Implications

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

3. THE PROPOSED KARIN PERFORMANCE SHARE PLAN

3.1 Rationale for the Karin Performance Share Plan

The Company had previously approved and adopted a performance share plan on 21 October 2010, which has expired as at the date of the Company's 2020 AGM. The Company has undertaken a review of employee remuneration and benefits and wishes to introduce a new compensation scheme that promotes higher performance goals and recognises exceptional achievement. The Company has taken steps to align itself with and embrace local trends and best practices in compensation.

The Karin Performance Share Plan contemplates the award of fully-paid Shares to Participants after certain predetermined benchmarks have been met. By implementing the Karin Performance Share Plan in conjunction with the existing ESOS, the Company hopes to inculcate in all Participants a stronger and more lasting sense of identification with the Group. The ESOS and the Karin Performance Share Plan will also operate to attract, retain and provide incentives to Participants to encourage greater dedication and loyalty by enabling the Company to give recognition for past contributions and services as well as motivating Participants generally to contribute towards the Group's long-term prosperity.

The purpose of adopting more than one share plan is to give the Company greater flexibility in aligning the interests of Participants with those of Shareholders. It is also intended that the ESOS and the Karin Performance Share Plan will complement each other in the Company's continuing efforts to reward and motivate Participants to achieve superior performance. The ESOS and the Karin Performance Share Plan will further strengthen the Company's competitiveness in attracting and retaining employees, especially employees who have the requisite knowledge, technical skills and experience whom the Company believes could contribute to the development and growth of the Group. For example, Options under the ESOS and/or Awards under the Karin Performance Share Plan may be granted as a supplement to the remuneration packages of Participants.

Unlike Options granted under the ESOS, the Karin Performance Share Plan contemplates the award of fully-paid Shares to Participants after Performance Targets have been met. As such, while the ESOS is targeted at employees of the Group in general, the Karin Performance Share Plan is targeted at key personnel who are in the best position to drive the growth of the Company through superior performance. The Company believes that having the Karin Performance Share Plan in place will be more effective than merely having, for example, pure cash bonuses in place to motivate Participants to work towards determined goals.

In addition, the Karin Performance Share Plan helps to fulfil the Company's primary long-term objective of motivating deserving and eligible Participants to optimise their performance standards and efficiency and to maintain a high level of performance and contribution. The Karin Performance Share Plan further motivates Participants that the Company regards as integral to the Group to strive for superior performance and to deliver long-term Shareholder value, as well as to enhance the Group's overall compensation packages to attract and retain high performing talent.

The assessment criteria for granting Options under the ESOS is more general and does not relate to specific performance targets imposed by the Company. In contrast, the Karin Performance Share Plan provides the Company with flexibility to impose specific or medium-term performance targets or to impose time-based service conditions, or a combination of both, before a Share is granted under the Karin Performance Share Plan.

Alternatively, the Company may grant Shares under the Karin Performance Share Plan after the satisfactory completion of time-based service conditions, that is, after the Participants have served the Group for a specified number of years or after a further period of service beyond the completion date of the Performance Targets. The Company may also impose an extended vesting period beyond the completion date of the Performance Targets in order to encourage Participants to continue serving the Group.

In contrast with the ESOS which is more of a "loyalty" driven time-based incentive program, a performance-based Award may also be granted under the Karin Performance Share Plan, for example, with a Performance Target based on the successful completion of a project or on the Company meeting certain specified corporate target(s), and may incorporate a further vesting period to encourage the Participant to continue serving the Group for a further period of time following completion of the project.

The proportion of Shares granted under the Karin Performance Share Plan will be determined at the discretion of the Committee, which will take into account factors such as the Participant's capability, scope of responsibility and skill. In deciding the number of Shares to be granted to a Participant, the Committee will also consider the compensation and/or benefits to be given to the Participant under the ESOS and any other share-based incentive schemes of the Company. The Committee may also consider other factors such as the Group's business goals and directions, and the prevailing economic conditions.

3.2 Rationale for including Non-Executive Directors in the Karin Performance Share Plan

Our Non-Executive Directors come from different professions and backgrounds and bring to the Group a wealth of experience in corporate governance and business management. They also provide invaluable guidance in relation to the strategic issues and development of the Group, thus providing the Group with a multi-disciplinary approach in evaluating and considering business issues and opportunities. While not specifically involved in the day-to-day running of the Company, our Non-Executive Directors are frequently consulted on various matters in relation to the business of the Company. They are thus highly regarded by the Company for their contributions to the Company. Their proposed inclusion in the Karin Performance Share Plan is in recognition of their services and contributions to the growth and development of the Company.

As it may not always be possible to compensate such persons fully or appropriately by way of extra directors' fees or other forms of cash payments, the Karin Performance Share Plan provides the Company with a means to give recognition to them for their special assistance or extra efforts expended in furthering the Company's and/or the Group's interests, such as through introducing or facilitating business opportunities for the Group or expending additional time on significant corporate exercises or projects which may be undertaken by the Company or the Group from time to time.

The grant of Awards to Non-Executive Directors will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Group as non-executive directors and to motivate existing Non-Executive Directors to take extra efforts to promote the interests of the Company and/or the Group.

The selection of Non-Executive Directors to participate in the Karin Performance Share Plan and the number of Shares to be offered (in accordance with the rules of the Karin Performance Share Plan) will be made by the Committee, in consultation with the Board. Before granting any Award to a Non-Executive Director, the Committee will take into consideration, *inter alia*, his performance and contributions to the success and development of the Company, including those in the areas of overall business strategies, risk management and investment decisions.

In order to minimise any possible conflicts of interest, and so as not to compromise the objectivity of independent members of the Board (i.e. independent directors) who may, in the future, be selected to participate in the Plan, independent directors would primarily continue to be remunerated for their services by way of directors' fees and any grant of Awards to them is not expected to be significant.

Our Non-Executive Directors may be appointed as members of the Committee. However, the rules of the Karin Performance Share Plan provide that no member of the Committee shall be involved in any deliberation in respect of Awards to be granted to him.

3.3 Proposed Participation by Controlling Shareholders and their Associates in the Karin Performance Share Plan

Rationale and Justification for Participation

The key objectives of the Karin Performance Share Plan and the ESOS are to motivate the eligible participants to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that the Karin Performance Share Plan may be more effective than cash bonuses in motivating the Participants to work towards pre-determined targets and to put in their best efforts whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with multinational companies.

To this end, key executives, including the Controlling Shareholders and their Associates, shall be treated equally as they are important to the development and success of the Group. As such, even if such key executives are Controlling Shareholders or their Associates, the Company is of the view that all deserving and eligible participants should be equally entitled to take part in and benefit from the Company's fair and equitable system of remuneration.

The terms of the Karin Performance Share Plan do not differentiate between the Controlling Shareholders and their Associates and other key executives in determining the eligibility of such persons to be granted Awards. They should not unduly favour Controlling Shareholders and their Associates and likewise, Controlling Shareholders and their Associates should not be excluded from the Karin Performance Share Plan solely for the reason that they are Controlling Shareholders or Associates of Controlling Shareholders. In addition, to deny the Controlling Shareholders' and their Associates' participation in the Karin Performance Share Plan, may serve to demotivate them and undermine the objectives of the Karin Performance Share Plan.

The Controlling Shareholders and their Associates are part of the key management of the Group, which is responsible for driving the growth of the Group. The Company believes that the Controlling Shareholders and their Associates have made and will continue to make invaluable contributions to the Group. While the Company is of the view that the existing remuneration of the Controlling Shareholders and their Associates is not insufficient, the Company is proposing that approval be given for their participation in the Karin Performance Share Plan so as to spur them on to further optimise their performance standards and efficiency and to reward them for their significant contributions to the Group.

Safeguards

Although the Plan will be administered by the Committee, as a safeguard against abuse, all members of the Board (and not just members of the Committee) who are neither Controlling Shareholders nor their Associates will be involved in deliberations in respect of Awards to be granted to or held by

Controlling Shareholders and/or their Associates and the terms and conditions, including the Performance Targets and vesting periods attached to such Awards, which will be set in accordance with the specific roles of each such Participant.

Specific approval of the Independent Shareholders is required for the grant of Awards to Controlling Shareholders and/or their Associates as well as the actual number of and terms of such Awards. In seeking such Independent Shareholders' approval, the rationale for the grant, the number of new Shares and the terms of any Awards to be granted to the Controlling Shareholders and/or their Associates will be provided.

The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and their Associates in the Karin Performance Share Plan.

Participation by the Controlling Shareholders

Mr. Ng Kin Wing, Raymond is the Executive Chairman, Chief Executive Officer and an Executive Director of the Group. Mr. Ng Yuk Wing, Philip is the Executive Advisor of the Group after he stepped down as Senior Executive Director from 1 July 2018. Mr. Ng Mun Kit, Michael is an Executive Director of the Group. They are Controlling Shareholders of the Group. Mr. Ng Kin Wing, Raymond and Mr. Ng Yuk Wing, Philip having established Karin Electronic Supplies Co., Ltd. in 1977, are the founders of the Group. Mr. Ng Kin Wing, Raymond is responsible for the overall strategic planning, business development and overseeing the Group's entire operations and general management. Mr. Ng Mun Kit, Michael is responsible for business strategy, marketing and service operation for the Group. Mr. Ng Yuk Wing, Philip is contributing to the Group on significant matters relating to the Group strategy and responsible to advise for the overall strategic planning and business development of the Group. Under their effective leadership and direction, management and oversight, respectively, the Group's business has grown steadily over the years. Their continued contribution and participation in the general management, strategic expansion and operations of the Group remain vital in ensuring the continued growth of the Group.

The extension of the Karin Performance Share Plan to each of Mr. Ng Kin Wing, Raymond, Mr. Ng Mun Kit, Michael and Mr. Ng Yuk Wing, Philip is consistent with the Company's objective to motivate key employees to achieve and maintain a high level of performance and contribution, which is vital to the success of the Company. Although they each already have a substantial interest in the Company, the extension of the Karin Performance Share Plan to each of them will ensure that they are equally entitled, as with the other Directors and Senior Management who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby further enhancing their long-term commitment to the Company.

Pursuant to Listing Rule 853 and subject to the adoption of the Karin Performance Share Plan, Independent Shareholders' approval is being sought for the participation of each of the Controlling Shareholders in the Karin Performance Share Plan. The specific grant of Awards to any of the Controlling Shareholders and/or their Associates will also have to be approved by the Independent Shareholders at general meeting. The Company will seek specific approval from the Independent

Shareholders before granting any Award(s) to Mr. Ng Kin Wing, Raymond and/or Mr. Ng Mun Kit, Michael and/or Mr. Ng Yuk Wing, Philip and/or their respective Associates and will specify the number of Shares to be granted pursuant to such Award(s) and the terms of the Award(s).

3.4 Rules of the Karin Performance Share Plan

The rules of the Karin Performance Share Plan in their entirety are set out in the Annex – Rules of the Karin Performance Share Plan, of this Appendix, and a summary of the rules is set out below.

Eligibility of Participants

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the Karin Performance Share Plan:

- (a) Group Employees; and
- (b) Non-Executive Directors,

provided that, as of the offer date, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into any compositions with their respective creditors, and in the case of Group Employees, must have been in the employment of the Group for at least 12 months, or such shorter period as the Committee may determine.

Subject to the absolute discretion of all members of the Board (and not just members of the Committee), the Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Karin Performance Share Plan, provided that the participation of each Controlling Shareholder or his Associate and each grant of an Award to any of them may only be effected with the specific prior approval of Shareholders in general meeting by a separate resolution and each such separate resolution shall approve the specific number of Shares which are the subject of the Award.

Entitlement of Participants

An Award represents the right of a Participant to receive fully paid Shares free of charge upon the Participant achieving a Performance Target.

Subject to limitations under the rules of the Karin Performance Share Plan, the number of Shares which are the subject of an Award to be granted to each Participant shall be determined by the Committee in its absolute discretion, taking into consideration various factors, where applicable, such as his position, past performance, length of service, contribution to the success and development of the Group, and prevailing market and economic conditions.

An Award may only be vested, and consequently any Shares comprised in such Award may only be issued, upon the Committee being satisfied at its absolute discretion that the Participant has achieved the Performance Target. The Committee may prescribe for a vesting schedule pursuant to which an Award shall vest at the end of each Performance Period, provided the Performance Target for the period has been achieved.

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

Size and Duration of the Karin Performance Share Plan

In compliance with the requirements of the Listing Manual, the aggregate number of Shares for which an Award may be granted on any date under the Karin Performance Share Plan, when added to the number of Shares issued and/or issuable in respect of:

- (a) all Awards granted under the Karin Performance Share Plan;
- (b) all Options granted under the ESOS; and
- (c) all Shares, options or awards granted under any other share option or share scheme of the Company then in force;

shall not exceed 15% of the total issued Shares of the Company (excluding treasury shares) on the day preceding that date.

Furthermore, the aggregate number of Shares for which Awards may be granted under the Karin Performance Share Plan to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Karin Performance Share Plan, and the number of Shares for which an Award may be granted under the Karin Performance Share Plan to each Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the Karin Performance Share Plan.

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

Variation of Capital

If a variation in the issued share capital of the Company shall take place, then the number of Shares which are the subject of an Award to the extent not yet vested; and/or the number of Shares over which future Awards may be granted under the Karin Performance Share Plan, may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company when a share purchase mandate granted by Shareholders is in force, shall not normally be regarded as a circumstance requiring adjustment.

Operation of the Karin Performance Share Plan

Subject to prevailing legislation and guidelines issued by SGX-ST, the Company will deliver Shares to Participants upon vesting of their Awards, either by way of an issue of new Shares, deemed to be fully paid upon their allotment and issuance, or the delivery of treasury shares.

In determining whether to issue new Shares or deliver treasury shares, the Company will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement.

Existing Shares procured by the Company for transfer on the release of an Award shall be subject to all the provisions of the Memorandum and Bye-laws of the Company, shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which falls on or before the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue. For the purposes of this paragraph, “record date” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

Role and Composition of the Committee

The designated body responsible for administering the ESOS and the Karin Performance Share Plan shall be the Remuneration Committee, which primary function is to assist the Board in reviewing remuneration matters.

In compliance with the requirements of the Listing Manual, a Participant who is a member of the Remuneration Committee, shall not be involved in deliberations in respect of Options and/or Awards to be granted to or held by that member of the Remuneration Committee.

3.5 Potential Costs of Granting Awards under the Karin Performance Share Plan

The grant of Awards under the Karin Performance Share Plan will result in an increase in the Company’s issued share capital to the extent that treasury shares are delivered or new Shares are issued to the Participants. This will in turn depend on, inter alia, the number of Shares comprised in the Awards to be granted.

International Financial Reporting Standards 2: Share-based Payment (“**IFRS 2**”) relating to share-based payment takes effect for all listed companies beginning 1 January 2005. The Awards if settled by way of issue of new Shares or the purchase of existing Shares, would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to profit or loss over the period between the date on which an Award is granted (“**Grant Date**”) and the vesting date of an Award. The total amount of the charge over the Vesting Period is determined by reference to the fair value of each Award granted at the Grant Date and where there are non-market conditions attached (see the following paragraph), the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the Vesting Period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss will be made.

The amount charged to profit or loss would be the same whether the Company settles the Awards by issuing new Shares or by purchasing existing Shares. The amount of the charge to the profit or loss also depends on whether or not the performance target attached to an Award is a “market condition”, that is, a condition which is related to the market price of the Shares. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Shares granted at the Grant Date, and no adjustments to amounts charged to profit or loss is made if the market condition is not met. On the other hand, if the performance target is not a market condition, the probability of the target being met is not taken into account in estimating the fair value of the Shares granted at the Grant Date. Instead, it is subsequently considered at each accounting date in assessing whether the Awards would vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to profit or loss if the Awards do not ultimately vest.

3.6 Options Granted under the ESOS

Under the expired 2005 ESOS and as at the Latest Practicable Date, an aggregate of 12,860,000 Options had been granted to 21 Participants. The following Options were granted to Directors:

Director to whom Options were granted	Date(s) on which Options were granted	No. of Shares comprised in Options	No. of Shares allotted pursuant to exercise of Options
Lee Yiu Chung, Eugene (resigned on 1 July 2020)	3 November 2006	2,000,000	2,000,000
Lee Yiu Chung, Eugene (resigned on 1 July 2020)	5 April 2007	2,000,000	2,000,000
Prof. Ng Tung Sang	3 November 2006	100,000	100,000
Lim Yew Kong, John	3 November 2006	100,000	100,000
Wong Bee Eng (resigned on 13 July 2012)	3 November 2006	100,000	100,000
	Total:	4,300,000	4,300,000

Under the existing 2014 ESOS and as at the Latest Practicable Date, no Options had been granted to any Participants.

Persons who are Controlling Shareholders and their Associates are not eligible to participate in the 2005 ESOS and 2014 ESOS.

3.7 In-principle Approval

SGX-ST had on 7 October 2020 granted its in-principle approval for the listing and quotation of the new Shares to be issued in accordance with the Karin Performance Share Plan, subject to, inter alia, Shareholders' approval for the Karin Performance Share Plan and the Company's compliance with SGX-ST's listing requirements and guidelines. The in-principle approval granted by SGX-ST to the Company is not to be taken as an indication of the merits of the Karin Performance Share Plan, the new Shares, the Company and/or its subsidiaries. SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

	As at the Latest Practicable Date					
	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors						
Mr. Ng Kin Wing, Raymond ⁽¹⁾	-	-	70,639,950	32.89	70,639,950	32.89
Mr. Ng Mun Kit, Michael ⁽²⁾	-	-	70,639,950	32.89	70,639,950	32.89
Prof. Ng Tung Sang ⁽⁴⁾	-	-	100,000	0.05	100,000	0.05
Mr. Lim Yew Kong, John	100,000	0.05	-	-	100,000	0.05
Substantial Shareholders						
Asia Platform Investment Limited ⁽²⁾⁽³⁾	70,639,950	32.89	-	-	70,639,950	32.89
Kikki Investment Ltd ⁽¹⁾	70,639,950	32.89	-	-	70,639,950	32.89
Ng Yuk Wing, Philip ⁽³⁾	-	-	72,151,950 ⁽³⁾	33.60	72,151,950	33.60
Ng Mun Kit, Michael ⁽²⁾	-	-	70,639,950 ⁽²⁾	32.89	70,639,950	32.89
Kikkiy Investment Ltd ⁽¹⁾	-	-	70,639,950 ⁽¹⁾	32.89	70,639,950	32.89
Ng Kin Wing, Raymond ⁽¹⁾	-	-	70,639,950 ⁽¹⁾	32.89	70,639,950	32.89
Ng Eng Seng	17,220,200	8.02	-	-	17,220,200	8.02

Notes:

- (1) Our Executive Chairman and Chief Executive Officer, Mr. Ng Kin Wing, Raymond, is deemed to be interested through the shareholding in Kikki Investment, which directly holds 70,639,950 Shares in our Company. Kikki Investment is an investment holding company wholly owned by Kikkiy Investment Limited which is in turn wholly owned by Mr. Ng Kin Wing, Raymond.
- (2) Our Executive Director, Mr. Ng Mun Kit, Michael, is deemed interested through the shareholding of Asia Platform, which directly holds 70,639,950 Shares in our Company. Mr. Ng Mun Kit, Michael holds not less than 20% of the voting shares in Asia Platform.
- (3) Our Executive Advisor, Mr. Ng Yuk Wing, Philip, is deemed interested through his shareholding in Asia Platform which he indirectly holds 70,639,950 Shares, and his spouse, who directly holds 1,512,000 Shares. Asia Platform is an investment holding company which is wholly owned by Mr. Ng Yuk Wing, Philip and his son, Mr. Ng Mun Kit, Michael. Mr. Ng Yuk Wing, Philip holds not less than 20% of the voting shares in Asia Platform.
- (4) Prof. Ng Tung Sang is deemed interest in the shares held by DBS Bank (Hong Kong) Limited.

Save as disclosed above, none of the Directors has any interest, direct or indirect, in the shares of the Company or any of its subsidiaries.

5. ANNUAL GENERAL MEETING

The annual general meeting of the Company, notice of which is set out in the Annual Report, will be held by way of electronic means on 23 October 2020 at 10:00 a.m., for the purpose of considering and if thought fit, passing with or without any modifications, the resolutions as set out in the notice of AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, the AGM will be conducted only by electronic means and Shareholders will not be able to physically attend the AGM. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) watching the AGM proceedings through a “live” webcast comprising both video (audiovisual) and audio feeds; (b) submitting questions in advance of the AGM, and (c) voting by appointing the Chairman of the meeting as proxy at the AGM. Please refer to the Notice of AGM set out on pages 142 to 150 further details.

Shareholders who wish to attend and vote at the SGM must complete, sign and return the proxy form attached to the Notice of SGM (the “**Proxy Form**”) in accordance with the instructions printed thereon as soon as possible and in any event, not less than 72 hours before the time fixed for the AGM.

7. DIRECTORS’ RECOMMENDATION

7.1 Renewal of Share Buyback Mandate

The Directors are of the opinion that the renewal of the Share Buyback Mandate is in the best interests of the Company. The Directors accordingly recommend that Shareholders vote in favour of the renewal of the Share Buyback Mandate.

7.2 Karin Performance Share Plan and Participation of Controlling Shareholders

All the Directors are eligible to participate in and are therefore interested in the Karin Performance Share Plan. They have accordingly abstained from making any recommendation in respect of the ordinary resolutions relating to (i) the proposed adoption of the Karin Performance Share Plan to be proposed at the AGM as set out in the notice of AGM.

Having considered, *inter alia*, the rationale and information relating to the proposed participation by each of Mr. Ng Yuk Wing, Philip, Mr. Ng Mun Kit, Michael and Mr. Ng Kin Wing, Raymond in the Karin Performance Share Plan as set out in this Appendix, the Board, (excluding Mr. Ng Yuk Wing, Philip, Mr. Ng Mun Kit, Michael and Mr. Ng Kin Wing, Raymond) is of the opinion that the participation by each of Mr. Ng Yuk Wing, Philip, Mr. Ng Mun Kit, Michael and Mr. Ng Kin Wing, Raymond in the Karin Performance Share Plan is in the best interests of the Company. Accordingly, the Board (excluding Mr. Ng Yuk Wing, Philip, Mr. Ng Mun Kit, Michael and Mr. Ng Kin Wing, Raymond) recommends that Shareholders vote in favour of the proposed participation by each of Mr. Ng Yuk Wing, Philip, Mr. Ng Mun Kit, Michael and Mr. Ng Kin Wing, Raymond under the Karin Performance Share Plan, to be proposed at the AGM as set out in the notice of AGM.

8. ABSTENTION FROM VOTING

The Company will procure that all Shareholders who are eligible to participate in the Karin Performance Share Plan (including but not limited to the Controlling Shareholders) and their Associates shall abstain from voting on the resolutions in respect of the adoption of the Karin Performance Share Plan and the participation by each of Mr. Ng Yuk Wing, Philip, Mr. Ng Mun Kit, Michael and Mr. Ng Kin Wing, Raymond in the Karin Performance Share Plan, at the AGM.

The Company will also procure that any Shareholder, Group Employee or Non-Executive Director (including their respective Associates) who is eligible to participate in the Karin Performance Share Plan will decline to accept appointment as proxy to attend and vote at the AGM in respect of the said resolutions unless the Shareholder concerned shall have given specific instructions as to the manner in which his or her votes are to be cast.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposals, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix 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 Appendix in its proper form and context.

10. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Company's local share transfer agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours from the date of this Appendix, up to and including, the date of the AGM:

- (i) the Memorandum and the Bye-laws; and
- (ii) the annual report of the Company for FY2020.

Yours faithfully
For and on behalf of the Board

Ng Kin Wing, Raymond
Executive Chairman and Chief Executive Officer
8 October 2020

ANNEX – RULES OF THE KARIN PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

This performance share plan shall be called the “Karin Performance Share Plan”.

2. DEFINITIONS

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

- “Associate” : (a) in relation to any Director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Auditor” : The auditor of the Company for the time being
- “Award Letter” : A letter in such form as the Committee shall approve, confirming an Award granted to a Participant by the Committee
- “Award” : A contingent award of Shares granted pursuant to the Plan
- “Board” : The board of Directors of the Company for the time being
- “Bye-laws” : The bye-laws of the Company as amended, modified or supplemented from time to time

“ <i>CDP</i> ”	:	The Central Depository (Pte) Limited
“ <i>Committee</i> ”	:	A committee comprising Directors as may be duly authorised and appointed by the Board to administer the Plan
“ <i>Companies Act</i> ”	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“ <i>Company</i> ”	:	Karin Technology Holdings Limited
“ <i>Control</i> ”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“ <i>Controlling Shareholder</i> ”	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 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> ”	:	Central Provident Fund
“ <i>Group Employee</i> ”	:	Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the Plan in accordance with the rules thereof
“ <i>Group Executive Director</i> ”	:	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function
“ <i>Group</i> ”	:	The Company and its subsidiaries
“ <i>Listing Manual</i> ”	:	The Listing Manual of the SGX-ST, as may be amended, varied or supplemented from time to time
“ <i>Market Day</i> ”	:	A day on which the SGX-ST is open for trading in securities
“ <i>Non-Executive Directors</i> ”	:	The directors of the Group who do not perform an executive function with the Group
“ <i>Option</i> ”	:	The right to subscribe for Shares granted pursuant to the rules of the Scheme

<i>“Participant”</i>	:	A person who is selected by the Committee to participate in the Plan in accordance with the rules thereof
<i>“Performance Period”</i>	:	The performance period during which the Performance Targets shall be satisfied, if any
<i>“Performance Target”</i>	:	The performance target prescribed by the Committee to be fulfilled by a Participant for any particular period under the Plan, if any
<i>“Plan”</i>	:	The Karin Performance Share Plan
<i>“Rules”</i>	:	The rules of the Plan, as the same may be amended from time to time
<i>“Scheme”</i>	:	The Karin Employee Share Option Scheme
<i>“SGX-ST”</i>	:	The Singapore Exchange Securities Trading Limited
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of the Company
<i>“Shareholders”</i>	:	Shareholders of the Company from time to time
<i>“Vesting Period”</i>	:	The period during which an Award may vest, if any
<i>“%” or “per cent.”</i>	:	Percentage or per centum

2.2 The terms “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to them respectively by section 130A of the Companies Act.

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 gender and vice versa. References to persons shall include corporations.

2.4 Any reference in the Plan 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 Plan shall, where applicable, have the same meaning assigned to it under the Companies Act.

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

3. OBJECTIVES

The objectives of the Plan are as follows:

- (a) to motivate participants to optimise performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to retain key employees whose contributions are important to the long term growth and prosperity of the Group;
- (c) to instill loyalty and a stronger sense of identification by the 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 the participants with the interests of the Shareholders.

4. ELIGIBILITY OF PARTICIPANTS

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

- (a) Group Employees (including Group Executive Directors);
- (b) Non-Executive Directors (including independent Directors); and
- (c) Subject to Rule 4.2, Controlling Shareholders and their Associates.

provided that, as of the Offer Date, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into any compositions with their respective creditors, and in the case of Group Employees, must have been in the employment of the Group for at least 12 months, or such shorter period as the Committee may determine.

4.2 Subject to the absolute discretion of all members of the Board (and not just members of the Committee), the Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Plan, provided that the participation of each Controlling Shareholder or his Associate and each grant of an Award to any of them may only be effected with the specific prior approval of independent Shareholders in general meeting by a separate resolution, and each such separate resolution shall approve the specific number of Shares which are the subject of the Award.

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

4.4 Subject to the Companies Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted from time to time (if applicable), the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

5. LIMITATIONS UNDER THE PLAN

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

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

shall not exceed 15% of the total issued Shares of the Company (excluding treasury shares) on the day preceding that date.

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

6. DATE OF GRANT

The Committee may grant Awards at any time, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested, and hence any Shares comprised in such Awards may only be delivered, on or after the second Market Day from the date on which the aforesaid announcement is made.

7. GRANT OF AWARDS

7.1 Subject to Rule 4 and Rule 5, the number of Shares which are the subject of each Award to be granted to a Participant under the Plan shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the Participant's rank, past performance, length of service, contribution to the success and development of the Group, potential for future development of the Participant and the prevailing market and economic conditions.

7.2 The Committee shall, in its absolute discretion, determine in relation to an Award:

- (a) the number of Shares which are the subject to the Award;
- (b) the Performance Target for the Participant;

- (c) the Performance Period for the Participant;
- (d) the vesting schedule (if any), pursuant to which an Award shall vest at the end of each Performance Period, provided the Performance Target for the period has been achieved; and
- (e) any other condition which the Committee may decide in relation to that Award.

Upon its decision to grant the Award, the Committee shall as soon as practicable send to the Participant an Award Letter confirming such Award and specifying the above.

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

8. PERFORMANCE TARGET

Awards may only be vested, and consequently any Shares comprised in such Awards shall only be delivered, upon the Committee being satisfied at its absolute discretion that the Participant has achieved the Performance Target.

9. VESTING OF AWARDS

- 9.1 Notwithstanding that a Participant may have met his Performance Target, no Awards shall be vested in the event of:

- (a) the decision of the Committee, in its absolute discretion, to revoke or annul such Award;
- (b) the cessation of employment of a Participant;
- (c) the bankruptcy of a Participant;
- (d) the misconduct of a Participant; and
- (e) a take-over, winding-up or reconstruction of the Company.

- 9.2 In general, upon the cessation of employment of a Participant, an Award then held by such Participant shall immediately lapse without any claim whatsoever against the Company and/or the Group.

- 9.3 If the cessation is due to certain specified reasons (for example, ill health, injury or disability or redundancy or retirement or death), the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant Vesting Period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the applicable performance conditions and targets have been satisfied.

- 9.4 Upon the occurrence of any of the events specified in Rule 9.1 (a), (c) and (d), an Award then held by a Participant shall immediately lapse without any claim whatsoever against the Company and/or the Group.
- 9.5 Upon the occurrence of any of the events specified in Rule 9.1 (e), the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case by case basis, including (but not limited to) the contributions made by that Participant.
- 9.6 Save as provided and for the avoidance of doubt, the Shares under an Award shall nevertheless be released to a Participant for as long as he has fulfilled his Performance Target and notwithstanding a transfer of his employment within any company in the Group or any apportionment of Performance Target within any company within the Group.
- 9.7 If a Participant has fulfilled his Performance Target but dies before the Shares under an Award are released, the Shares under the Award shall in such circumstances be given to the personal representatives of the Participant.

10. TAKE-OVER AND WINDING UP OF THE COMPANY

- 10.1 Notwithstanding Rule 9 but subject to Rule 10.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to the Shares under the Awards if he has met the Performance Targets for the corresponding Performance Period. For the avoidance of doubt, the vesting of such Awards will not be affected by the take-over offer.
- 10.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, notwithstanding the provisions under this Rule 10 but subject to Rule 10.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 10.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that Shares may have not been released to the Participants, shall be deemed or become null and void.
- 10.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Shares under the Awards shall be released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Targets prior to the date on which the members' voluntary winding-up is deemed to have commenced or is effective in law.

10.5 If in connection with the making of a general offer referred to in Rule 10.1 or the scheme referred to in Rule 10.2 or the winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditor, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.

11. ALLOTMENT AND LISTING OF SHARES

11.1 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 Plan and the Memorandum and Bye-laws of the Company, the Company shall within one month after the vesting of an Award, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.

11.2 The Company shall, as soon as practicable after such allotment and if required, apply to the SGX-ST for permission to deal in and for quotation of such Shares.

11.3 Shares which are the subject of an Award shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.

11.4 Shares issued and allotted upon the vesting of an Award shall be subject to all the provisions of the Memorandum and Bye-laws of the Company, and shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

11.5 The Company shall keep available sufficient unissued Shares to satisfy the delivery of the Shares pursuant to vesting of the Awards.

12. VARIATION OF CAPITAL

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

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or

(b) the class and/or number of Shares over which future Awards may be granted under the Plan,

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

12.2 Unless the Committee considers an adjustment to be appropriate:

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

shall not normally be regarded as a circumstance requiring adjustment.

12.3 Notwithstanding the provisions of Rule 12.1 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) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation issue) be confirmed in writing by the Auditor (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

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

12.5 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

13. ADMINISTRATION OF THE PLAN

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

13.2 The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Plan) for the implementation and administration of the Plan as they think fit including, but not limited to:

- (a) imposing restrictions on the number of Awards that may be vested within each financial year;

- (b) amending Performance Targets if by so doing, it would be a fairer measure of performance for a Participant or for the Plan as a whole.

13.3 Any decision of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditor) shall be final and binding, including but not limited to any decisions pertaining to the number of Shares to be vested, or to disputes as to the interpretation of the Plan or any rule, regulation, procedure thereunder or as to any rights under the Plan).

14. NOTICES AND ANNUAL REPORT

14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.

14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.

14.3 The following disclosure (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

- (a) the names of the members of the Committee administering the Plan;
- (b) the information required in the table below for the following Participants of the Plan:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Group Employees (other than those in paragraph (b)(i) and (ii) above), who receive 5% or more of the total number of Shares available under the Plan;

Name of Plan Participant	Total number of Shares comprised in Awards under the Plan during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards vested to such Participant since commencement of Plan to the end of the financial year under review	Aggregate number of Shares comprised in Awards issued since commencement of Plan to the end of the financial year under review	Aggregate number of shares comprised in Awards which have not been released as at the end of the financial year under review
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- (c) (i) the names of and number and terms of Awards granted to each director or employee of the parent company and its subsidiaries who receives 5% or more of the total number of Shares comprised in Awards available to all directors and employees of the parent company and its subsidiaries under the Plan, during the financial year under review; and
- (ii) the aggregate number of Shares comprised in Awards vested to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of the Plan to the end of the financial year under review;
- (d) the number and proportion of Shares comprised in Awards 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
- (e) any other information required to be so disclosed pursuant to the Listing Manual and all other applicable laws and requirements,

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

15. MODIFICATIONS AND ALTERATIONS OF THE PLAN

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

- (a) any modification or alteration which would be to the advantage of the holders of the Awards shall be subject to the prior approval of Shareholders in a general meeting; and
- (b) no modification or alteration shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.

15.2 The Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the rules or provisions of the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

16. TERMS OF EMPLOYMENT UNAFFECTED

The Plan or any Award shall not form part of any contract of employment between the Company or any subsidiary (as the case may be) and any Participant and the rights and obligations of any individual under the terms of office or employment with such company within the Group shall not be affected by his participation in the Plan or any right which he may have to participate in it or any

Award which he may hold and the Plan or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

17. DURATION OF THE PLAN

17.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years from the date the Plan is adopted by the Company in general meeting, provided always that the Plan 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.

17.2 The termination of the Plan shall not affect any Award(s) which have been made to Participants.

17.3 The Plan may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be vested by the Company thereunder.

18. TAXES

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

19. COSTS AND EXPENSES

19.1 Each Participant shall be responsible for all fees of CDP (if any) relating to or in connection with the issue and allotment of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 18 which shall be payable by the relevant Participant (collectively, the "**CDP Charges**").

19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 11.2.

21. DISPUTES

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

22. CONDITION OF AWARDS

Every Award shall be subject to the condition that no Shares would be issued pursuant to the vesting of any Award 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 hereto.

23. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Plan must abstain from voting on any resolution relating to the Plan.

24. GOVERNING LAW

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