



**SIA ENGINEERING
COMPANY**

SIA ENGINEERING COMPANY LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198201025C

LETTER TO SHAREHOLDERS

Board of Directors:

Tang Kin Fei (*Chairman*)
Goh Choon Phong (*Non-Independent Director*)
Chua Bin Hwee (*Independent Director*)
Lim Kong Puay (*Independent Director*)
Raj Thampuran (*Independent Director*)
Wee Siew Kim (*Independent Director*)
Chong Chuan Neo (*Independent Director*)
Tan Tze Gay (*Independent Director*)
Tan Kai Ping (*Non-Independent Director*)
Chin Yau Seng (*Chief Executive Officer*)

Registered Office:

31 Airline Road
Singapore 819831

To: **The Shareholders of
SIA Engineering Company Limited**

20 June 2024

Dear Sir/Madam

1. INTRODUCTION

1.1 Notice of Annual General Meeting. We refer to:

- (a) the Notice of Annual General Meeting ("**AGM**") of SIA Engineering Company Limited ("**SIAEC**" or the "**Company**") dated 20 June 2024 (the "**Notice**") convening the 42nd AGM of the Company to be held on 19 July 2024 (the "**2024 AGM**");
- (b) Ordinary Resolution No. 7.2 relating to the proposed renewal of the IPT Mandate (as defined in paragraph 2.1 below, as proposed in the Notice);
- (c) Ordinary Resolution No. 7.3 relating to the proposed renewal of the Share Buy Back Mandate (as defined in paragraph 3.1 below, as proposed in the Notice);
- (d) Ordinary Resolution No. 7.4 relating to the proposed adoption of the SIAEC PSP 2024 (as defined in paragraph 4.1 below, as proposed in the Notice); and
- (e) Ordinary Resolution No. 7.5 relating to the proposed adoption of the SIAEC RSP 2024 (as defined in paragraph 4.1 below, as proposed in the Notice).

1.2 Letter to Shareholders. The purpose of this Letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Ordinary Resolution Nos. 7.2, 7.3, 7.4 and 7.5 proposed in the Notice (collectively, the "**Proposals**").

1.3 SGX-ST. The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4 Advice to Shareholders. If a Shareholder is in any doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

1.5 Legal Adviser. Allen & Gledhill LLP is the legal adviser to the Company in relation to the proposed renewal of the Share Buy Back Mandate and the proposed adoption of the SIAEC PSP 2024 and SIAEC RSP 2024.

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2. THE PROPOSED RENEWAL OF THE MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 Background. At the AGM of the Company held on 20 July 2023 (the “**2023 AGM**”), Shareholders approved, *inter alia*, the renewal of a mandate (the “**IPT Mandate**”) to enable the Company, its subsidiaries and associated companies which are considered to be “entities at risk” (as that term is defined in Chapter 9 of the Listing Manual of the SGX-ST (the “**Listing Manual**”)) to enter into certain interested person transactions with the classes of interested persons (the “**Interested Persons**”) as set out in the IPT Mandate.

Particulars of the IPT Mandate were set out in the Appendix to the Company’s Letter to Shareholders dated 21 June 2023 (the “**2023 Letter**”) and Ordinary Resolution No. 7.3 as set out in the Notice of the 2023 AGM. The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the 2024 AGM.

2.2 Renewal of the IPT Mandate. The Directors propose that the IPT Mandate be renewed at the 2024 AGM to take effect until the 43rd AGM of the Company. There is no change to the terms of the IPT Mandate which is proposed to be renewed.

2.3 Appendix. Details of the IPT Mandate, including the rationale for and the benefits to the Company, the review procedures for determining transaction prices with the Interested Persons and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.

2.4 Audit Committee Statement. The Audit Committee of the Company (the “**Audit Committee**”), comprising Chua Bin Hwee, Raj Thampuran, Lim Kong Puay, Chong Chuan Neo and Tan Tze Gay, confirms that:

- (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 2023 AGM; and
- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

3.1 Background. At the 2023 AGM, Shareholders approved, *inter alia*, the renewal of a mandate (the “**Share Buy Back Mandate**”) to enable the Company to purchase or otherwise acquire issued ordinary shares of the Company (“**Shares**”).

The rationale for, the authority and limitations on, and the financial effects of, the Share Buy Back Mandate were set out in the 2023 Letter and Ordinary Resolution No. 7.4 as set out in the Notice of the 2023 AGM.

The Share Buy Back Mandate was expressed to take effect on the date of the passing of Ordinary Resolution No. 7.4 at the 2023 AGM and will expire on the date of the 2024 AGM. Accordingly, the Directors propose that the Share Buy Back Mandate be renewed at the 2024 AGM.

As at 27 May 2024 (the “**Latest Practicable Date**”), the Company had purchased or acquired an aggregate of 2,048,900 Shares by way of On-Market Share Buy Backs (as defined in paragraph 3.2.3 below) pursuant to the Share Buy Back Mandate approved by Shareholders at the 2023 AGM. The highest and lowest price paid was \$2.40 and \$2.24 per Share respectively and the total consideration paid for all purchases was \$4,761,077.23, excluding commission, brokerage and goods and services tax.

As at the Latest Practicable Date, the Company had not purchased or acquired any of its Shares by way of Off-Market Equal Access Share Buy Backs (as defined in paragraph 3.2.3 below) pursuant to the Share Buy Back Mandate approved by Shareholders at the 2023 AGM.

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3.2 Authority and Limits on the Share Buy Back Mandate. The authority and limitations placed on the purchases or acquisitions of Shares by the Company (the “**Share Buy Backs**”) pursuant to the Share Buy Back Mandate, if renewed at the 2024 AGM, are substantially the same as previously approved by Shareholders at the 2023 AGM. These are summarised below:

3.2.1 **Maximum Number of Shares**

Only Shares which are issued and fully paid may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate is limited to that number of Shares representing not more than 2% of the issued Shares as at the date of the 2024 AGM at which the renewal of the Share Buy Back Mandate is approved. Treasury shares and subsidiary holdings (as defined in the Listing Manual)¹ will be disregarded for the purposes of computing the 2% limit.

As at the Latest Practicable Date, the Company had 2,227,514² treasury shares and no subsidiary holdings.

3.2.2 **Duration of Authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2024 AGM at which the renewal of the Share Buy Back Mandate is approved, up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Buy Back Mandate is revoked or varied; or
- (c) the date on which purchases and acquisitions of Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated,

whichever is the earliest.

3.2.3 **Manner of Share Buy Backs**

A Share Buy Back may be made by way of:

- (a) an on-market Share Buy Back (“**On-Market Share Buy Back**”), transacted on the SGX-ST through the SGX-ST’s trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) an off-market Share Buy Back in accordance with an equal access scheme (“**Off-Market Equal Access Share Buy Back**”) effected pursuant to Section 76C of the Companies Act 1967 (the “**Companies Act**”).

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Equal Access Share Buy Back must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

¹ “**Subsidiary holdings**” is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

² Excludes 13,100 Shares and 22,000 Shares purchased by the Company on 24 May 2024 and 27 May 2024 respectively by way of On-Market Share Buy Backs which had not been credited into the Company’s securities account with The Central Depository (Pte) Limited as at the Latest Practicable Date.

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If the Company wishes to make an Off-Market Equal Access Share Buy Back, it will, pursuant to Rule 885 of the Listing Manual, issue an offer document containing at least the following information:

- (I) the terms and conditions of the offer;
- (II) the period and procedures for acceptances; and
- (III) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

3.2.4 **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the committee constituted for the purposes of effecting Share Buy Backs. The purchase price to be paid for the Shares pursuant to Share Buy Backs (both On-Market Share Buy Backs and Off-Market Equal Access Share Buy Backs) must not exceed 105% of the Average Closing Price of the Shares (excluding related expenses of the purchase or acquisition) (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Share Buy Back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Share Buy Back, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs during the relevant five-day period and the date of the On-Market Share Buy Back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Share Buy Back; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Equal Access Share Buy Back, 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 Equal Access Share Buy Back.

3.3 Rationale for Share Buy Back Mandate. The renewal of the Share Buy Back Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the 2% limit described in paragraph 3.2.1 above at any time, subject to market conditions, during the period when the Share Buy Back Mandate is in force.

In managing the business of the Company and its subsidiaries (the "**Group**"), Management strives to increase Shareholders' value. Share Buy Backs are one of the ways through which Shareholders' value may be enhanced. Share Buy Backs are intended to be made as and when the Directors believe them to be of benefit to the Company and/or the Shareholders.

A share repurchase programme will also allow Management to effectively manage and minimise the dilution impact (if any) associated with employee share schemes.

While the Share Buy Back Mandate would authorise a purchase or acquisition of Shares up to the 2% limit described in paragraph 3.2.1 above, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate may not be carried out to the full 2% limit as authorised and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial condition of the Company.

3.4 Status of Purchased Shares. Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

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

3.5.1 **Maximum Holdings**

The number of Shares held as treasury shares³ cannot at any time exceed 10% of the total number of issued Shares.

3.5.2 **Voting and Other Rights**

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

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.5.3 **Disposal and Cancellation**

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Singapore Code on Take-overs and Mergers (the "**Take-over Code**")):

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

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

3.6 Funding of Share Buy Backs. The Company may use internal or external sources of funds to finance Share Buy Backs. The Directors do not propose to exercise the Share Buy Back Mandate to such extent that it would materially affect the working capital requirements, financial flexibility or investment ability of the Group.

³ For these purposes, "**treasury shares**" shall be read as including shares held by a subsidiary under Sections 21(4B) or 21(6C) of the Companies Act 1967.

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3.7 Financial Effects. The financial effects of a Share Buy Back on the Group and the Company will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the audited financial statements of the Group and the Company will depend, *inter alia*, on the factors set out below:

3.7.1 **Purchase or Acquisition out of Profits and/or Capital**

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

3.7.2 **Number of Shares Purchased or Acquired**

Based on 1,124,116,360 issued Shares as at the Latest Practicable Date (out of which 2,227,514 Shares were held in treasury and no Shares were held as subsidiary holdings as at that date), and assuming that on or prior to the 2024 AGM, (i) no further Shares are issued, (ii) no further Shares are purchased or acquired, or held by the Company as treasury shares, and (iii) no Shares are held as subsidiary holdings, the purchase by the Company of up to the maximum limit of 2% of its issued Shares (excluding the 2,227,514 Shares held in treasury) will result in the purchase or acquisition of 22,437,776 Shares.

3.7.3 **Maximum Price Paid for Shares Purchased or Acquired**

Assuming that the Company purchases or acquires the 22,437,776 Shares at the Maximum Price of \$2.4402 for each Share (being the price equivalent to 105% of the average last dealt prices of the Shares for the five consecutive trading days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for such Share Buy Back is approximately \$54,752,661.

The maximum amount of funds required for such Share Buy Back is the same regardless of whether the Company effects an On-Market Share Buy Back or an Off-Market Equal Access Share Buy Back.

For illustrative purposes only, assuming:

- (a) the Share Buy Back Mandate had been effective since 1 April 2023;
- (b) the Company had on 1 April 2023 purchased 22,437,776 Shares (representing 2% of its issued Shares (excluding the Shares held in treasury) as at the Latest Practicable Date) at the Maximum Price of \$2.4402 for each Share (being 105% of the average last dealt prices of the Shares for the five consecutive trading days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date); and
- (c) the purchase or acquisition of 22,437,776 Shares was made equally out of profits and capital and either cancelled or held in treasury,

the financial effects of the Share Buy Back on the audited financial statements of the Group and the Company for the financial year ended 31 March 2024 would have been as follows:

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Share Buy Back of up to a maximum of 2% made equally out of profits (1%) and capital (1%) and cancelled

	Group		Company	
	Per audited financial statements as at 31 March 2024	Proforma after Share Buy Back	Per audited financial statements as at 31 March 2024	Proforma after Share Buy Back
Share capital (\$m)	420.0	415.8	420.0	415.8
Treasury Shares (\$m)	(4.5)	(4.5)	(4.5)	(4.5)
General reserve (\$m)	1,292.1	1,241.5	745.8	695.2
Net asset value (\$m)	1,687.1	1,632.3	1,168.1	1,113.3
Net asset value per Share (\$)	1.50	1.48	1.04	1.01
Profit / (Loss) attributable to equity holders of the Company (\$m)	97.1	97.1	(0.7)	(0.7)
Weighted average no. of issued and paid-up Shares (M)	1,122.9	1,100.4	1,122.9	1,100.4
Basic Earnings per Share (cents)	8.6	8.8	(0.1)	(0.1)
Total borrowings ⁽¹⁾ (\$m)	110.4	110.4	97.2	97.2
Cash and cash equivalents ⁽²⁾ (\$m)	646.0	591.2	592.7	537.9
Net borrowings ⁽³⁾ (\$m)	(535.6)	(480.8)	(495.5)	(440.7)
Equity holders' funds ⁽⁴⁾ (\$m)	1,687.1	1,632.3	1,168.1	1,113.3
Gearing ⁽⁵⁾ (times)	0.065	0.068	0.083	0.087
ROE ⁽⁶⁾ (%)	5.8	5.9	(0.1)	(0.1)
Current ratio (times)	3.32	3.13	3.32	3.11

Share Buy Back of up to a maximum of 2% made equally out of profits (1%) and capital (1%) and held in treasury

	Group		Company	
	Per audited financial statements as at 31 March 2024	Proforma after Share Buy Back	Per audited financial statements as at 31 March 2024	Proforma after Share Buy Back
Share capital (\$m)	420.0	420.0	420.0	420.0
Treasury Shares (\$m)	(4.5)	(31.9)	(4.5)	(31.9)
General reserve (\$m)	1,292.1	1,264.7	745.8	718.4
Net asset value (\$m)	1,687.1	1,632.3	1,168.1	1,113.3
Net asset value per Share (\$)	1.50	1.48	1.04	1.01
Profit / (Loss) attributable to equity holders of the Company (\$m)	97.1	97.1	(0.7)	(0.7)
Weighted average no. of issued and paid-up Shares (M)	1,122.9	1,100.4	1,122.9	1,100.4
Basic Earnings per Share (cents)	8.6	8.8	(0.1)	(0.1)
Total borrowings ⁽¹⁾ (\$m)	110.4	110.4	97.2	97.2
Cash and cash equivalents ⁽²⁾ (\$m)	646.0	591.2	592.7	537.9
Net borrowings ⁽³⁾ (\$m)	(535.6)	(480.8)	(495.5)	(440.7)
Equity holders' funds ⁽⁴⁾ (\$m)	1,687.1	1,632.3	1,168.1	1,113.3
Gearing ⁽⁵⁾ (times)	0.065	0.068	0.083	0.087
ROE ⁽⁶⁾ (%)	5.8	5.9	(0.1)	(0.1)
Current ratio (times)	3.32	3.13	3.32	3.11

Notes:

⁽¹⁾ "Total borrowings" means short term and long term notes payable, loans, and lease liabilities.

⁽²⁾ "Cash and cash equivalents" means short term deposits, cash and bank balances.

⁽³⁾ "Net borrowings" means total borrowings less liquid investments, cash and cash equivalents.

⁽⁴⁾ "Equity holders' funds" means the aggregate of issued share capital and reserves.

⁽⁵⁾ "Gearing" is defined as the ratio of total borrowings to equity holders' funds.

⁽⁶⁾ "ROE" is determined by calculating the profit attributable to equity holders of the Company expressed as a percentage of the average equity holders' funds.

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SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE FOR ILLUSTRATION PURPOSES ONLY (BASED ON THE AFOREMENTIONED ASSUMPTIONS). IN PARTICULAR, IT IS IMPORTANT TO NOTE THAT THE ABOVE ANALYSIS IS BASED ON THE HISTORICAL PROFORMA NUMBERS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024, AND IS NOT NECESSARILY REPRESENTATIVE OF FUTURE FINANCIAL PERFORMANCE.

Although the Share Buy Back Mandate would authorise the Company to purchase or acquire up to 2% of its issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 2% of its issued Shares (excluding treasury shares and subsidiary holdings). 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.

- 3.8 Shareholding Limits.** The Constitution of the Company currently prescribes a limit of 5% (the “**Prescribed Limit**”) of the issued Shares (excluding treasury shares) in which any single Shareholder or related groups of Shareholders (other than Singapore Airlines Limited (“**SIA**”), Temasek Holdings (Private) Limited (“**Temasek**”) and/or such other person or persons with the approval of the Directors) may have an interest.

As the number of the issued Shares (excluding treasury shares) will be diminished by the number of Shares purchased or acquired by the Company, the shareholding percentage of Shareholders whose Shares are not repurchased or acquired by the Company may increase correspondingly after each Share Buy Back. The Company wishes to draw the attention of the Shareholders to the following consequences of a purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate, if the proposed renewal of the Share Buy Back Mandate is approved by the Shareholders at the 2024 AGM:

A SHARE BUY BACK BY THE COMPANY MAY INADVERTENTLY CAUSE THE PERCENTAGE SHAREHOLDING OF SHAREHOLDERS (IN PARTICULAR, SHAREHOLDERS WHOSE CURRENT HOLDING OF SHARES IS CLOSE TO 5%) TO EXCEED THE PRESCRIBED LIMIT. SHAREHOLDERS WHOSE HOLDING OF SHARES MAY POTENTIALLY EXCEED THE PRESCRIBED LIMIT ARE ADVISED TO TAKE ONE OF THE FOLLOWING ACTIONS:

- (A) SEEK PRIOR WRITTEN APPROVAL OF THE DIRECTORS TO HOLD SHARES IN EXCESS OF THE PRESCRIBED LIMIT IN THE EVENT OF A SHARE BUY BACK; OR**
- (B) TAKE ACTION TO SELL PART OF THEIR HOLDING OF SHARES AT THE APPROPRIATE TIME TO AVOID VIOLATING THE PRESCRIBED LIMIT.**

- 3.9 Take-over implications arising from Share Buy Backs.** Appendix 2 of the Take-over Code contains the Share Buy Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

3.9.1 *Obligation to make a Take-over Offer*

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

3.9.2 *Persons Acting in Concert*

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

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Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

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 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

3.9.3 **Effect of Rule 14 and Appendix 2**

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 of the Take-over Code if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

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 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy Back Mandate.

Based on the interests of substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 5.2 below, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 2% of its issued Shares (excluding treasury shares) as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any Share Buy Back by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

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- 3.10 Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of the equity securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public Shareholders. As at the Latest Practicable Date, SIA had a direct interest in approximately 77.54% of the issued Shares (excluding Shares held in treasury and rounded down to the nearest 0.01%), and Temasek, Tembusu Capital Pte. Ltd. ("**Tembusu**") and Napier Investments Pte. Ltd. ("**Napier**") each had a deemed interest in approximately 77.54% of the issued Shares (excluding Shares held in treasury and rounded down to the nearest 0.01%). Approximately 22.44% of the issued Shares (excluding Shares held in treasury) were held by public Shareholders as at the Latest Practicable Date. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 2% limit pursuant to the proposed Share Buy Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or affect orderly trading.
- 3.11 Reporting Requirements.** Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of an On-Market Share Buy Back, 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 Equal Access Share Buy Back, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.
- 3.12 No Purchases During Price or Trade Sensitive Developments.** While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy Back Mandate at any time after a price or trade sensitive development has occurred or has been the subject of a decision until the price or trade sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period of one month immediately preceding the announcement of the Company's full-year and half-year financial statements. The Company will also not purchase or acquire any Shares during the period of two weeks immediately preceding the announcement of the Company's interim business updates for the first and third quarters of each financial year.

4. THE PROPOSED NEW SHARE PLANS

- 4.1 Existing and Previous Share Plans.** The Company currently has in place the SIAEC Performance Share Plan 2014 (the "**SIAEC PSP 2014**") and SIAEC Restricted Share Plan 2014 (the "**SIAEC RSP 2014**" and together with the SIAEC PSP 2014, the "**Existing Share Plans**"). The Existing Share Plans were adopted at an Extraordinary General Meeting of the Company held on 21 July 2014. The duration of the Existing Share Plans is 10 years commencing on the date of adoption, that is, 10 years commencing on 21 July 2014. The Existing Share Plans are accordingly due to expire on 20 July 2024.

The Company proposes to adopt the new SIAEC Performance Share Plan 2024 (the "**SIAEC PSP 2024**") and SIAEC Restricted Share Plan 2024 (the "**SIAEC RSP 2024**" and together with the SIAEC PSP 2024, the "**New Share Plans**") to replace the Existing Share Plans. Details of the New Share Plans are set out in paragraphs 4.4 to 4.10 below. The Existing Share Plans will terminate following the adoption of the New Share Plans by Shareholders at the 2024 AGM.

The Company previously also had in place the SIAEC Performance Share Plan and SIAEC Restricted Share Plan (which were adopted at an Extraordinary General Meeting of the Company held on 25 July 2005, and which were terminated following the adoption of the Existing Share Plans at the Extraordinary General Meeting of the Company held on 21 July 2014), and the SIAEC Employee Share Option Plan (which was adopted at an Extraordinary General Meeting of the Company held on 24 March 2000, and which expired in March 2009). There are no outstanding options or awards under these plans.

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No other share schemes will be in force as at the date of adoption of the New Share Plans by Shareholders at the 2024 AGM.

4.2 Outstanding Awards/Shares Delivered. Details of outstanding awards granted/Shares delivered under the Existing Share Plans are set out below:

4.2.1 *PSP Awards/RSP Awards/DSA Awards*

As at the Latest Practicable Date:

- (a) there are outstanding base awards ("**PSP Base Awards**") granted to 12 participants under the SIAEC PSP 2014 in respect of 1,243,100 Shares (representing approximately 0.11% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date)⁴;
- (b) an aggregate of 304,257 Shares (representing approximately 0.03% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date) have been delivered upon vesting of awards granted under the SIAEC PSP 2014 since the commencement of the SIAEC PSP 2014;
- (c) there are (i) outstanding base awards ("**RSP Base Awards**") granted to 107 participants under the SIAEC RSP 2014 in respect of 1,557,931 Shares (representing approximately 0.14% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date), and (ii) outstanding final awards ("**RSP Final Awards**") held by 96 participants under the SIAEC RSP 2014 in respect of 1,349,482 Shares (representing approximately 0.12% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date) pending final release⁵;
- (d) there are outstanding deferred share awards ("**DSA Awards**") granted to 10 participants under the SIAEC RSP 2014 in respect of 1,015,226 Shares (representing approximately 0.09% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date) pending final release⁶; and
- (e) an aggregate of 8,221,635 Shares (representing approximately 0.73% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date) have been delivered upon vesting of awards granted under the SIAEC RSP 2014 since the commencement of the SIAEC RSP 2014.

Save as disclosed in this Letter, and save for the prescribed performance-based, time-based and/or other conditions attached to the PSP Base Awards, the RSP Base Awards, the RSP Final Awards and the DSA Awards, the PSP Base Awards, the RSP Base Awards, the RSP Final Awards and the DSA Awards outstanding as at the Latest Practicable Date are not subject to any material conditions.

No awards have been granted to controlling shareholders of the Company or associates of such controlling shareholders.

4 Depending on the achievement of pre-determined targets over a three-year performance period, an achievement factor will be applied to the PSP Base Awards to determine the final number of Shares to be awarded at the end of the respective performance periods. The achievement factor could range from 0% to 200%. All the PSP final awards will be released to the participants at the end of the three-year performance period.

5 Depending on the achievement of pre-determined targets over a one-year performance period, an achievement factor will be applied to the RSP Base Awards to determine the RSP Final Award, being the final number of Shares to be awarded at the end of the respective performance periods. The achievement factor could range from 0% to 150%. One-third of the RSP Final Awards will be released to the participants at the end of the one-year performance period, and the balance will be released equally over the next two years with fulfilment of service requirements.

6 Deferred share awards were established with the objective of rewarding, motivating and retaining a select group of key senior management staff who are responsible for strategic and transformational initiatives. Under a deferred share award, one-third of the award vests upon grant and the balance will vest equally over the next two years with fulfilment of service requirements. The final award will include an additional 20% equity kicker which vests at the end of two years after the grant date, subject to meeting a service-based condition, and provided that individual performance remains satisfactory.

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4.2.2 Awards Granted to Director

Details of existing PSP Base Awards granted to a Director under the SIAEC PSP 2014 which are outstanding and unvested as at the Latest Practicable Date are as follows:

Name of Director	Date of PSP Base Award	Number of Shares comprised in PSP Base Awards ⁷
Chin Yau Seng	7 July 2023	91,600

Details of existing RSP Base Awards and RSP Final Awards granted to a Director under the SIAEC RSP 2014 which are outstanding and unvested as at the Latest Practicable Date are as follows:

Name of Director	Date of RSP Base Award	Number of Shares comprised in RSP Base Awards ⁸	Number of Shares comprised in RSP Final Awards (Pending Release) ⁹
Chin Yau Seng	7 July 2023	74,600	-

There are no existing DSA Awards granted to a Director under the SIAEC RSP 2014 which are outstanding and unvested as at the Latest Practicable Date.

As at the Latest Practicable Date, no Shares have been delivered to Chin Yau Seng under the SIAEC PSP 2014 and the SIAEC RSP 2014.

4.3 Definitions. For the purposes of paragraphs 4.4 to 4.11 below and in relation to the New Share Plans, the following expressions shall have the following meanings:

“Adoption Date” means the date on which the SIAEC PSP 2024 and the SIAEC RSP 2024 are adopted by the Company at a general meeting;

“Associated company”, in relation to SIA or SIAEC (as the case may be), means a company, not being a subsidiary of SIA or SIAEC (as the case may be), in which (a) the SIA Group or the SIAEC Group (as the case may be) has a long-term interest of not less than 20% in the equity and in whose financial and operating policy decisions the SIA Group or the SIAEC Group (as the case may be) exercises significant influence; or (b) the SIA Group or the SIAEC Group (as the case may be) has a long-term interest of not more than 50% in the equity and has joint control of the company’s commercial and financial affairs;

“Auditor” means the auditor of the Company for the time being;

“Award” means an award of Shares granted under the SIAEC PSP 2024 and/or the SIAEC RSP 2024;

“Award Date” means, in relation to an Award, the date on which the Award is granted pursuant to the SIAEC PSP 2024 and/or the SIAEC RSP 2024;

“Award Letter” means a letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee;

“Committee” means a committee comprising Directors duly authorised and appointed by the Board of Directors of the Company to administer the SIAEC PSP 2024 and the SIAEC RSP 2024;

“Group” or **“SIAEC Group”** means the Company and its subsidiaries;

“Group Employee” means any employee of the Group (including any Group Executive Director) selected by the Committee to participate in the SIAEC PSP 2024 and/or the SIAEC RSP 2024;

⁷ See footnote 4 above.

⁸ See footnote 5 above.

⁹ See footnote 5 above.

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“**Group Executive Director**” means a director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function;

“**Non-Executive Director**” means a director of the Company who does not perform an executive function;

“**Participant**” means a Group Employee or Non-Executive Director who has been granted an Award; and

“**SIA Group**” means SIA and its subsidiaries.

4.4 Rationale. The new SIAEC PSP 2024 and SIAEC RSP 2024 are intended to replace the existing SIAEC PSP 2014 and SIAEC RSP 2014 respectively, both of which are due to expire on 20 July 2024.

The New Share Plans have substantially the same terms as the Existing Share Plans, save that the SIAEC RSP 2024 will additionally permit grants of fully paid Shares to be made to Non-Executive Directors as part of their remuneration in respect of their office as such in lieu of cash (see paragraph 4.4.2 below for more details). The New Share Plans will additionally incorporate amendments to take into account changes to relevant legislation and the Listing Manual, and changes to streamline and rationalise certain other provisions.

The New Share Plans are proposed to increase the Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The New Share Plans will further strengthen the Company’s competitiveness in attracting and retaining talented key senior management and senior executives as well as drive participants to support the execution of the Group’s sustainability strategy, including to achieve environmental carbon emission reduction targets over the long term.

The New Share Plans, that is, the SIAEC PSP 2024 and SIAEC RSP 2024, serve different objectives. The SIAEC RSP 2024 is intended to apply to a broader base of senior executives while the SIAEC PSP 2024 is intended to apply to a select group of key senior management. Generally, it is envisaged that the range of performance targets to be set under the SIAEC RSP 2024 and the SIAEC PSP 2024 will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer term growth.

The New Share Plans will provide incentives to high performing key senior management and senior executives to excel in their performance and encourage greater dedication and loyalty to the Company. Through the New Share Plans, the Company will be able to motivate key senior management and senior executives to continue to strive for the Group’s long-term shareholder value. In addition, the New Share Plans aim to foster a greater ownership culture within the Group which more directly aligns the interests of key senior management and senior executives with the interests of Shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment.

The New Share Plans use methods fairly common among major local and multinational companies to incentivise and motivate key senior management and senior executives to achieve pre-determined targets which create and enhance economic value for Shareholders. The Company believes that the New Share Plans will be effective tools in motivating key senior management and senior executives to strive to deliver long-term shareholder value.

For Participants who are Group Employees, the New Share Plans contemplate the award of fully paid Shares, when and after pre-determined performance and/or service conditions are accomplished.

In addition, as mentioned above, the SIAEC RSP 2024 will also enable grants of fully paid Shares to be made to Non-Executive Directors as part of their remuneration in respect of their office as such in lieu of cash.

A Participant’s Awards under the New Share Plans will be determined at the sole discretion of the Committee. In considering an Award to be granted to a Participant who is a Group Employee, the Committee may take into account, *inter alia*, the Participant’s performance during the relevant period, and his capability, creativity, entrepreneurship, innovativeness, scope of responsibility and skills set.

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4.4.1 ***The Proposed SIAEC PSP 2024***

One of the primary objectives of the SIAEC PSP 2024 is to further motivate key senior management to strive for superior performance and to deliver long-term shareholder value. The SIAEC PSP 2024 is targeted at senior management in key positions who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through innovation, creativity and superior performance.

Awards granted under the SIAEC PSP 2024 are performance-based. Performance targets set under the SIAEC PSP 2024 are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth. Examples of performance targets to be set include targets based on criteria such as total shareholders' return, economic value added, market share, market ranking, return on sales and/or sustainability targets such as environmental carbon emission reduction targets.

Awards granted under the SIAEC RSP 2024 differ from those granted under the SIAEC PSP 2024 in that an extended vesting period is normally (but not always) imposed for performance-based restricted Awards granted under the SIAEC RSP 2024 beyond the performance target completion date, that is, they also incorporate a time-based service condition as well, to encourage Participants to continue serving the Group beyond the achievement date of the pre-determined performance targets. Awards granted under the SIAEC PSP 2024 are not subject to any vesting periods beyond the performance target completion date.

4.4.2 ***The Proposed SIAEC RSP 2024***

One of the primary objectives of the SIAEC RSP 2024 is to serve as an additional motivational tool to recruit and retain talented senior executives as well as to reward for Company and individual performance. In addition, the SIAEC RSP 2024 acts as an enhancement of the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent.

Awards granted under the SIAEC RSP 2024 will typically vest only after the satisfactory completion of time-based service conditions, that is, after the Participant has served the Group for a specified number of years (time-based restricted Awards) or, where the Award is performance-related (performance-based restricted Awards), after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the SIAEC RSP 2024, and the length of the vesting period(s) in respect of each Award will be determined on a case-by-case basis.

A time-based restricted Award may be granted, for example, as a supplement to the cash component of the remuneration packages of senior executives or based on performance conditions already achieved prior to the date of grant according to a pre-determined performance scorecard and/or incentive pool formulation. The use of purely time-based restricted Awards that are not based on performance conditions already achieved prior to the date of grant will only be made on a case-by-case basis where business needs or exceptional circumstances justify such Awards.

A performance-based restricted Award may be granted, for example, with a performance target based on the successful completion of a project, or on the Company meeting certain specified corporate target(s) (including sustainability target(s)), and thereafter with 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 grant of performance-based restricted Awards will ensure that the earning of Shares under the SIAEC RSP 2024 is aligned with the pay-for-performance principle.

The SIAEC RSP 2024 will also enable grants of fully paid Shares to be made to Non-Executive Directors as part of their remuneration in respect of their office as such in lieu of cash in order to improve the alignment of the interests of such Non-Executive Directors with the interests of Shareholders. Awards would not, however, be made to independent Non-Executive Directors to such an extent that their independence may be compromised.

Where an Award is to be made to a Non-Executive Director under the SIAEC RSP 2024 as part of his directors' remuneration in lieu of cash, the current intention is that approximately 30% (or such

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other percentage as may be determined by the Committee) of his remuneration for a particular financial year will be paid out in the form of Shares comprised in such awards (with the balance being paid out in cash). The current intention is that these Awards will consist of the grant of fully paid Shares outright, with no performance conditions attached and no vesting periods imposed. The Committee may, however, impose any other conditions (for example, a minimum shareholding requirement and/or a moratorium period) as it may determine in relation to such awards. Non-Executive Directors would eventually be required to hold Shares (including Shares obtained by other means) worth a minimum of the annual basic retainer fees, as the Shares paid out to them as part of their remuneration in lieu of cash accumulate over time.

The Directors' fees payable to the Non-Executive Directors for the financial year ending 31 March 2025 ("FY2024/25") will continue to be paid fully in cash. Where the intention is for the Directors' fees payable to the Non-Executive Directors for any financial year after FY2024/25 to comprise a share component, the formula for converting the relevant amount of cash into Shares (which will be based on the market price of the Shares) will be disclosed in the Notice of the Annual General Meeting at which Shareholders' approval for such Directors' fees is sought, along with information on the quantum, conditions, timing, etc. for the Awards.

4.4.3 **Flexibility of Grants**

Participants who are Group Employees may be granted Awards under either the SIAEC PSP 2024 or SIAEC RSP 2024. The Committee also has the flexibility to grant Awards under both the SIAEC PSP 2024 and SIAEC RSP 2024 to an individual Participant, where appropriate. For example, an individual Participant who is a key senior management staff may be granted an Award under the SIAEC PSP 2024 based on specified medium-term critical target objectives (for example, targets relating to market position and Company profitability and growth) over the next three years which vests at the end of the performance period. Concurrently, the individual could also be granted an Award under the SIAEC RSP 2024 based on different performance targets (for example, ensuring that a particular project is successfully completed on time or that the Company meets certain specified corporate target(s)) and with a longer vesting period with the aim of retaining the individual as the Company's employee.

It is unlikely that performance targets for any individual Participant under the SIAEC PSP 2024 and SIAEC RSP 2024 will be identical.

4.5 Listing of New Shares. The SGX-ST has granted in-principle approval for the listing and quotation of the new Shares to be issued pursuant to the New Share Plans, subject to compliance with the SGX-ST's listing requirements and guidelines and independent Shareholders' approval being obtained for the adoption of the New Share Plans. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the New Share Plans, the new Shares, the Company and/or its subsidiaries.

4.6 Summary of Rules. The following are summaries of the principal rules of the SIAEC PSP 2024 and the SIAEC RSP 2024, and should be read in conjunction with paragraphs 4.7 to 4.10 below which describe certain other significant provisions of the New Share Plans.

4.6.1 **Summary of Rules of SIAEC PSP 2024**

Eligibility

Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time shall be eligible to participate in the SIAEC PSP 2024 at the absolute discretion of the Committee, unless they are also controlling shareholders (as defined in the Listing Manual) of the Company or associates (as defined in the Listing Manual) of such controlling shareholders.

Non-Executive Directors will not be eligible to participate in the SIAEC PSP 2024 (but are eligible to participate in the SIAEC RSP 2024). Directors and employees of (a) associated companies¹⁰ of the Company, and (b) the Company's parent company and its subsidiaries (excluding the Group) will also not be eligible to participate in the SIAEC PSP 2024.

¹⁰ For these purposes, the term "associated company" is as defined in the Listing Manual and not as defined in paragraph 4.3 above.

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Awards

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, upon the Participant achieving prescribed performance condition(s). Awards are released at the end of the performance period once the Committee is satisfied that the prescribed performance condition(s) have been achieved.

Participants

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the SIAEC PSP 2024 shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance condition(s) within the performance period.

Details of Awards

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the Award Date;
- (b) the number of Shares which are the subject of the Award;
- (c) the prescribed performance condition(s);
- (d) the performance period during which the prescribed performance condition(s) are to be satisfied;
- (e) the extent to which the Shares which are the subject of that Award shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period; and
- (f) any other condition which the Committee may determine in relation to that Award.

Timing

The Committee has the discretion to grant Awards at any time in the year. An Award Letter confirming the Award and specifying (*inter alia*) the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be attained or fulfilled and the extent to which the Shares will be released on satisfaction of the prescribed performance condition(s), will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

- (a) the Participant ceasing to be in the employment of the Group for any reason whatsoever (other than as specified in sub-paragraphs (e), (f) and (g) below);
- (b) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (c) the misconduct on the part of the Participant as determined by the Committee in its discretion;
- (d) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency;

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- (e) the retirement of the Participant or the Participant ceasing to be employed by the Group by reason of (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee) or death, (ii) redundancy, or (iii) any other reason approved in writing by the Committee;
- (f) the completion of a fixed term contract for a Participant on a fixed term contract;
- (g) the Participant ceasing to be in the employment of the Group by reason of:
 - (i) a transfer of employment to SIA or a subsidiary of SIA;
 - (ii) a transfer of employment to any of SIA's associated companies or any of the Company's associated companies, where such reason for cessation of employment is approved in writing by the Committee;
 - (iii) a subsequent transfer of employment (from time to time) to any of the companies in the SIA Group or any associated companies of SIA or of the Company, following a transfer of employment by a Participant to any of the companies described in sub-paragraphs (i) and (ii) above;
 - (iv) the subsidiary of the Company in which a Participant is employed, or the subsidiary of SIA or the associated company of SIA or of the Company (as the case may be) in which a Participant is employed following transfer(s) of employment by that Participant as described in sub-paragraphs (i), (ii) and (iii) above, being subsequently wholly or partially disposed of by the Company or SIA (as the case may be); or
 - (v) a subsequent transfer to any company within the SIA Group or any of SIA's associated companies (which for the avoidance of doubt shall exclude the Company or any of its subsidiaries or associated companies), upon the Company ceasing to be a subsidiary of SIA;
- (h) any other event approved by the Committee; and
- (i) a take-over, reconstruction or amalgamation of the Company or an order being made or a resolution passed for the winding-up of the Company (other than as provided in sub-paragraph (d) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in sub-paragraphs (a), (b), (c) and (d) above, an Award then held by a Participant shall, subject as provided in the rules of the SIAEC PSP 2024 and to the extent not yet released, immediately lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (e), (f), (g) and (h) above, 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 performance period and subject to the rules of the SIAEC PSP 2024. 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 the Participant and the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in sub-paragraph (i) above, 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. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

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Operation of the SIAEC PSP 2024

Subject to the prevailing legislation and the rules of the Listing Manual, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of new Shares; and/or
- (b) the delivery of existing Shares (including treasury shares).

In determining whether to issue new Shares or to deliver existing Shares to Participants upon vesting of their Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or delivering existing Shares (including treasury shares).

The financial effects of the above methods are discussed in paragraph 4.11 below.

The Company has the flexibility, and if circumstances require, to approve the release of an Award, wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, pursuant to the release of any Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

In determining whether the performance condition has been satisfied (whether fully or partially) or exceeded, the Committee shall have the right to make reference to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

4.6.2 **Summary of Rules of SIAEC RSP 2024**

Eligibility

The following persons, unless they are also controlling shareholders (as defined in the Listing Manual) of the Company or associates (as defined in the Listing Manual) of such controlling shareholders, shall be eligible to participate in the SIAEC RSP 2024 at the absolute discretion of the Committee:

- (a) Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time; and
- (b) Non-Executive Directors.

Directors and employees of (i) associated companies¹¹ of the Company, and (ii) the Company's parent company and its subsidiaries (excluding the Group) will not be eligible to participate in the SIAEC RSP 2024.

Awards

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance condition(s) (if any) are met and upon expiry of the prescribed vesting period(s).

No performance-related Awards may be granted to Non-Executive Directors under the SIAEC RSP 2024.

¹¹ For these purposes, the term "associated company" is as defined in the Listing Manual and not as defined in paragraph 4.3 above.

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Participants

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the SIAEC RSP 2024 shall be determined at the absolute discretion of the Committee, which shall take into account such criteria as it considers fit, including (but not limited to), in the case of a Group Employee, his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and, in the case of a performance-related Award, the extent of effort and resourcefulness required to achieve the performance condition(s) within the performance period and, in the case of a Non-Executive Director, his board and committee appointments and attendance, and his contribution to the success and development of the Company.

Details of Awards

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the Award Date;
- (b) the number of Shares which are the subject of the Award;
- (c) in the case of a performance-related Award:
 - (i) the prescribed performance condition(s);
 - (ii) the performance period during which the prescribed performance condition(s) are to be satisfied; and
 - (iii) the extent to which the Shares which are the subject of that Award shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;
- (d) the prescribed vesting period(s) (if any);
- (e) the release schedule setting out the extent to which Shares, which are the subject of that Award, shall be released at the end of each prescribed vesting period (if any);
- (f) the retention period in relation to any or all of the Shares comprised in the Award (if any); and
- (g) any other condition which the Committee may determine in relation to that Award.

Timing

The Committee has the discretion to grant Awards at any time in the year. An Award Letter confirming the Award and specifying (*inter alia*) the vesting period(s) (if any), the release schedule (if any), the retention period (if any) and, in relation to a performance-related Award, the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be attained or fulfilled and the schedule setting out the extent to which the Shares will be released on satisfaction of the prescribed performance condition(s), will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

- (a) where the Participant is a Group Employee, the Participant ceasing to be in the employment of the Group for any reason whatsoever (other than as specified in sub-paragraphs (e), (f) and (g) below);

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- (b) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (c) the misconduct on the part of the Participant as determined by the Committee in its discretion;
- (d) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (e) where the Participant is a Group Employee, the retirement of the Participant or the Participant ceasing to be employed by the Group by reason of (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee) or death, (ii) redundancy, or (iii) any other reason approved in writing by the Committee;
- (f) where the Participant is a Group Employee, the completion of a fixed term contract for a Participant on a fixed term contract;
- (g) where the Participant is a Group Employee, the Participant ceasing to be in the employment of the Group by reason of:
 - (i) a transfer of employment to SIA or a subsidiary of SIA;
 - (ii) a transfer of employment to any of SIA's associated companies or any of the Company's associated companies, where such reason for cessation of employment is approved in writing by the Committee;
 - (iii) a subsequent transfer of employment (from time to time) to any of the companies in the SIA Group or any associated companies of SIA or of the Company, following a transfer of employment by a Participant to any of the companies described in sub-paragraphs (i) and (ii) above;
 - (iv) the subsidiary of the Company in which a Participant is employed, or the subsidiary of SIA or the associated company of SIA or of the Company (as the case may be) in which a Participant is employed following transfer(s) of employment by that Participant as described in sub-paragraphs (i), (ii) and (iii) above, being subsequently wholly or partially disposed of by the Company or SIA (as the case may be); or
 - (v) a subsequent transfer to any company within the SIA Group or any of SIA's associated companies (which for the avoidance of doubt shall exclude the Company or any of its subsidiaries or associated companies), upon the Company ceasing to be a subsidiary of SIA;
- (h) where the Participant is a Non-Executive Director, the Participant ceasing to be a director of the Company for any reason whatsoever;
- (i) any other event approved by the Committee; and
- (j) a take-over, reconstruction or amalgamation of the Company or an order being made or a resolution passed for the winding-up of the Company (other than as provided in sub-paragraph (d) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in sub-paragraphs (a), (b), (c) and (d) above, an Award then held by a Participant shall, subject as provided in the rules of the SIAEC RSP 2024 and to the extent not yet released, immediately lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (e), (f), (g), (h) and (i) above, 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 prescribed performance period (if any) and/or each relevant vesting period (if any) and subject to the rules of the SIAEC RSP 2024. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not

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limited to) the contributions made by the Participant and, in the case of a performance-related Award, the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in sub-paragraph (j) above, 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. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the vesting period(s) which has elapsed and, in the case of a performance-related Award, the extent to which the applicable performance conditions and targets have been satisfied.

Operation of the SIAEC RSP 2024

Subject to the prevailing legislation and the rules of the Listing Manual, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of new Shares; and/or
- (b) the delivery of existing Shares (including treasury shares).

In determining whether to issue new Shares or to deliver existing Shares to Participants upon vesting of their Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or delivering existing Shares (including treasury shares).

The financial effects of the above methods are discussed in paragraph 4.11 below.

The Company has the flexibility, and if circumstances require, to approve the release of an Award (other than an Award granted to a Non-Executive Director as part of his directors' remuneration in lieu of cash), wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, pursuant to the release of any Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

In determining whether the performance condition has been satisfied (whether fully or partially) or exceeded, the Committee shall have the right to make reference to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

4.7 Size and Duration. The total number of Shares which may be delivered pursuant to Awards granted under the New Share Plans (whether in the form of Shares or in the form of cash in lieu of Shares) shall not exceed 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

The maximum limit of 5% will provide for sufficient Shares to support the use of Awards in the Company's overall long-term incentive and compensation strategy. In addition, it will provide the Company with the means and flexibility to grant Awards as incentive tools in a meaningful and effective manner to encourage staff retention and to align Participants' interests more closely with those of Shareholders.

As at the Latest Practicable Date, an aggregate of 5,165,739 Shares, representing approximately 0.46% of the issued Shares (excluding treasury shares), are comprised in outstanding awards granted under the SIAEC PSP 2014 and SIAEC RSP 2014 (see paragraph 4.2 above for details of such outstanding awards). The adoption of the New Share Plans will be without prejudice to the rights of holders of such outstanding awards. As such, the dilutive impact of the adoption of the New Share Plans on the Company's share capital, after taking into account the awards outstanding under the SIAEC PSP 2014 and SIAEC RSP 2014 and assuming that new Shares are allotted and issued to settle these awards and all Awards granted under the New Plans, will not exceed approximately 5% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date.

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In addition, Ordinary Resolutions No. 7.4 and 7.5, being the Ordinary Resolutions relating to the adoption of the SIAEC PSP 2024 and the SIAEC RSP 2024 respectively to be proposed at the 2024 AGM, will also provide that the total number of Shares under Awards to be granted pursuant to the SIAEC PSP 2024 and the SIAEC RSP 2024 from the 2024 AGM to the next Annual General Meeting (the “**Relevant Year**”) shall not exceed 0.5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time (the “**Yearly Limit**”), provided that if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used by the Directors to make grants of Awards in subsequent years for the duration of the SIAEC PSP 2024 and the SIAEC RSP 2024 respectively.

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

Notwithstanding the expiry or termination of the New Share Plans, Awards made to Participants prior to such expiry or termination will continue to remain valid.

4.8 Adjustments and Modifications. The following describes the adjustment events under, and provisions relating to modifications of, the New Share Plans.

4.8.1 Adjustment Events

If a variation in the ordinary share capital of the Company (whether by way of a bonus or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the Company shall make a declaration of a special dividend (whether interim or final and whether in cash or *in specie*), 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 in respect of which future Awards may be granted under the New Share Plans,

shall be adjusted in such manner as the Committee may, in its absolute discretion, determine to be appropriate.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for a private placement of securities or an acquisition, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or 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 or any other stock exchange on which the Shares are quoted or listed during the period when a Share Buy Back Mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditor (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

The adjustment must be made in such a way that a Participant will not receive a benefit that a holder of Shares does not receive.

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4.8.2 **Modifications**

Each of the New Share Plans may be modified and/or altered at any time and from time to time by a resolution of the Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them, in the case of the SIAEC PSP 2024, upon the performance conditions for their Awards being satisfied in full or, in the case of the SIAEC RSP 2024, upon the expiry of all the vesting periods applicable to their Awards, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested, in the case of the SIAEC PSP 2024, upon release of all outstanding Awards upon the performance conditions for all outstanding Awards being satisfied in full or, in the case of the SIAEC RSP 2024, upon the expiry of all the vesting periods applicable to all such outstanding Awards.

No alteration shall be made to rules of the New Share Plans which relate to matters contained in Rules 844 to 849 and Rules 853 to 854 of the Listing Manual to the advantage of the holders of the Awards except with the prior approval of Shareholders at a general meeting.

4.9 Disclosures in Annual Reports. For as long as each of the New Share Plans continues in operation, the Company will make such disclosures (or include the appropriate negative statements) in its annual report as from time to time required by the Listing Manual, including the following (where applicable):

- (a) the names of the members of the Committee administering the New Share Plans;
- (b) in respect of the following Participants of the New Share Plans:
 - (i) Directors of the Company; and
 - (ii) Participants (other than those in sub-paragraph (i) above) who have received Shares pursuant to the release of Awards granted under the New Share Plans which, in aggregate, represent 5% or more of the total number of Shares available under the New Share Plans collectively,

the following information:

- (aa) the name of the Participant; and
- (bb) the following particulars relating to Awards released under the New Share Plans:
 - (i) the number of new Shares issued to such Participant during the financial year under review; and
 - (ii) the number of existing Shares transferred to such Participant during the financial year under review; and
- (c) in relation to the New Share Plans, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards granted under the New Share Plans since the commencement of the New Share Plans to the end of the financial year under review;

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- (ii) the aggregate number of Shares comprised in Awards which have vested under the New Share Plans during the financial year under review and in respect thereof, the proportion of:
 - (1) new Shares issued; and
 - (2) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased,upon the release of Awards granted under the New Share Plans; and
- (iii) the aggregate number of Shares comprised in Awards granted under the New Share Plans which have not been released, as at the end of the financial year under review.

4.10 Role and Composition of the Committee. The Compensation & HR Committee (“**CHRC**”) of the Company, whose function is to assist the Board of Directors in reviewing remuneration and human resource matters in the Company as set out in its terms of reference, will be designated as the Committee responsible for the administration of the New Share Plans.

The CHRC currently comprises Tang Kin Fei, Goh Choon Phong and Wee Siew Kim, each of them a Director of the Company. In compliance with the requirements of the Listing Manual, a Participant of the New Share Plans who is a member of the CHRC shall not be involved in its deliberations in respect of Awards to be granted to or held by that member of the CHRC.

4.11 Financial Effects. Singapore Financial Reporting Standards (International) 2, Share-based payment (“**SFRS(I) 2**”), prescribes the accounting treatment for share-based payment transactions. Participants may receive Shares or their equivalent cash value, or combinations thereof. In the event that the Participants receive Shares, the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit and loss account with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. 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 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 balance sheet date, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the profit and loss account with a corresponding adjustment to equity. After the vesting date, no adjustment to the charge to the profit and loss account is made.

The amount charged to the profit and loss account would be the same whether the Company settles the Awards using new Shares or existing Shares. The amount of the charge to the profit and loss account 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 and loss account 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 the profit and loss account if the Awards do not ultimately vest.

The following sets out the financial effects of the New Share Plans.

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4.11.1 **Share Capital**

The New Share Plans will result in an increase in the Company's issued ordinary share capital only if new Shares are issued to Participants. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the New Share Plans. In any case, the New Share Plans provide that the total number of new Shares to be issued, existing Shares to be delivered and Shares to be released in the form of cash in lieu of Shares pursuant to Awards granted under the New Share Plans shall not exceed 5% of the Company's issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant Award. If, instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, the New Share Plans will have no impact on the Company's issued ordinary share capital.

4.11.2 **Net Tangible Assets**

As described below in the paragraph on Earnings Per Share, the New Share Plans are likely to result in a charge to the Company's profit and loss account over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with SFRS(I) 2. If new Shares are issued under the New Share Plans, there would be no effect on the net tangible assets ("**NTA**"). However, if instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants or the Company pays the equivalent cash value, the NTA would decrease by the cost of the Shares purchased or the cash payment, respectively.

Nonetheless, it should be noted that, other than in the case of Awards granted to Non-Executive Directors under the SIAEC RSP 2024 as described in paragraph 4.4.2 above, the delivery of Shares to Participants under the New Share Plans will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

4.11.3 **Earnings Per Share**

The New Share Plans are likely to result in a charge to earnings over the vesting period, computed in accordance with the modified grant date method under SFRS(I) 2.

Nonetheless, it should again be noted that, other than in the case of Awards granted to Non-Executive Directors under the SIAEC RSP 2024 as described in paragraph 4.4.2 above, the delivery of Shares to Participants under the New Share Plans will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

4.11.4 **Dilutive Impact**

It is expected that the dilutive impact of the New Share Plans on the NTA per Share and earnings per Share will not be significant.

The Existing Share Plans currently provide for a maximum limit of 5% of the Company's issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant Award. Accordingly, there will be no significant dilution of Shareholders' shareholding percentages as a result of the introduction of the New Share Plans, as the New Share Plans provide for the same maximum limit of 5%.

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5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 Directors' Interests in Shares. The interests of the Directors in Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Director	Number of Shares				Number of Shares comprised in outstanding Share Awards
	Direct Interest	% ⁽¹⁾	Deemed Interest	% ⁽¹⁾	
Tang Kin Fei	-	-	20,000 ⁽²⁾	0.0018	-
Goh Choon Phong	-	-	-	-	-
Chua Bin Hwee	-	-	-	-	-
Lim Kong Puay	-	-	-	-	-
Raj Thampuran	-	-	-	-	-
Wee Siew Kim	-	-	-	-	-
Chong Chuan Neo	-	-	-	-	-
Tan Tze Gay	5,000	0.0004	-	-	-
Tan Kai Ping	-	-	-	-	-
Chin Yau Seng	-	-	-	-	166,200 ⁽³⁾

Notes:

⁽¹⁾ Based on 1,121,888,846 Shares in issue as at the Latest Practicable Date (this is based on 1,124,116,360 Shares in issue as at the Latest Practicable Date, excluding the 2,227,514 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Tang Kin Fei is deemed to be interested in the 20,000 Shares held by his spouse.

⁽³⁾ Of the 166,200 Shares:

- (a) 74,600 Shares are comprised in RSP Base Awards granted to Chin Yau Seng pursuant to the SIAEC RSP 2014 subject to performance targets and other terms and conditions being met; and
- (b) 91,600 Shares are comprised in PSP Base Awards granted to Chin Yau Seng pursuant to the SIAEC PSP 2014 subject to performance targets and other terms and conditions being met.

5.2 Substantial Shareholders' Interests in Shares. The interests of the substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholder	Direct Interest		Deemed Interest		Total Interest	
		% ⁽¹⁾		% ⁽¹⁾		% ⁽¹⁾
Singapore Airlines Limited	870,000,000	77.54	-	-	870,000,000	77.54
Napier Investments Pte. Ltd.	-	-	870,000,000 ⁽²⁾	77.54	870,000,000	77.54
Tembusu Capital Pte. Ltd.	-	-	870,000,000 ⁽³⁾	77.54	870,000,000	77.54
Temasek Holdings (Private) Limited	-	-	870,000,000 ⁽⁴⁾	77.54	870,000,000	77.54

Notes:

⁽¹⁾ Based on 1,121,888,846 Shares in issue as at the Latest Practicable Date (this is based on 1,124,116,360 Shares in issue as at the Latest Practicable Date, excluding the 2,227,514 Shares held in treasury as at the Latest Practicable Date), rounded down to the nearest 0.01%.

⁽²⁾ Napier holds a direct interest of 33.31% in SIA. Accordingly, Napier is deemed to have an interest in 870,000,000 Shares held by SIA by virtue of Section 4 of the Securities and Futures Act 2001 ("SFA").

⁽³⁾ Tembusu holds 100% of the equity interest in Napier and is therefore deemed to have an interest in the Shares that Napier is deemed to have an interest in by virtue of Section 4 of the SFA. Tembusu is a subsidiary of Temasek.

⁽⁴⁾ Temasek has a direct and deemed interest in more than 20% of the equity interest in SIA and is deemed to have an interest in 870,000,000 Shares held by SIA by virtue of Section 4 of the SFA.

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6. DIRECTORS' RECOMMENDATIONS

6.1 **Proposed Renewal of IPT Mandate.** The Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate are Tang Kin Fei, Chua Bin Hwee, Lim Kong Puay, Raj Thampuran, Wee Siew Kim, Chong Chuan Neo and Tan Tze Gay (the "**Independent Directors**"). The Independent Directors are of the opinion that the entry into of the interested person transactions between the EAR Group (as described in paragraph 2.1.2 of the Appendix to this Letter) and those Interested Persons (as described in paragraph 2.3 of the Appendix to this Letter) in the ordinary course of their respective businesses will enhance the efficiency of the EAR Group and are in the best interests of the Company.

For the reasons set out in paragraphs 2.1 and 2.6 of the Appendix to this Letter, the Independent Directors recommend that Shareholders vote in favour of Ordinary Resolution No. 7.2, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2024 AGM.

6.2 **Proposed Renewal of Share Buy Back Mandate.** The Directors are of the opinion that the proposed renewal of the Share Buy Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 7.3, being the Ordinary Resolution relating to the proposed renewal of the Share Buy Back Mandate to be proposed at the 2024 AGM.

6.3 **Proposed Adoption of New Share Plans.** Other than Chin Yau Seng (who is eligible to participate in the SIAEC PSP 2024 and who has accordingly refrained from making any voting recommendation to Shareholders in respect of Ordinary Resolution No. 7.4, being the Ordinary Resolution relating to the proposed adoption of the SIAEC PSP 2024), the Directors are of the opinion that the proposed adoption of the SIAEC PSP 2024 is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 7.4, being the Ordinary Resolution relating to the proposed adoption of the SIAEC PSP 2024 to be proposed at the 2024 AGM. Chin Yau Seng will not accept appointment to act as proxy to vote in respect of Ordinary Resolution No. 7.4 unless the Shareholder appointing him has given specific instructions in a validly completed and submitted instrument of proxy as to voting, or abstention from voting, in respect of Ordinary Resolution No. 7.4.

All the Directors are eligible to participate in the SIAEC RSP 2024. Accordingly, they have refrained from making any voting recommendation to Shareholders in respect of Ordinary Resolution No. 7.5, being the Ordinary Resolution relating to the proposed adoption of the SIAEC RSP 2024 at the 2024 AGM. Each such Director will also not accept appointments to act as proxy to vote in respect of Ordinary Resolution No. 7.5 unless the Shareholder appointing him has given specific instructions in a validly completed and submitted instrument of proxy as to voting, or abstention from voting, in respect of Ordinary Resolution No. 7.5.

7. ABSTENTION FROM VOTING

7.1 **Proposed Renewal of IPT Mandate.** Goh Choon Phong and Tan Kai Ping (each of whom holds an executive position in SIA) and Chin Yau Seng (who is a Director and the CEO of the Company) will abstain from voting in respect of their Shares, if any, at the 2024 AGM in respect of Ordinary Resolution No. 7.2, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate. The Company will disregard any votes cast by each such Director in respect of their Shares, if any, in respect of Ordinary Resolution No. 7.2. Each such Director will also not accept appointments to act as proxy to vote in respect of Ordinary Resolution No. 7.2 unless the Shareholder appointing him has given specific instructions in a validly completed and submitted instrument of proxy as to voting, or abstention from voting, in respect of Ordinary Resolution No. 7.2.

Temasek and its associates (which include SIA and its associates), being Interested Persons, will also abstain from voting in respect of their Shares, if any, in respect of Ordinary Resolution No. 7.2. The Company will disregard any votes cast by Temasek and its associates (which include SIA and its associates) in respect of Ordinary Resolution No. 7.2.

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- 7.2 **Proposed Adoption of New Share Plans.** Shareholders who are eligible to participate in the SIAEC PSP 2024 and/or the SIAEC RSP 2024 must abstain from voting in respect of their Shares, if any, at the 2024 AGM in respect of Ordinary Resolution No. 7.4, being the Ordinary Resolution relating to the proposed adoption of the SIAEC PSP 2024, and/or Ordinary Resolution No. 7.5, being the Ordinary Resolution relating to the proposed adoption of the SIAEC RSP 2024, as the case may be. The Company will disregard any votes cast by such Shareholders in respect of their Shares, if any, in respect of Ordinary Resolution Nos. 7.4 and/or 7.5, as applicable. Any such Shareholder must also not accept appointment to act as proxy to vote in respect of Ordinary Resolution Nos. 7.4 and/or 7.5, as the case may be, unless the Shareholder appointing him has given specific instructions in a validly completed and submitted instrument of proxy as to voting, or abstention from voting, in respect of Ordinary Resolution Nos. 7.4 and/or 7.5, as applicable.

8. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at Airline House, 31 Airline Road, Singapore 819831 during normal business hours from the date of this Letter up to the date of the 2024 AGM:

- (a) the Annual Report FY2023/24;
- (b) the 2023 Letter;
- (c) the Constitution of the Company; and
- (d) the proposed Rules of the New Share Plans.

The Annual Report FY2023/24 and the 2023 Letter may also be accessed on the Company's website at the URLs https://www.siaec.com.sg/annual_report.html and https://www.siaec.com.sg/shareholder_meetings.html, respectively.

9. RESPONSIBILITY STATEMENT

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

Yours faithfully
for and on behalf of the Board of Directors of
SIA Engineering Company Limited

Tang Kin Fei
Chairman

THE APPENDIX

THE IPT MANDATE

1. CHAPTER 9 OF THE LISTING MANUAL

- 1.1 Chapter 9 of the Listing Manual ("**Chapter 9**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the same financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.
- 1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:
- (a) 5% of the listed company's latest audited consolidated NTA; or
 - (b) 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9) during the same financial year.
- 1.3 Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2024, the consolidated NTA of the Group was \$1,655 million. In relation to SIAEC, and for the purposes of complying with Chapter 9, in the current financial year and until such time as the consolidated audited financial statements of the Group for the financial year ending 31 March 2025 are published, 5% of the latest audited consolidated NTA of the Group would be \$82.8 million.
- 1.4 Chapter 9 permits a listed company, however, to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.
- 1.5 Under the Listing Manual:
- (a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9;
 - (b) (in the case of a company) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
 - (c) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
 - (d) "**control**" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
 - (e) a "**controlling shareholder**" means a person who (i) holds directly or indirectly 15% or more of the total number of issued shares in the company excluding treasury shares and subsidiary holdings (the SGX-ST may determine that such person is not a controlling shareholder); or (ii) in fact exercises control over a company;

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- (f) an **“entity at risk”** means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the **“listed group”**), or the listed group and its interested person(s), has control over the associated company;
- (g) (in the case of a company) an **“interested person”** means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder. The SGX-ST may also deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk, and (ii) an agreement or arrangement with an interested person in connection with that transaction; and
- (h) an **“interested person transaction”** means a transaction between an entity at risk and an interested person.

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2.1 Rationale for the IPT Mandate

2.1.1 It is anticipated that the EAR Group (as defined in paragraph 2.1.2 below) would, in the ordinary course of its business, enter into certain transactions with its Interested Persons (as defined below). It is likely that such transactions will occur with some degree of frequency and could arise at any time. Such transactions include, but are not limited to, the transactions described in paragraph 2.4 below. Among other things, the entry into of financial and treasury support transactions described in paragraph 2.4(g) below will benefit the EAR Group, as the EAR Group will have access to competitive quotes from its Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons. Similarly, the Company notes that the energy industry in Singapore had been deregulated and may now obtain electricity and other power sources and utilities from Interested Persons that carry on such business. Given the competition arising from the deregulation, it may be beneficial to the EAR Group to enter into such transactions with the relevant Interested Persons to take advantage of such competition in terms of pricing, products and services.

2.1.2 Owing to the time-sensitive nature of commercial transactions, the Directors are seeking approval from the Shareholders for this proposed IPT Mandate pursuant to Chapter 9 to enable:

- (a) SIAEC;
- (b) subsidiaries of SIAEC (excluding subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of SIAEC (excluding associated companies listed on the SGX-ST or an approved exchange) over which the Group, or the Group and interested person(s) of SIAEC has or have control,

(together, the **“EAR Group”**), or any of them, in the normal course of their business, to enter into the categories of interested person transactions (**“Interested Person Transactions”**) described in paragraph 2.4 below with the specified classes of SIAEC’s interested persons (the **“Interested Persons”**) set out in paragraph 2.3.1 below, provided that such transactions are made on the EAR Group’s normal commercial terms.

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2.1.3 The IPT Mandate will take effect from the date of the passing of Ordinary Resolution No. 7.2 to be proposed at the 2024 AGM, and will (unless revoked or varied in a general meeting) continue in force until the conclusion of the next AGM of the Company. Thereafter, approval from Shareholders for a renewal of the IPT Mandate will be sought at each subsequent AGM of the Company, subject to the satisfactory review by the Audit Committee of its continued application to the transactions with Interested Persons.

2.2 Scope of the IPT Mandate

2.2.1 SIA and its subsidiaries provide a whole range of services to the EAR Group including financial support, technical and information technology services, insurance services, central purchasing, internal audit and other support services, whilst the EAR Group provides, *inter alia*, maintenance, repair and overhaul services to SIA and Scoot Pte. Ltd. (formerly known as Scoot Tigerair Pte Ltd).

2.2.2 The IPT Mandate will not cover any transaction by a company in the EAR Group with an Interested Person that is below \$100,000 in value as the threshold and aggregation requirements of Chapter 9 would not apply to such transactions. The IPT Mandate would, however, cover Interested Person Transactions with values below \$100,000 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 and treated as if they were one Interested Person Transaction which has a value of \$100,000 or more.

2.3 Classes of Interested Persons

2.3.1 The IPT Mandate will apply to the Interested Person Transactions (as described in paragraph 2.4 below) which are carried out with Temasek and its associates (which include SIA and its associates).

2.3.2 Transactions with Interested Persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of the Listing Manual. The IPT Mandate does not apply to Interested Person Transactions with the CEO of the Company, the Directors, and their respective associates, for which separate Shareholders' approval will be obtained if it becomes necessary to do so.

2.4 Interested Person Transactions

The Interested Person Transactions which will be covered by the IPT Mandate and the benefits to be derived from them are the general transactions by the EAR Group relating to the provision to, or the obtaining from or through, Interested Persons, or the joint transacting with Interested Persons for, products and services in the normal course of business of the EAR Group (but not in respect of the purchase or sale of assets, undertakings or businesses), including:

- (a) repair, modification, maintenance, servicing, overhaul and other engineering and technical services relating to aircraft, aircraft engines, equipment, aircraft and/or engine spares, parts and components;
- (b) sale and purchase of aircraft, aircraft engines, aircraft and/or engine spares, parts and components, electronic and electrical engineering equipment;
- (c) charter and/or lease of aircraft, aircraft engines, equipment, aircraft and/or engine spares, parts and components;
- (d) security services;
- (e) obtaining and/or lease of computer equipment, provision of computer maintenance services and systems, development, licensing and acquisition of computer software programmes and other information technology-related equipment, goods and services;
- (f) rental and licensing of space, both as lessor/lessee and licensor/licensee and the provision of building maintenance services, lease and development of property for investment purposes;

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- (g) provision of central purchasing, financial and treasury support (including borrowing of funds from, and placement of funds with, Interested Persons, entry into forex, swap and option transactions with or through Interested Persons for hedging purposes, subscription of debt securities issued by Interested Persons, and provision of fund management services), tax, internal audit, staff training and centrally organised activities and meetings for staff and Management, staff transportation and other personnel-related or staff welfare-related services, provision of management and corporate support, staff pooling, technical support, central reservations and other telecommunications systems and support, and other related services;
- (h) provision of freight and related services;
- (i) provision of management and administrative services;
- (j) obtaining of electricity and other power sources and utilities;
- (k) obtaining of insurances and the underwriting of risks; and
- (l) any other transaction relating to the provision of or obtaining from or through, Interested Persons, or the joint transacting with Interested Persons for, products and services related to the EAR Group's principal and ancillary activities in the normal course of its business and on normal commercial terms.

2.5 Review Procedures for Interested Person Transactions subject to the IPT Mandate (the "Mandated Interested Person Transactions")

2.5.1 The EAR Group has established the following procedures to ensure that Mandated Interested Person Transactions are undertaken on the EAR Group's normal commercial terms:

(a) Review Procedures

There are procedures established by the EAR Group to ensure that Mandated Interested Person Transactions are undertaken on the EAR Group's normal commercial terms, consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place.

(i) Provision of Services or the Sale of Products

The review procedures are:

- (aa) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are generally no more favourable to the Interested Persons than the usual commercial terms that would be extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded for bulk or high volume purchases) or otherwise in accordance with applicable industry norms; and
- (bb) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the key terms to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties, taking into consideration factors including but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract, strategic purposes of the transaction or the limited resources available to the EAR Group.

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(ii) ***Obtaining of Services or the Purchasing of Products***

All purchases made by the EAR Group, including purchases from Interested Persons are governed by internal control procedures which detail matters such as the constitution of internal approving authorities, their monetary jurisdictions, the number of vendors from whom bids are to be obtained and the review procedures. The guiding principle is to objectively obtain the best goods and/or services on the best terms. Tender exercises are generally conducted for most of our purchases except in the case of transactions of value below certain thresholds specified in the internal control procedures. Where it is not possible, practicable or appropriate for a tender to be called (for example, where the service is required urgently or where conducting an effective tender would require disclosure of confidential price-sensitive information), an authorised senior management staff within the EAR Group will determine whether the price and terms offered by the Interested Person are on normal commercial terms.

In the case where a tender exercise is conducted, the invitation for bids will generally include a specimen contract to preclude negotiations by the vendor on the terms of supply after the successful vendor is selected by the appropriate tenders committee.

There will be written contractual terms of supply applicable to each tender. The tender review procedures require:

- (aa) (in the case of SIAEC) an open tender for bids to be called if there are more than 6 known vendors for the contract or item unless this requirement is waived by the appropriate tenders committee in exceptional circumstances, in which case a closed tender will be called; if there are 6 or fewer known vendors, a closed tender for bids will be called inviting all known vendors to bid; and
- (bb) (in the case of an associated company of SIAEC forming part of the EAR Group) an open tender for bids to be called if the value of the contract exceeds a specified amount; if it does not exceed such amount, a closed tender for bids will be called inviting all known vendors to bid.

For the purpose of this provision, the expression “known vendors” refers to vendors known to the relevant purchaser of services or products within the EAR Group or the relevant purchasing authority, which the appropriate tenders committee considers to have the requisite qualification for the contract. Bids which are received, regardless of whether they are from Interested Persons or not, will be subject to the same evaluation criteria based on price, product quality, delivery schedules, specification compliance, track record, experience and expertise. Preferential rates, rebates or discounts accorded for bulk purchases are also taken into account.

(iii) ***Treasury Transactions***

(aa) Placements

In relation to the placement with any Interested Person by the EAR Group of its funds, the Company will require that quotations be obtained from such Interested Person and at least two other potential counterparties for rates of deposits with such counterparties of an equivalent amount, and for the equivalent period, of the funds to be placed by the EAR Group. The EAR Group will only place its funds with such Interested Person, provided that the terms quoted are generally no less favourable than the terms quoted by such counterparties for equivalent amounts, taking into account all relevant factors.

(bb) Borrowings

In relation to the borrowing of funds from any Interested Person by the EAR Group, the Company will require that quotations be obtained from such Interested Person and at least two other potential counterparties for rates for loans from such counterparties of an equivalent amount, and for the equivalent

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period, of the funds to be borrowed by the EAR Group. The EAR Group will only borrow funds from such Interested Person if the Interested Person offers the best rates and terms and best meets the EAR Group's requirements, taking into account all relevant factors.

(cc) Debt Securities and Preference Shares

In relation to the subscription of debt securities or preference shares issued by, or the purchase of debt securities or preference shares from, Interested Persons, the EAR Group will only subscribe for or purchase such debt securities or preference shares after assessment of the credit risk of such Interested Persons, provided that the price(s) at which the EAR Group subscribes for or purchases such debt securities or preference shares is not higher than the price(s) at which such debt securities or preference shares are subscribed for or purchased by unrelated third parties.

In relation to the issue or sale to Interested Persons of debt securities or preference shares, the EAR Group will issue or sell such debt securities or preference shares to Interested Persons provided that the price(s) at which the EAR Group issues or sells such debt securities or preference shares is not lower than the price(s) at which such debt securities or preference shares are issued or sold to unrelated third parties. The EAR Group will also comply with all applicable laws and regulations in connection with the issue or sale of such debt securities or preference shares to Interested Persons.

(dd) Forex, Swaps, Options

In relation to forex, swaps and options transactions with any Interested Person by the EAR Group, the Company will require that rate quotations be obtained from such Interested Person and at least two other potential counterparties. The EAR Group will only enter into such forex, swaps or options transactions with such Interested Person if the Interested Person offers the best rates and terms and best meets the EAR Group's requirements, taking into account all relevant factors.

For the purposes of this sub-paragraph (iii), references to "counterparties" include, but are not limited to, banks, financial institutions or other corporates, which are not Interested Persons.

(b) **Threshold Limit**

In addition to the review procedures, the following review and approval procedures will be implemented to supplement existing internal control procedures for general transactions:

- (i) Interested Person Transactions equal to or exceeding \$100,000 but less than \$3 million in value will be reviewed and approved by (aa) a senior member of the Company's Management designated for such purpose by the CEO or (bb) the CEO;
- (ii) Interested Person Transactions equal to or exceeding \$3 million but less than \$30 million in value will be reviewed and approved by (aa) the CEO or (bb) the Audit Committee;
- (iii) Interested Person Transactions equal to or exceeding \$30 million in value will be reviewed and approved by the Board of Directors of the Company (the "**Board**") and the Audit Committee;
- (iv) where the aggregate value of all Interested Person Transactions (including the latest Interested Person Transaction) entered into with the same Interested Person in the current financial year is equal to or exceeds \$3 million but below \$30 million in value, the latest and all future Interested Person Transactions equal to or above \$100,000 but below \$30 million in value will be reviewed and approved by (aa) the CEO or (bb) the Audit Committee; and

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- (v) where the aggregate value of all Interested Person Transactions (including the latest Interested Person Transaction) entered into with the same Interested Person in the current financial year is equal to or exceeds \$30 million in value, the latest and all future Interested Person Transactions equal to or above \$100,000 in value will be reviewed and approved by the Board and the Audit Committee.

References to the “same Interested Person” shall bear the meaning set out in Rule 908 of the Listing Manual.

Individual transactions of a value less than \$100,000 do not require review and approval and will not be taken into account in the aggregation referred to in sub-paragraphs (iv) and (v) above. Interested Person Transactions entered into with the same Interested Person in previous financial years will not be taken into account in the aggregation of transactions for the purpose of the IPT Mandate under sub-paragraphs (iv) and (v) above.

- 2.5.2 A register will be maintained by the Company to record all Interested Person Transactions which are entered into pursuant to the IPT Mandate. The internal audit plan will incorporate an annual audit of Interested Person Transactions entered into pursuant to the IPT Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to.
- 2.5.3 The Board and the Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor Interested Person Transactions have been complied with.
- 2.5.4 The Board and the Audit Committee shall have overall responsibility for the determination of the review procedures (including the interpretation and implementation thereof) with the authority to sub-delegate to individuals or committees within the Company, as they deem appropriate. If a member of the Board or the Audit Committee has an interest in the transaction to be reviewed by the Board or the Audit Committee, as the case may be, he will abstain from any decision-making by the Board or the Audit Committee in respect of that transaction.

2.6 Benefit to Shareholders

- 2.6.1 The IPT Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders’ approval as and when potential Interested Person Transactions with a specific class of Interested Persons arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to the Company.
- 2.6.2 The IPT Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out on the normal commercial terms of the relevant company in the EAR Group and are not prejudicial to the Shareholders.
- 2.6.3 Pursuant to Rules 907 and 920(1) of the Listing Manual, the Company will:
 - (a) announce the aggregate value (as determined by the Board) of transactions entered into with Interested Persons pursuant to the IPT Mandate, for the financial periods which it is required to report on pursuant to the Listing Manual, and within the time required for the announcement of such report; and
 - (b) disclose the IPT Mandate in the annual report of SIAEC, giving details of the aggregate value of Interested Person Transactions entered into pursuant to the IPT Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders’ mandate for Interested Person Transactions is in force or as otherwise required by the provisions of the Listing Manual.

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The name of the Interested Person, nature of relationship, and the corresponding aggregate value of the Interested Person Transactions entered into with the same Interested Person will be presented in the following format:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)

2.7 Audit Committee's Statement

2.7.1 The Audit Committee has reviewed the terms of the IPT Mandate, as proposed to be renewed, and is satisfied that the methods and procedures for determining the transaction prices as set out in the IPT Mandate are sufficient to ensure that Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee will, in conjunction with its review of the internal audit reports and relevant Interested Person Transactions, as the case may be, also review the established methods and procedures to ascertain that they have been complied with. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the methods and procedures as stated above are not sufficient to ensure that these Interested Person Transactions will be on the normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new methods and procedures for transactions with Interested Persons.