

**LETTER TO SHAREHOLDERS**

**Directors:**

Mr Teo Hock Chwee (Chairman and Managing Director)  
Ms Chiong Su Been (Executive Director and Chief Financial Officer)  
Mr Lim Yian Poh (Lead Independent Director)  
Mr Ling Chien Yien (Independent Director)  
Mr Frank Leong Yee Yew (Independent Director)

**Registered Office:**

57 Pioneer Road  
Singapore 628508

4 November 2019

To: The Shareholders of T T J Holdings Limited

Dear Sir/Madam

- (1) **THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND**
- (2) **THE PROPOSED RENEWAL OF THE T T J EMPLOYEE SHARE OPTION SCHEME (“T T J ESOS”); AND**
- (3) **THE PROPOSED GRANT OF OPTIONS UNDER THE T T J ESOS AT A DISCOUNT**

**1. BACKGROUND**

1.1 We refer to:

- (a) the Notice of Annual General Meeting of T T J Holdings Limited (the “**Company**” and together with its subsidiaries (the “**Group**”)) dated 4 November 2019 (the “**Notice**”), accompanying the Annual Report of the Company for reporting year ended 31 July 2019 (the “**2019 Annual Report**”), convening the Annual General Meeting of the Company (the “**2019 AGM**”) which is scheduled to be held on 28 November 2019;
- (b) Ordinary Resolution 9 in relation to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 2.1 below) under the heading “Special Business” set out in the Notice;
- (c) Ordinary Resolution 10 in relation to the proposed renewal of the T T J ESOS under the heading “Special Business” set out in the Notice; and
- (d) Ordinary Resolution 11 in relation to the proposed grant of options under the T T J ESOS at a discount under the heading “Special Business” set out in the Notice.

1.2 The purpose of this letter is to provide Shareholders with information relating to Ordinary Resolution 9, Ordinary Resolution 10 and Ordinary Resolution 11 proposed in the Notice (collectively, the “**Proposals**”).

1.3 The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter. If any Shareholder is in doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

## 2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

### 2.1 The Existing Share Purchase Mandate

At the Annual General Meeting of the Company held on 29 November 2018, the Shareholders of the Company had approved the renewal of the share purchase mandate (the “**Share Purchase Mandate**”) to enable the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the “**Shares**”). As the Share Purchase Mandate will expire on the date of the forthcoming 2019 AGM, the Directors propose that the Share Purchase Mandate be renewed at the 2019 AGM.

### 2.2 Rationale for the Renewal of the Share Purchase Mandate

2.2.1 The purchase by a company of its issued shares is one of the ways in which the return on equity of the company may be improved, thereby increasing shareholder value. By obtaining the Share Purchase Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

2.2.2 The Share Purchase Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group’s financial needs in an expedient and cost-effective manner.

2.2.3 The Directors further believe that Share purchases by the Company may help to mitigate short-term market volatility in the price of the Shares, off-set the effects of short-term speculation and bolster Shareholders’ confidence.

2.2.4 Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised.

### 2.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if approved at the 2019 AGM, are summarised below:

#### 2.3.1 *Maximum Number of Shares*

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed 10% of the number of its issued Shares as at the date on which the resolution authorising the Share Purchase Mandate is passed.

The Companies Act provides that any shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit. As at the latest practicable date prior to the printing of this letter, being 23 October 2019 (the “**Latest Practicable Date**”), the Company held 500,000 treasury shares.

Purely for illustrative purposes, on the basis of 349,500,000 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming that no further Shares are issued on or before the 2019 AGM, not more than 34,950,000 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

#### 2.3.2 *Duration of Authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the forthcoming 2019 AGM at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

- (a) the date on which the next annual general meeting is or is required by law to be held;

- (b) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate (“**Share Purchases**”) are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in general meeting.

The Share Purchase Mandate may be renewed at subsequent annual general meetings or extraordinary general meetings.

### 2.3.3 **Manner of Purchases or Acquisitions of Shares**

Purchases or acquisitions of Shares may be effected by the Company by way of:

- (a) on-market purchases (“**Market Purchases**”); and/or
- (b) off-market purchases, otherwise than on a securities exchange, in accordance with an “equal access scheme” as defined in section 76C of the Companies Act (“**Off-Market Purchases**”).

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST, through one or more duly licensed dealers appointed by the Company for the purpose.

In an Off-Market Purchase, the directors of the Company may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the listing manual of the SGX-ST including any amendments made thereto (the “**Listing Manual**”), the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy the following conditions:

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

Under the Listing Manual, if the Company wishes to make an Off-Market Purchase, it must issue an offer document containing, inter alia, the following information to all Shareholders:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed share purchase;
- (d) the consequences, if any, of share purchases by the Company that will arise under the Singapore Code on Take-over and Mergers (“**Take-Over Code**”) or other applicable take-over rules;

- (e) whether the share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any share purchase made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

#### 2.3.4 **Maximum Purchase Price**

The purchase price (excluding ancillary expenses such as brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors of the Company. However, the purchase price to be paid for the Shares must not exceed the maximum price ("**Maximum Price**") as set out below:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined herein) of the Shares; and
- (b) in the case of an Off-Market Purchase, 115% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

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

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

## 2.4 **Status of Purchased Shares or Acquired Shares**

2.4.1 Under the Companies Act, a Share which is purchased or acquired by the Company may be:

- (a) held by the Company as a treasury Share; or
- (b) dealt with by the Company in the following manner:
  - (i) sold for cash;
  - (ii) transferred for the purposes of or pursuant to an employees' share scheme;
  - (iii) transferred as consideration for the acquisition of shares in or assets of another company or assets of a person;
  - (iv) cancelled; or
  - (v) sold, transferred or otherwise used for such other purposes as the Minister may by order prescribe.

2.4.2 The maximum number of treasury shares which may be held by the Company shall not exceed 10% of the total number of issued shares (excluding any Treasury Shares and subsidiary holdings) and in the event that the Company holds in its treasury more than 10% of the total number of issued shares (excluding any Treasury Shares and subsidiary holdings), it shall cancel the excess within six months or such further period as the Registrar may allow.

2.4.3 The Company shall not exercise any right in respect of the treasury shares, including:

- (a) the right to attend or vote at meetings; and
- (b) the right to receive dividend or any other distribution (in cash or otherwise) of its assets (including any distribution of assets to members on a winding up).

2.4.4 The Company may receive allotments of fully paid bonus shares in respect of its treasury shares and its treasury shares may be sub-divided or consolidated so long as the total value of the treasury shares after the subdivision or consolidation is the same as before the subdivision or consolidation.

## 2.5 Source of Funds

2.5.1 The Companies Act provides that any purchase or acquisition of Shares by the Company may be made out of its capital or profits, so long as it is solvent (i.e. the Company is able to pay its debts in full at the time which the share buy-back is being conducted and the value of its assets exceed its liabilities, including any contingent liability and will not after the proposed share buy-back become less than the value of its liabilities, including any contingent liability). The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that the financial position of the Group would be materially adversely affected.

2.5.2 The Company intends to use internal sources of funds and/or external borrowings to finance purchases or acquisitions of its Shares. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of the Shares pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

## 2.6 Financial Effects

2.6.1 Where the Company chooses to cancel any of the Shares it repurchases, it shall:

- (a) reduce the amount of its share capital where the Shares are purchased or acquired out of its capital;
- (b) reduce the amount of its profits where the Shares are purchased or acquired out of its profits; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares are purchased or acquired out of both its capital and the profits,

by the total amount of the purchase price paid by it for the Shares cancelled.

- 2.6.2 The consideration if paid by the Company out of its profits for the purchase or acquisition of Shares (including related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.
- 2.6.3 The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Group to fund the purchases or acquisitions.
- 2.6.4 Based on the number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 34,950,000 Shares.
- 2.6.5 Assuming the Company purchases or acquires the 34,950,000 Shares at the Maximum Price, the maximum amount of funds required (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is:
- (a) in the case of Market Purchases of Shares, approximately S\$7,895,205 based on S\$0.2259 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date); and
  - (b) in the case of Off-Market Purchases of Shares, approximately S\$8,646,630 based on S\$0.2474 for one Share (being the price equivalent to 15% above the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date).
- 2.6.6 For illustrative purposes only, on the basis of the assumptions set out above, and based on the audited financial statements of the Group for the reporting year ended 31 July 2019, and assuming that:
- (a) an aggregate of 34,950,000<sup>(1)</sup> Shares are purchased by the Company by way of Market Purchases and are cancelled;
  - (b) an aggregate of 34,500,000<sup>(2)</sup> Shares are purchased by the Company by way of Market Purchases and are held as treasury shares;
  - (c) an aggregate of 34,950,000<sup>(1)</sup> Shares are purchased by the Company by way of Off-Market Purchases and are cancelled;
  - (d) an aggregate of 34,500,000<sup>(2)</sup> Shares are purchased by the Company by way of Off-Market Purchases and are held as treasury shares;
  - (e) the purchases or acquisitions of Shares are financed solely by internal resources,
- the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group for the reporting year ended 31 July 2019 would have been as follows:

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<sup>(1)</sup> Being the maximum number of Shares which the Company may purchase or acquire pursuant to the Share Purchase Mandate on the basis of 349,500,000 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming that no further Shares are issued on or before the 2019 AGM.

<sup>(2)</sup> Being the maximum number of Shares which the Company may purchase or acquire and hold as treasury shares in compliance with Section 76I of the Companies Act on the basis of 349,500,000 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming that no further Shares are issued on or before the 2019 AGM.

**Market Purchases:**

- (1) **If an aggregate of 34,950,000 shares are purchased pursuant to the Share Purchase Mandate by way of Market Purchases and are cancelled**

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 July 2019				
In (S\$'000)				
Shareholders' Funds	139,978	132,083	57,136	49,241
NTA <sup>(1)</sup>	139,978	132,083	57,136	49,241
Current Assets	96,455	88,560	14,714	6,819
Current Liabilities	21,961	21,961	256	256
Total Liabilities	29,961	29,961	256	256
Cash and Cash Equivalents	39,329	31,434	13,142	5,247
Number of Shares ('000)	349,500	314,550	349,500	314,550
<b>Financial Ratios</b>				
NTA per Share (cents)	40.05	41.99	16.35	15.65
EPS (cents) <sup>(2)</sup>	1.08	1.20	N.A	N.A
Gearing (%) <sup>(3)</sup>	0.21	0.23	0.00	0.01
Current Ratio (times) <sup>(4)</sup>	4.39	4.03	57.48	26.64

**Notes:**

- <sup>(1)</sup> NTA equals total equity less intangible assets and minority interests, if any.
- <sup>(2)</sup> EPS is computed based on FY2019 net profit attributable to ordinary shareholders of the Company divided by the number of shares.
- <sup>(3)</sup> Gearing equals total liabilities divided by shareholders' funds.
- <sup>(4)</sup> Current ratio equals current assets divided by current liabilities.

(2) **If an aggregate of 34,500,000 Shares are purchased pursuant to the Share Purchase Mandate by way of Market Purchases and are held as treasury shares**

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 July 2019				
In (S\$'000)				
Shareholders' Funds	139,978	132,184	57,136	49,342
NTA <sup>(1)</sup>	139,978	132,184	57,136	49,342
Current Assets	96,455	88,661	14,714	6,920
Current Liabilities	21,961	21,961	256	256
Total Liabilities	29,961	29,961	256	256
Cash and Cash Equivalents	39,329	31,535	13,142	5,348
Number of Shares ('000)	349,500	315,000	349,500	315,000
<b>Financial Ratios</b>				
NTA per Share (cents)	40.05	41.96	16.35	15.66
EPS (cents) <sup>(2)</sup>	1.08	1.20	N.A	N.A
Gearing (%) <sup>(3)</sup>	0.21	0.23	0.00	0.01
Current Ratio (times) <sup>(4)</sup>	4.39	4.04	57.48	27.03

**Notes:**

<sup>(1)</sup> NTA equals total equity less intangible assets and minority interests, if any.

<sup>(2)</sup> EPS is computed based on FY2019 net profit attributable to ordinary shareholders of the Company divided by the number of shares.

<sup>(3)</sup> Gearing equals total liabilities divided by shareholders' funds.

<sup>(4)</sup> Current ratio equals current assets divided by current liabilities.



**Off-Market Purchases:**

- (3) **If an aggregate of 34,950,000 shares are purchased pursuant to the Share Purchase Mandate by way of Off-Market Purchases and are cancelled**

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 July 2019				
In (S\$'000)				
Shareholders' Funds	139,978	131,331	57,136	48,489
NTA <sup>(1)</sup>	139,978	131,331	57,136	48,489
Current Assets	96,455	87,808	14,714	6,067
Current Liabilities	21,961	21,961	256	256
Total Liabilities	29,961	29,961	256	256
Cash and Cash Equivalents	39,329	30,682	13,142	4,495
Number of Shares ('000)	349,500	314,550	349,500	314,550
<b>Financial Ratios</b>				
NTA per Share (cents)	40.05	41.75	16.35	15.42
EPS (cents) <sup>(2)</sup>	1.08	1.20	N.A	N.A
Gearing (%) <sup>(3)</sup>	0.21	0.23	0.00	0.01
Current Ratio (times) <sup>(4)</sup>	4.39	4.00	57.48	23.70

**Notes:**

<sup>(1)</sup> NTA equals total equity less intangible assets and minority interests, if any.

<sup>(2)</sup> EPS is computed based on FY2019 net profit attributable to ordinary shareholders of the Company divided by the number of shares.

<sup>(3)</sup> Gearing equals total liabilities divided by shareholders' funds.

<sup>(4)</sup> Current ratio equals current assets divided by current liabilities.

(4) **If an aggregate of 34,500,000 shares are purchased pursuant to the Share Purchase Mandate by way of Off-Market Purchases and are held as treasury shares**

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 July 2019				
In (S\$'000)				
Shareholders' Funds	139,978	131,443	57,136	48,601
NTA <sup>(1)</sup>	139,978	131,443	57,136	48,601
Current Assets	96,455	87,920	14,714	6,179
Current Liabilities	21,961	21,961	256	256
Total Liabilities	29,961	29,961	256	256
Cash and Cash Equivalents	39,329	30,794	13,142	4,607
Number of Shares ('000)	349,500	315,000	349,500	315,000
<b>Financial Ratios</b>				
NTA per Share (cents)	40.05	41.73	16.35	15.43
EPS (cents) <sup>(2)</sup>	1.08	1.20	N.A	N.A
Gearing (%) <sup>(3)</sup>	0.21	0.23	0.00	0.01
Current Ratio (times) <sup>(4)</sup>	4.39	4.00	57.48	24.14

**Notes:**

- <sup>(1)</sup> NTA equals total equity less intangible assets and minority interests, if any.
- <sup>(2)</sup> EPS is computed based on FY2019 net profit attributable to ordinary shareholders of the Company divided by the number of shares.
- <sup>(3)</sup> Gearing equals total liabilities divided by shareholders' funds.
- <sup>(4)</sup> Current ratio equals current assets divided by current liabilities.

**SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE PURELY FOR ILLUSTRATIVE PURPOSES ONLY. ALTHOUGH THE SHARE PURCHASE MANDATE WOULD AUTHORISE THE COMPANY TO PURCHASE OR ACQUIRE UP TO 10% OF THE ISSUED SHARES, THE COMPANY MAY NOT NECESSARILY PURCHASE OR ACQUIRE OR BE ABLE TO PURCHASE OR ACQUIRE THE ENTIRE 10% OF THE ISSUED SHARES. IN PARTICULAR, THE MAXIMUM NUMBER OF SHARES THAT THE COMPANY MAY PURCHASE UNDER THE SHARE PURCHASE MANDATE IS LIMITED TO THE EXTENT THAT THE COMPANY WILL REMAIN SOLVENT. THE DIRECTORS DO NOT INTEND TO EXERCISE THE PROPOSED SHARE PURCHASE MANDATE UP TO THE MAXIMUM LIMIT IF SUCH EXERCISE WOULD MATERIALLY AND ADVERSELY AFFECT THE FINANCIAL POSITION OF THE GROUP.**

2.7 For illustrative purposes, it has been assumed that the purchases or acquisitions of Shares are financed solely by internal resources and in the event that there is a shortfall, the purchases and acquisitions are to be financed by long-term borrowings. Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on, *inter alia*, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

2.8 **Shareholders should note that the financial effects set out above are for illustration purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, Shareholders should note that the above analysis is based on the audited financial statements of the Group for the reporting year ended 31 July 2019 and is not necessarily representative of future financial performance.**

2.9 The Company may take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

## 2.10 TAXATION

**Shareholders who are in any doubt as to their respective tax positions or the tax implications of Share Purchases by the Company, or who may be subject to tax whether inside or outside of Singapore, should consult their own professional advisers.**

## 2.11 Requirements in the Listing Manual

2.11.1 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. (i) in the case of a Market Purchase, on the market day following the day on which the Market Purchase was effected, and (ii) in the case of an Off-Market Purchase, on the second market day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form, and shall include such details, as may be prescribed by the SGX-ST in the Listing Manual.

2.11.2 The Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s). However, as the Company would be regarded as an insider in relation to any proposed purchase or acquisition of its shares, it will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in the following circumstances:

- (a) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced; and
- (b) in the case of Market Purchases, during the period commencing one month immediately before the announcement of the Company's full-year results and the period of two weeks before the announcement of the Company's first quarter, half-year and third quarter results.

2.11.3 The Listing Manual requires a company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

2.11.4 As at the Latest Practicable Date, there are approximately 50,719,000 Shares in the hands of the public, representing approximately 14.51% of the issued Shares of the Company (excluding treasury shares and subsidiary holdings). Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares held by public shareholders which would permit it to undertake purchases and acquisitions of its Shares up to 4.51% of its issued Shares pursuant to the proposed Share Purchase Mandate, without adversely affecting the listing status of its Shares on the SGX-ST. The Directors will ensure that the Company does not effect a Share Purchase if the Share Purchase will result in the number of Shares remaining in the hands of the public to fall to such a level as to cause market illiquidity and/or adversely affect the listing status of the Company on the SGX-ST.

## 2.12 Certain Take-over Code Implications

### 2.12.1 *Obligation to Make a Take-over Offer*

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

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

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

### 2.12.3 *Effect of Rule 14 and Appendix 2*

- (a) The circumstances under which Shareholders (including directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code. In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 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, if the voting rights of such directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such directors and their concert parties would increase by more than 1% in any period of six months.

- (b) Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the directors of the Company will not be required to make a take-over offer under Rule 14 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 proposed Share Purchase Mandate.
- (c) As at the Latest Practicable Date, approximately 14.51% of the issued shares of the Company are in the hands of the public. Mr Teo Hock Chwee, who is a director as well as a Substantial Shareholder of the Company has an aggregate interest (both direct and indirect) of approximately 84.37% in the Company. Save for the aforesaid, the Company has no other Substantial Shareholders.
- (d) As Mr Teo Hock Chwee has an interest of 84.37% in the Company, the increase in his shareholding in the event the Company purchases the maximum number of Shares permissible under the Share Purchase Mandate will not require him to make a general offer under Rule 14 of the Take-over Code.

**Save as disclosed above, the Directors are not aware of any fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interest in voting Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.**

**2.12.4 Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of Share Purchases by the Company are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.**

#### **2.12.5 Advice to Shareholders**

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

### **3. PROPOSED RENEWAL OF THE T T J EMPLOYEE SHARE OPTION SCHEME**

#### **3.1 Background**

The T T J Employee Share Option Scheme (the "T T J ESOS") was approved by Shareholders at an extraordinary general meeting of the Company on 15 January 2010. The T T J ESOS was adopted for an initial duration of up to a maximum period of ten (10) years, and, subject to compliance with any applicable laws and regulations in Singapore, may be continued 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. The initial duration of the T T J ESOS will expire on 14 January 2020.

#### **3.2 Rationale for the Renewal of the T T J ESOS**

The Company had implemented the T T J ESOS to provide an opportunity for selected Directors and employees of the Group ("**Employees**") (including non-executive Directors) who have contributed significantly to the growth and performance of the Group (including Directors of the Company holding office in an executive capacity), who satisfy the eligibility criteria as set out in Rule 4 of the T T J ESOS, to participate in the equity of the Company.

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

- to motivate participants to optimise standards and efficiency and to maintain a high level of performance and contribution;
- the retention of employees whose contributions are important to the long-term growth and profitability of the Group;
- the attraction of potential employees with relevant skills to contribute to the Group and to create value for Shareholders;
- to foster a greater ownership culture within the Group which more directly aligns the interests of key senior management and key talents with the interests of Shareholders; and
- to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package.

SGX-ST had on 23 October 2019 granted in-principle approval for the listing and quotation of the new Shares on the Official List of the SGX-ST, subject to Shareholders' approval for the renewal of the T T J ESOS, and the Company's compliance with SGX-ST's listing requirements and guidelines. Such in-principle approval and the admission to, and quotation of the new Shares arising from the exercise of Options on the Official List of SGX-ST is not to be taken as an indication of the merits of the Company and/or its subsidiaries, the Shares, the new Shares arising from the exercise of Options and the T T J ESOS.

As the T T J ESOS is a key part of the Group's compensation arrangements, the Directors propose that the T T J ESOS be extended for a further period of ten (10) years from (and including) 15 January 2020 up to (and including) 14 January 2030.

### 3.3 Summary of the T T J ESOS

Besides the proposed renewal of the T T J ESOS, all other rules of the T T J ESOS (the "**Rules**") remain unchanged. The detailed Rules are set out in Annex A to this Letter. In addition, for completeness, the salient features of the T T J ESOS are set out below.

#### 3.3.1 *Participants*

Executive Directors, non-executive Directors (including Independent Directors) and full-time employees of the Group are entitled to participate in the T T J ESOS. Participants must have attained the age of 21 years on or before the date on which the option is granted and who are not undischarged bankrupts.

Controlling shareholders and their associates are not eligible to participate in the T T J ESOS.

The extension of the T T J ESOS to the Executive Directors and full-time employees of the Group, who are not deemed to be controlling shareholders or their associates, allows us to have a fair and equitable system to reward Executive Directors and full-time employees of the Group who have made, and who continue to make, important contributions to the long-term growth of the Group. The T T J ESOS will also serve to attract, retain and provide incentives to its participants to higher standards of performance as well as encourage greater dedication and loyalty as well as motivating them to contribute towards the Group's long-term prosperity.



We have extended eligibility to non-executive Directors who, although not employed by the Company, work closely with the Group and who, by reason of their relationship with the Group, are in a position to give input and contribute their experience, knowledge and expertise to the Group's development and prosperity. By implementing the T T J ESOS, we will be able to provide persons who are closely associated with the Group's business operations an opportunity to participate in the equity of the Company. In doing so, we will enhance the Group's working relationship with the non-executive Directors by instilling in them a greater sense of involvement. The extension of the T T J ESOS to non-executive Directors enables the Company to continue to attract capable individuals to sit on the Board as non-executive or Independent Directors.

Although non-executive Directors may receive remuneration in the form of directors' fees, the T T J ESOS will provide the Company with the means to acknowledge special assistance or extra efforts of a non-executive Director (for instance, in introducing or facilitating business opportunities for the Group or where additional time has been expended in significant corporate exercise or projects that are undertaken by the Group), in addition to, or in lieu of increasing, the cash quantum of directors' fees. Although it is impossible to measure quantitatively the performance or contributions of our non-executive Directors, the Company would consider rewarding non-executive Directors who perform services or contribute to the Group's business in ways that go beyond the ordinary scope of their duties as non-executive Directors of the Company.

Nevertheless, in order to minimise any possible conflicts of interest, and so as not to compromise the objectivity of independent members of the Board who may, in the future, be selected to participate in the T T J ESOS, the non-executive Directors of the Company would largely continue to be remunerated for their services by way of directors' fees. As such, although the T T J ESOS does not specify any limitation as to the amount of Shares to be comprised in options that may be granted to any participant in a financial year or to any category of participants for the duration of the T T J ESOS, it is envisaged that options that may be granted to non-executive Directors will be token amounts and will not comprise (whether on an individual or collective basis) a significant portion of the Shares available under the T T J ESOS. Rather, it is intended that the bulk of options that are granted pursuant to the T T J ESOS will be to the employees of the Group, as they will comprise the core group of participants of the T T J ESOS.

### 3.3.2 **Administration of the T T J ESOS**

The T T J ESOS shall be administered by the Remuneration Committee with powers to determine, *inter alia*, the following:

- (a) persons to be granted options;
- (b) number of options to be granted; and
- (c) recommendations for modifications to the T T J ESOS.

As at the Latest Practicable Date, the Remuneration Committee consists entirely of independent or non-executive Directors. A member of our Remuneration Committee who is also a participant of the T T J ESOS will not be involved in its deliberations in respect of options granted or to be granted to him or to his associates.

### 3.3.3 **Size of the T T J ESOS**

The aggregate number of Shares over which the Remuneration Committee may grant options on any date, when added to the number of Shares issued and issuable in respect of all options granted under the T T J ESOS (and any other share-based incentive schemes of the Company) shall not exceed 10% of the issued Shares of the Company on the day immediately preceding the offer date of the option.

To enjoy greater flexibility in structuring remuneration and compensation packages, the Company believes that it should have a sufficient number of Shares to accommodate options issued under the T T J ESOS. Taking into consideration the size of the share capital of the Company as well as the number of eligible participants in the T T J ESOS, the Directors believe that such limit is necessary to accommodate the existing number of participants to whom options may be granted under the T T J ESOS annually over the renewed ten year period of the T T J ESOS so as to create a meaningful compensation for the participants' contributions.

#### 3.3.4 **Maximum Entitlements**

The number of Shares comprised in any option to be offered to a participant in the T T J ESOS shall be determined at the discretion of the Remuneration Committee, which shall take into account criteria such as the rank and responsibilities within the Group, performance, years of service and potential for future development of the employee, and the performance of the Group. Of the total number of Shares available under the T T J ESOS and the aggregate number of Shares which may be offered to each participant, no participant shall be entitled to more than 10.00% of the Shares available under the T T J ESOS.

The total number of options to be granted by our Remuneration Committee in any one financial year shall not exceed 40.00% of the total number of options which may be granted under the T T J ESOS.

#### 3.3.5 **Exercise Price**

Subject to any adjustment pursuant to alteration of capital, the exercise price for each Share in respect of which an option is exercisable shall be determined by the Remuneration Committee at its absolute discretion, and fixed by the Remuneration Committee at:

- (a) a price ("**Market Price**") equal to the average of the last dealt prices for a Share, as determined by reference to the live quotes available from the SGX-ST website or such other official publication of the SGX-ST for the three consecutive Market Days immediately preceding the offer date of that option, rounded up to the nearest whole cent in the event of fractional prices; or
- (b) a price which is set at a discount to the Market Price, provided that:
  - (i) the maximum discount shall not exceed 20.00% of the Market Price and shall be approved by the Shareholders in a separate resolution; and
  - (ii) the Shareholders of the Company in general meeting have authorised the making of offers and grants of options under the T T J ESOS at a discount not exceeding the maximum discount as aforesaid.

#### 3.3.6 **Options Exercise Period**

Options that are granted may be at the Market Price ("**Market Price Options**") or may have exercise prices that are, at the Remuneration Committee's discretion, set at a maximum discount of 20.00% to the Market Price of a Share ("**Incentive Options**").

Market Price Options shall be exercisable from the first anniversary date from the date of the grant.

Incentive Options shall be exercisable after the second anniversary date from the date of the grant. All options granted to Non-Executive Directors must be exercised prior to the fifth anniversary of the relevant offer date. All options granted to all other participants must be exercised prior to the tenth anniversary of the relevant offer date.



### 3.3.7 **Grant of Options**

Under the rules of the T T J ESOS, there are no fixed periods for the grant of options. As such, offers of the grant of options may be made at any time and from time to time at the discretion of the Remuneration Committee. However, no option shall be granted during the period of 30 days immediately preceding the date of announcement of our Company's quarterly, half year or final year results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers may only be made after the third day on which the SGX-ST is open for trading of securities from the date on which the aforesaid announcement is released.

### 3.3.8 **Termination of Options**

Special provisions in the rules of the T T J ESOS deal with the lapse or earlier exercise of options in circumstances which include the termination of the participant's employment in our Group; the bankruptcy of the participant; the death of the participant; a take-over of our Company; and the winding-up of our Company.

### 3.3.9 **Acceptance of Options**

Offers of options made to grantees, if not accepted by the grantees within 30 days from the date of the offer, will lapse. Upon acceptance of the offer, the grantee must pay us a consideration of \$1.00.

### 3.3.10 **Alteration of Capital**

No Options have been granted under the T T J ESOS since its implementation. If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or rights issue or reduction, sub-division or consolidation or distribution or issues for cash or for shares or otherwise than for cash, or otherwise howsoever) should take place, the exercise price in respect of Shares comprised in an option to the extent unexercised and/or the class and/or number of Shares comprised in an option to the extent unexercised and the rights attached thereto, or in respect of which additional options may be granted to participants under the T T J ESOS may, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an option but the record date (being the date as at the close of business on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be)) relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

The issue of securities as consideration for an acquisition of any assets by the Company will not be regarded as a circumstance requiring adjustment. Additionally, the cancellation of issued Shares purchased or acquired by our Company during the period when a share purchase mandate granted by the Shareholders of our Company (including any renewal of such mandate) is in force by way of a market purchase of such Shares undertaken by our Company on the SGX-ST shall not normally be regarded as a circumstance requiring adjustment unless the Remuneration Committee considers an adjustment to be appropriate or determines that an adjustment should be made, having regard to market purchases of Shares undertaken by the Company from time to time during the time the share purchase mandate (or any renewal thereof) is in force.

### 3.3.11 **Rights of Shares Arising from the Exercise of Options**

Shares arising from the exercise of options are subject to the provisions of the Constitution of the Company. The Shares so allotted will upon issue rank *pari passu* in all respects with the then existing issued Shares, except for any dividends, rights, allotments or other distributions the record date ("**Record Date**") for which falls on or before the relevant exercise date of the option. "**Record Date**" means the date as at the close of business on which our Shareholders must be registered in order to participate in any dividend, rights, allotments or other distributions (as the case may be).

### 3.3.12 **Duration of the T T J ESOS**

The T T J ESOS scheme shall continue in operation for a further duration of ten (10) years commencing on 15 January 2020 (being the date on which it is proposed to be renewed), provided always that the T T J ESOS may continue beyond the above stipulated period with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

### 3.3.13 **Grants of options with a discounted exercise price**

The ability to offer Incentive Options to participants of the T T J ESOS with exercise prices set at a discount to the prevailing market price of our Shares will operate as a means to recognise participants for their outstanding performance as well as to motivate them to continue to excel while encouraging them to greater dedication and loyalty to our Group with a vesting period of two years before the Incentive Options may be exercised.

Also, having the discretion to grant Incentive Options at a discount to the market price would make the Company less vulnerable to market sentiments and market volatility. The Remuneration Committee therefore has the discretion to grant any participant Incentive Options with the exercise price set at a discount to the prevailing market price of the Shares. In doing so, the Remuneration Committee shall be at liberty to take into consideration factors including length of service, seniority, job performance and potential contribution to the Company's growth and profitability as well as prevailing market conditions.

### 3.3.14 **Outstanding Grants of Options**

There are currently no outstanding options granted.

### 3.3.15 **Cost of the T T J ESOS to the Company**

The grant of options under the T T J ESOS will result in an increase in the Company's issued share capital to the extent that Options are exercised and new Shares are issued. This will in turn depend on, *inter alia*, the number of Shares comprised in the options granted and the prevailing Market Price of the Shares on SGX-ST.

Any option granted to subscribe for new Shares, whether or not the exercise price is set at the Market Price of the Shares at the date of grant, has a fair value at the time of grant. The fair value of an option is an estimate of the amount that a willing buyer would pay a willing seller for the option on the grant date. Options are granted to participants at a nominal consideration of \$1.00. Insofar as such Options are granted for consideration that is less than their fair value at the time of grant, we will incur a cost equal to the difference between the consideration we receive for the Option at the time of grant and the fair value of the option. Apart from this, the cost to the Company of granting options under the T T J ESOS would be as follows:

- (a) as the monetary cost of granting options with a discounted exercise price is borne by the Company, the earnings of the Company would effectively be reduced by an amount corresponding to the reduced interest earnings that the Company would have received from the difference in proceeds from exercise price with no discount versus the discounted exercise price. Such reduction would, accordingly, result in the dilution of our Company's earnings per share;

- (b) the effect of the issue of new Shares upon the exercise of options, is that the Company's net asset value (“NAV”) per share will increase if the exercise price is above the NAV per Share and decrease, if the exercise price is below the NAV per Share; and
- (c) the grant of options under the T T J ESOS will have an impact on the Company's reported profit under the Singapore Financial Reporting Standards (International) share-based payment which requires the recognition of an expense in respect of options granted under the T T J ESOS. The expense will be based on the fair value of the options at the date of grant (as determined by an option-pricing model) and will be recognised over the vesting period.

It should be noted that the financial effects discussed in (a) and (b) above would materialise only upon the exercise of the relevant options. The cost of granting options discussed in (c) above would be recognised in the financial statements even if the options are not exercised in (c).

The desirable effect of the T T J ESOS in attracting, recruiting, retaining and motivating directors and employees which could in the long term yield greater returns for the Company and Shareholders must be measured against the cost of granting the options as described above.

### 3.3.16 ***Alteration and Modifications to the T T J ESOS***

The provisions of the T T J ESOS may be modified and/or altered from time to time by a resolution of the Remuneration Committee provided that any modification or alteration which shall alter adversely the rights attached to any option and which (in the opinion of the Remuneration Committee) materially alters the rights attached to the options granted prior to such modification and/or alteration shall only be effected with the consent in writing of such number of participants who, if they exercise their options in full would thereby become entitled to not less than three-quarters of the total number of those Shares which would have to be issued and allotted upon the exercise in full of all outstanding options, nor shall any modification or alteration be made to certain definitions or rules to the advantage of participants except with the prior approval of Shareholders at a general meeting provided always the Remuneration Committee may at any time by resolution (and without any other formality, save for the prior approval of the SGX-ST) alter or modify the T T J ESOS in any way to the extent necessary to cause the T T J ESOS to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

SGX-ST had on 23 October 2019 granted in-principle approval for the listing and quotation of the new Shares on the Official List of the SGX-ST, subject to Shareholders' approval for the renewal of the T T J ESOS, and the Company's compliance with SGX-ST's listing requirements and guidelines. Such in-principle approval and the admission to, and quotation of the new Shares arising from the exercise of Options on the Official List of SGX-ST is not to be taken as an indication of the merits of the Company and/or its subsidiaries, the Shares, the new Shares arising from the exercise of Options and the T T J ESOS. Disclosure of details required pursuant to Part VIII of Chapter 8 of the Listing Manual will be disclosed in the annual report of the Company.

#### 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The direct and indirect interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b><u>Director</u></b>				
Teo Hock Chwee <sup>(2)</sup>	179,900,000	51.47	115,000,000	32.90
Chiong Su Been	1,115,000	0.32	–	–
Lim Yian Poh	–	–	–	–
Ling Chien Yien	–	–	–	–
Leong Yee Yew	–	–	–	–
<b><u>Substantial Shareholders (Other than Directors)</u></b>				
N.A.	–	–	–	–

**Notes:**

<sup>(1)</sup> Percentages are based on the issued capital of the Company of 349,500,000 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

<sup>(2)</sup> Mr Teo Hock Chwee's indirect interest in the Company arises from the Shares held in his securities accounts with sub-depository agents as his nominees.

As at the Latest Practicable Date, save as disclosed in this Letter, none of the Directors has any interest, direct or indirect, in the Proposals (other than by reason only of being a Director). As at the Latest Practicable Date, the Company has not received any notification from any of the Company's Substantial Shareholders that it has any interest, direct or indirect, in the Proposals (other than by reason of their shareholding interest in the Company).

#### 5. NO PREVIOUS SHARE PURCHASES WITHIN THE LAST 12 MONTHS

The Company has not purchased any Shares in the 12 months immediately preceding the Latest Practicable Date, pursuant to the Share Purchase Mandate approved by the Shareholders at the annual general meeting held on 29 November 2018.

#### 6. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the Ordinary Resolution 9 pertaining to the Share Purchase Mandate to be proposed at the 2019 AGM.

As the Directors are eligible to participate in and are therefore interested in the T T J ESOS, they have, accordingly, abstained from making any recommendation on the proposed renewal of the T T J ESOS in Ordinary Resolution 10 and the proposed grant of options under the T T J ESOS at a discount in Ordinary Resolution 11 pertaining to the proposed renewal of the T T J ESOS to be proposed at the 2019 AGM.

## **7. ABSTENTION FROM VOTING**

Subject to Shareholders' approval to be sought at the 2019 AGM, the Directors are eligible to participate in and are therefore interested in the T T J ESOS. The Directors and their associates who are Shareholders, shall abstain from voting in respect of Ordinary Resolution 10 relating to the proposed renewal of the T T J ESOS and Ordinary 11 relating to the proposed grant of options under the T T J ESOS at a discount. The Company will also procure that the Directors and their associates will decline to accept appointment as proxies for Shareholders to vote on Ordinary Resolution 10 and Ordinary Resolution 11 unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of Ordinary Resolution 10 and Ordinary Resolution 11.

All employees of the Group and any other Shareholders who are eligible to participate in the T T J ESOS shall also abstain from voting at the 2019 AGM on Ordinary Resolution 10 and Ordinary Resolution 11. The Company will also procure that the employees of the Group and any other Shareholders who are eligible to participate in the T T J ESOS will decline to accept appointment as proxies for Shareholders to vote on Ordinary Resolution 10 and Ordinary Resolution 11 unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of Ordinary Resolution 10 and Ordinary Resolution 11.

Save as disclosed above, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the T T J ESOS.

## **8. DIRECTORS' 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 proposed renewal of the Share Purchase Mandate and the proposed renewal of the T T J ESOS, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in the 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 the Letter in its proper form and context.

## **9. DISCLAIMER**

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

## **10. DISCLOSURE PURSUANT TO RULE 704(16)(B) OF THE LISTING MANUAL**

Pursuant to Rule 704(16)(b), the Company shall, in the results of AGM announcement, indicate the names of the directors, controlling shareholders and the associates of such persons who are required to abstain from voting on the resolutions pursuant to Listing Rule 859, the individual resolutions which they are required to abstain from voting and the number of shares held by each of them.

## 11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's registered office at 57 Pioneer Road, Singapore 628508 during normal business hours from the date hereof up to and including the date of the 2019 AGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the financial year ended 31 July 2019; and
- (c) the Rules of the T T J ESOS.

Yours faithfully

For and on behalf of the Board of Directors of  
**T T J HOLDINGS LIMITED**

Teo Hock Chwee  
Chairman and Managing Director

## RULES OF THE T T J EMPLOYEE SHARE OPTION SCHEME

### 1. DEFINITIONS

In this Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Auditors”	The auditors of the Company for the time being.
“Board”	The Board of Directors of the Company for the time being.
“CDP”	The Central Depository (Pte) Limited.
“Committee”	The Remuneration Committee, a committee of Directors which is duly authorised and appointed by the Board pursuant to Rule 16 to administer the Scheme.
“Company” or “T T J”	T T J Holdings Limited.
“Control”	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of the Company.
“Controlling Shareholder”	A Shareholder who has control over the Company and unless rebutted, a person who controls directly or indirectly a shareholding of 15% or more of the Company’s issued share capital shall be presumed to be a Controlling Shareholder.
“Director”	A person holding office as a director for the time being of the Company.
“EGM”	Extraordinary General Meeting.
“Employee”	Any full-time confirmed employee of the Group selected by the Committee to participate in the Scheme in accordance with Rule 4.
“Executive Director”	A Director who is a full-time or part time employee of the Group and who performs an executive function.
“Exercise Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10.
“Financial Year”	Each period of 12 months or more or less than 12 months, at the end of which the balance of accounts of the Company are prepared and audited, for the purpose of laying the same before an annual general meeting of the Company.
“Grantee”	The person to whom an offer of an Option is made.
“Group”	The Company and its Subsidiaries (as they may exist from time to time).
“Market Day”	A day on which the SGX-ST is open for trading of securities.
“Market Price”	The price as defined in Rule 9.1(i).



“Offer Date”	The date on which an offer to grant an Option is made.
“Option”	The right to subscribe for Shares granted pursuant to the Scheme and for the time being subsisting and in respect of which the Exercise Price is determined in accordance with Rule 9.
“Option Period”	The period for the exercise of an Option as set out in Rule 11.
“Participant”	A holder of an Option.
“Scheme”	The T T J Employee Share Option Scheme, as modified or amended from time to time.
“SGX-ST”	The Singapore Exchange Securities Trading Limited.
“Shareholders”	The registered holders for the time being of the shares (other than the CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register.
“Shares”	Ordinary shares in the capital of the Company.
“Trading Day”	A day on which the Shares are traded on SGX-ST.
“\$”	Singapore dollars.

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

The term “Associate” shall have the meaning ascribed to it by the SGX-ST Listing Manual.

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

Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the Scheme shall, where applicable, have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be. Any reference in the Scheme to a time of day shall be a reference to the Singapore time unless otherwise stated.

## **2. NAME OF THE SCHEME**

The Scheme shall be called the “T T J Employee Share Option Scheme”.

## **3. OBJECTIVES OF THE SCHEME**

The Scheme will provide an opportunity for selected Directors and Employees of the Group (including the Non-Executive Directors) who have contributed significantly to the growth and performance of the Group (including Directors of the Company holding office in an executive capacity), who satisfy the eligibility criteria as set out in Rule 4 of the Scheme, to participate in the equity of the Company.

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



- (i) to motivate participants to optimise standards and efficiency and to maintain a high level of performance and contribution;
- (ii) the attraction and retention of Employees whose contributions are important to the long-term growth and profitability of the Group;
- (iii) to foster a greater ownership culture within the Group which more directly aligns the interests of key senior management and key talents with the interests of Shareholders; and
- (iv) give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package.

#### **4. ELIGIBILITY**

4.1 Subject to Rule 4.4, the Employee's eligibility to participate in the Scheme shall be at the absolute discretion of the Committee and in addition, an Employee must:

- (i) be confirmed in his/her employment with the Group and not on probation;
- (ii) have attained the age of 21 years on or before the Offer Date; and
- (iii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

4.2 Subject to Rule 4.4, Executive Directors of the Company are eligible to participate in the Scheme, provided that the Directors must:

- (i) have attained the age of 21 years on or before the Offer Date; and
- (ii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

4.3 Subject to Rule 4.4, non-executive Directors (including Independent Directors) of the Company are eligible to participate in the Scheme, provided that our non-executive Directors (including independent Directors) must:

- (i) have attained the age of 21 years on or before the Offer Date; and
- (ii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

4.4 Controlling Shareholders and their Associates are not eligible to participate in the Scheme.

4.5 There shall be no restriction on the eligibility or participation of any Grantee or Participant to participate in any other share option or incentive scheme, whether or not implemented by the Company or any other company, whether within or outside the Group.

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

#### **5. SIZE OF THE SCHEME**

The aggregate nominal amount of Shares over which the Committee may grant Options on any date, when added to the nominal amount of Shares issued and issuable in respect of all Options granted under the Scheme (and any other share-based incentive scheme of the Company), shall not exceed 10% of the issued share capital of the Company on the day preceding that date.

## **6. MAXIMUM ENTITLEMENT**

- 6.1 Subject to Rule 4 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the discretion of the Committee which shall take into account (where applicable) criteria such as the rank and responsibilities within the Group, performance, years of service and potential for future development of the Grantee, and the performance of the Group provided always that the total number of Shares in respect of which Options may be granted to any one Grantee shall not exceed 10% of the total number of Shares available under the Scheme.
- 6.2 The total number of Options to be granted by the Committee in any one financial year shall not exceed 40% of the total number of Options which may be granted under the Scheme.
- 6.3 Every Option shall be granted subject to the condition that no Scheme Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country. In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.

## **7. OFFER DATE**

- 7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the Scheme is in force, except that no Options shall be granted during the period of 30 days immediately preceding the date of announcement of the Company's quarterly, half-year or final results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the third Trading Day on which such announcement is released.
- 7.2 An offer to grant the Option to a Grantee shall be made by way of a letter (the "Letter of Offer") in the form or substantially in the form set out in Annex 1, subject to such modifications as the Committee may determine from time to time.

## **8. ACCEPTANCE OF OFFER**

- 8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within 30 days after the relevant Offer Date and not later than 5.00 p.m. on the 30<sup>th</sup> day from such Offer Date (i) by completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Annex 2, subject to such modification as the Committee may from time to time determine, accompanied by payment of \$1.00 as consideration or such other amount and such other documentation as the Committee may require and (ii) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Scheme in accordance with these Rules.
- 8.2 If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the 30 day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.
- 8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice given pursuant to Rule 12 which does not strictly comply with the terms of the Scheme.
- 8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 11.8 in the event of the death of such Grantee.

- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares. The Committee shall within 15 Market Days of receipt of the Acceptance Form and consideration acknowledge receipt of the same.
- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (i) it is not accepted in the manner as provided in Rule 8.1 within the 30 day period; or
  - (ii) the Grantee dies prior to his acceptance of the Option; or
  - (iii) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
  - (iv) the Grantee being an Executive Director or, as the case may be, an Employee ceases to be in the employment of the Group or ceases to be a Director of the Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or
  - (v) the Grantee being a non-executive Director (including independent Director) resigns as a Director of the Company; or
  - (vi) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

## **9. EXERCISE PRICE**

- 9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at:
- (i) a price (the "Market Price") equal to the average of the last dealt prices for a Share, as determined by reference to the live quotes available from the SGX-ST website or such other official publication published by the SGX-ST for the 3 consecutive Trading Days immediately preceding the Offer Date of that Option, rounded up to the nearest whole cent in the event of fractional prices; or
  - (ii) a price which is set at a discount to the Market Price, provided that:
    - (a) the maximum discount shall not exceed 20% of the Market Price; and shall have been approved by Shareholders in a separate resolution; and
    - (b) the Shareholders of the Company in general meeting shall have authorised the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.
- 9.2 The Committee has the discretion to grant Options at an Exercise Price which is set at a discount to the Market Price. The Committee shall be at liberty to take into consideration factors including length of service, seniority, job performance and potential contribution to our growth and profitability as well as prevailing market conditions.

## 10. ALTERATION OF CAPITAL

10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction, sub-division, consolidation or distribution, or issues for cash or for shares or otherwise than for cash or otherwise howsoever) should take place, then:

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

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable. However, the cancellation of issued Shares purchased or acquired by the Company during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force by way of a market purchase of such Shares undertaken by the Company on the SGX -ST shall not normally be regarded as a circumstance requiring adjustment, unless the Committee shall consider an adjustment to be appropriate, or unless the Committee determines that an adjustment should be made, having regard to market purchases of Shares undertaken by the Company from time to time during the period the share purchase mandate (or any renewal thereof) is in force. For this purpose, "Record Date" means the date as at the close of business on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made where:

- (i) an issue by the Company of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
- (ii) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company;
- (iii) subject to the same being allowed by law, the acquisition by the Company of issued Shares in the capital of the Company by way of a market purchase undertaken on the SGX-ST during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force;
- (iv) if as a result, the Participant receives a benefit that a Shareholder does not receive; or
- (v) unless the Committee after considering all relevant circumstances considers it equitable to do so.

10.3 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 10.

10.4 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one Financial Year.

## 11. OPTION PERIOD

- 11.1 Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by a Participant after the first anniversary of the Offer Date of that Option, subject to any conditions that may be imposed by the Committee in relation to the vesting of any Shares comprised in that Option, provided always that Options shall be exercised before (i) the fifth anniversary of the relevant Offer Date for Options granted to Non-Executive Directors or (ii) the tenth anniversary of the relevant Offer Date for Options granted to all other Participants, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.2 Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by a Participant after the second anniversary from the date of grant of that Option, provided always that Options shall be exercised before (i) the fifth anniversary of the relevant Offer Date for Options granted to Non-Executive Directors or (ii) the tenth anniversary of the relevant Offer Date for Options granted to all other Participants, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:
- (i) upon the bankruptcy of the Participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or
  - (ii) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.
- 11.4 Subject to Rules 11.5, 11.6, 11.7 and 11.8, if a Participant ceases to be in full time employment of the Company or any of the companies within the Group for any reason whatsoever, the Participant may exercise any unexercised Options within 90 days from the last date of employment with the Company or the Group, and upon the expiry of such period, the Option shall immediately lapse and become null and void.
- 11.5 Where a Participant who is an Executive Director ceases to be an employee of the Group due to a change in control of the Board of Directors, he shall, notwithstanding Rule 11 and Rule 12, be entitled to exercise in full all unexercised Options from the last date of employment with the Group until the end of the relevant Option Period.
- 11.6 If a Participant ceases to be employed by the Group by reason of his:
- (i) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
  - (ii) redundancy;
  - (iii) retirement at or after a normal retirement age; or
  - (iv) retirement before that age with the consent of the Committee,
- or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee exercise any unexercised Option within the relevant Option Period, and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 If a Participant ceases to be employed by a Subsidiary:

- (i) by reason of the Subsidiary by which he is principally employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such Subsidiary being transferred otherwise than to another company within the Group; or
- (ii) for any other reason, provided the Committee gives its consent in writing,

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

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

## **12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES**

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

12.2 Subject to:

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

the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within 10 Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares in respect of which such Option has been exercised by the Participant and within five Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

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

12.4 Shares which are all allotted on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in the name of CDP to the credit of the securities account of the Participant maintained with CDP or the Participant's securities sub-account with a CDP Depository Agent.



- 12.5 Shares allotted and issued upon the exercise of an Option shall be subject to all provisions of the Constitution of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights, allotments or other distributions, the record date of which is prior to the date such Option is exercised.
- 12.6 Except as set out in Rule 12.2 and subject to Rule 10, an Option does not confer on a Participant any right to participate in any new issue of Shares.
- 12.7 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

### **13. ALTERATIONS AND MODIFICATIONS TO THE SCHEME**

- 13.1 Any or all of the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:
- (i) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than 3/4 in nominal amount of all the Shares which would fall to be issued and allotted upon exercise in full of all outstanding Options;
  - (ii) the definitions of "Controlling Shareholder", "Director", "Employee" and "Group" and the provisions of Rules 4, 5, 6.1, 8.1, 9.1, 11.1, 11.2, 12.5, 16 and this Rule shall not be altered or modified to the advantage of Participants under the Scheme except with the prior approval of Shareholders at a general meeting; and
  - (iii) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

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

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST) save that no alteration will be made to the advantage of the holders of the Options, except with the prior approval of the Shareholders in general meeting.
- 13.3 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants provided that any omission to give notice to any Participants will not invalidate any such amendment.

### **14. DURATION OF SCHEME**

- 14.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years, commencing on the date on which the Scheme is adopted by Shareholders in the Special General Meeting. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.

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

## **15. TAKE-OVER AND WINDING-UP OF THE COMPANY**

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

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

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall subject to Rule 11.3 remain exercisable until the expiry of the Option Period.

15.2 If under the applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 or 11.2) shall notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, provided always that the date of exercise of any Option shall be before the tenth anniversary of the Offer Date.

15.3 If an order or an effective resolution is passed for the winding up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

15.4 In the event of a members' solvent voluntary winding up (other than for amalgamation or reconstruction), Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1) shall, subject to Rule 15.5, be entitled within 30 days of the passing of the resolution of such winding up (but not after the expiry of the Option Period relating thereto) to exercise in full any unexercised Option, after which such unexercised Option shall lapse and become null and void.



- 15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.
- 15.6 To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

## **16. ADMINISTRATION OF THE SCHEME**

- 16.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors.
- 16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of this Scheme as it thinks fit.
- 16.3 Any decision of the Committee, made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation, or procedure thereunder or as to any rights under the Scheme).
- 16.4 A Participant who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him or his associates.

## **17. NOTICES**

- 17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.
- 17.2 Any notice or documents given by the Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

## **18. TERMS OF EMPLOYMENT UNAFFECTED**

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

## **19. TAXES**

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

## 20. COSTS AND EXPENSES OF THE SCHEME

- 20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's security account with CDP or the Participant's securities sub-account with his Depository Agent and all taxes referred to in Rule 19 which shall be payable by the relevant Participant.
- 20.2 Save for such costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment of the Shares pursuant to the exercise of any Option shall be borne by the Company.

## 21. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Companies Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Scheme including but not limited to the Company's delay or failure in issuing and allotting the Shares or in applying for or procuring the listing of and quotation for the Shares on SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

## 22. DISPUTES

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

## 23. CONDITION OF OPTION

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

The Company shall make the following disclosure in its annual report:

- (i) the names of the members of the Committee;
- (ii) the information required in the table below for the following Participants:
  - (a) Directors of the Company; and
  - (b) Participants, other than those in (a) above, who receive 5% or more of the total number of Options available under the Scheme.

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

- (iii) (a) the numbers and proportion of Options granted at a discount of 10% or less to the Market Price during the Financial Year under review; and
- (b) the numbers and proportion of Options granted at the discount of more than 10% to the Market Price during the Financial Year under review;
- (iv) The Controlling Shareholder and his Associates are not eligible to participate in the Scheme.

#### **24. GOVERNING LAW**

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

**T T J EMPLOYEE SHARE OPTION SCHEME**

**LETTER OF OFFER**

Serial No: \_\_\_\_\_

**PRIVATE AND CONFIDENTIAL**

Date: [●]

To: Name \_\_\_\_\_

Designation \_\_\_\_\_

Address \_\_\_\_\_

Dear Sir/Madam

We are pleased to inform you that you have been nominated by the Committee of the Board of Directors of T T J Holdings Limited (the "Company") to participate in the T T J Employee Share Option Scheme (the "Scheme"). Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of \$1.00, to subscribe for and be allotted ordinary shares in the capital of the Company at the price of \$[●] per ordinary share. The Option shall be subject to the terms of this Letter of Offer and the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme), a copy of which is enclosed herewith.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of \$1.00 not later than a.m./p.m. on the day of \_\_\_\_\_ 20 \_\_\_\_\_ failing which this offer will forthwith lapse.

Yours faithfully

For and on behalf of  
**T T J HOLDINGS LIMITED**

Name : \_\_\_\_\_

Designation : \_\_\_\_\_

**T T J EMPLOYEE SHARE OPTION SCHEME**  
**ACCEPTANCE FORM**

Serial No: \_\_\_\_\_

**To: The Committee**  
**T T J Employee Share Option Scheme**  
**c/o The Company Secretary**

[●]

Closing Time and Date for Acceptance of Option : \_\_\_\_\_  
 No. of Shares in respect of which Option is offered : \_\_\_\_\_  
 Exercise Price per Share : \$ \_\_\_\_\_  
 Total Amount Payable on acceptance of Option : \$ \_\_\_\_\_  
 (exclusive of the relevant CDP charges)

I have read your Letter of Offer dated \_\_\_\_\_ (the "Offer Date") and agree to be bound by the terms thereof and of the T T J Employee Share Option Scheme stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I hereby accept the Option to subscribe for [●] ordinary shares in the capital of T T J Holdings Limited (the "Shares") at \$[●] per Share and enclose cash for \$1.00 being payment for the purchase of the Option.

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

I also understand that I shall be responsible for all the fees of CDP relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificates with CDP, my securities account with CDP or my securities sub-account with a CDP Depository Agent (as the case may be) (collectively, the "CDP charges").

I confirm that as at the date hereof:

- (a) I am not less than 21 years old nor an undischarged bankrupt nor have I entered into a composition with any of my creditors;
- (b) I satisfy the eligibility requirements to participate in the Scheme as set out in Rule 4 of the Scheme; and
- (c) I satisfy the other requirements to participate in the Scheme as set out in the Rules of the Scheme.

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

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

**PLEASE PRINT IN BLOCK LETTERS**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Delete as appropriate

**Notes:**

- (1) Option must be accepted in full or in multiples of 100 Shares.
- (2) The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".
- (3) The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

**T T J SHARE OPTION SCHEME**  
**EXERCISE NOTICE**

To: The Committee  
 T T J Share Option Scheme  
 c/o The Company Secretary

Total Number of ordinary shares (the "Share")  
 at \$[●] per Share under an Option granted  
 on \_\_\_\_\_ (the "Offer Date") : \_\_\_\_\_

Number of Shares previously allotted and  
 issued thereunder : \_\_\_\_\_

Outstanding balance of Shares which may be  
 allotted and issued thereunder : \_\_\_\_\_

Number of Shares now to be subscribed  
 (in multiples of 100) : \_\_\_\_\_

1. Pursuant to your Letter of Offer dated \_\_\_\_\_ (the "Offer Date") and my acceptance thereof, I hereby exercise the Option to subscribe for Shares in T T J Holdings Limited (the "Company") at \$[●] per Share.
2. I hereby request the Company to allot and issue to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited ("CDP") to the credit of my \*Securities Account with a CDP/\* Securities Sub-Account with a CDP Depository Agent specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP (the "CDP charges") and any stamp duties in respect thereof.
 

\*(a) Direct Securities Account Number : \_\_\_\_\_

\*(b) Securities Sub-Account Number : \_\_\_\_\_

Name of CDP Depository Agent : \_\_\_\_\_
3. I enclose a \*cheque/cashier's order/bank draft/postal order no. for \$ \_\_\_\_\_ in payment for the subscription of \$ \_\_\_\_\_ for the total number of the said Shares and the CDP charges of \$ \_\_\_\_\_.
4. I agree to subscribe for the Shares subject to the terms of the Letter of Offer, the T T J Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Constitution of the Company.
5. I declare that I am subscribing for the Shares for myself and not as a nominee for any other person.

**PLEASE PRINT IN BLOCK LETTERS**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Delete as appropriate

**Notes:**

<sup>(1)</sup> An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof.

The form entitled "Exercise Notice" must be forwarded to the Company Secretary in an envelope marked "Private and Confidential"