

**CIRCULAR DATED 27 MARCH 2018**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares, you should immediately forward this Circular, with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser.

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



**BREADTALK GROUP LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200302045G)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- (A) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR SHARE PURCHASE**
- (B) THE PROPOSED SHARE SPLIT**
- (C) THE PROPOSED ADOPTION OF A NEW RESTRICTED SHARE GRANT PLAN (“RSG PLAN”)**
- (D) THE PROPOSED ADOPTION OF A NEW EMPLOYEES' SHARE OPTION SCHEME (“SCHEME”)**
- (E) THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE SCHEME**
- (F) THE PROPOSED PARTICIPATION OF FRANKIE QUEK IN THE RSG PLAN**
- (G) THE PROPOSED PARTICIPATION OF FRANKIE QUEK IN THE SCHEME**

**IMPORTANT DATES AND TIMES**

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| Last date and time for Lodgement of Proxy Form | : Tuesday, 17 April 2018 at 10.30 a.m.   |
| Date and time of Extraordinary General Meeting | : Friday, 20 April 2018 at 10.30 a.m.<br>(or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the of the Company to be held at 9.30 a.m. on the same day and at the same place) |
| Place of Extraordinary General Meeting         | : 30 Tai Seng Street #09-01 BreadTalk IHQ, Singapore 534013  |

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## DEFINITIONS

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For the purposes of this Circular, the following definitions apply throughout where the context admits:

<i>“2008 RSG Plan”</i>	:	The BreadTalk Group Limited Restricted Share Grant Plan approved at the extraordinary general meeting of the Company held on 28 April 2008
<i>“2017 AGM”</i>	:	The annual general meeting of the Company convened on 20 April 2017
<i>“2018 AGM” or “Annual General Meeting”</i>	:	The annual general meeting of the Company to be convened on 20 April 2018
<i>“ACRA”</i>	:	The Accounting and Corporate Regulatory Authority
<i>“Additional Shares”</i>	:	The additional Shares arising from the Share Split
<i>“associate(s)”</i>	:	Shall have the same meaning as ascribed to the term in the Listing Manual
<i>“associated companies”</i>	:	Shall have the same meaning as ascribed to the term in the Listing Manual
<i>“Annual Report”</i>	:	The annual report of the Company for the financial year ended 31 December 2017
<i>“Average Closing Price”</i>	:	The average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares on the SGX-ST were recorded immediately preceding the date of the On-Market Purchase by the Company or, as the case may be, the date of making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Manual, for any corporate action which occurs after the relevant five (5) day period
<i>“Award”</i>	:	A contingent award of fully paid Shares, their equivalent cash value, or combination thereof, granted under the RSG Plan
<i>“Award Date”</i>	:	The date on which the Award is granted pursuant to the RSG Plan
<i>“Board of Directors” or “Board”</i>	:	The Board of Directors of the Company for the time being or such number of them as having authority to act for the Company as at the date of this Circular
<i>“Book Closure Date”</i>	:	The time and date, to be determined by the Directors, at and on which the Register of Members and the share transfer books of the Company will be closed to determine the entitlements of Shareholders under the Share Split
<i>“BreadTalk RSG Plan 2018” or “RSG Plan”</i>	:	The new BreadTalk restricted share grant plan as may be altered or amended from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Cessation Date”</i>	:	Has the meaning ascribed to it in paragraph 3.13 of this Circular
<i>“Circular”</i>	:	This Circular to Shareholders dated 27 March 2018, in relation to the Proposed Transactions

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## DEFINITIONS

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<i>“Committee”</i>	: A committee comprising Directors and such other person (if any) as may be duly authorised and appointed by the Board to administer the BreadTalk RSG Plan 2018 and the Scheme provided always that a Director or persons who may be Controlling Shareholders or associates of Controlling Shareholders shall not be eligible to be appointed to the committee
<i>“Company” or “BreadTalk”</i>	: BreadTalk Group Limited
<i>“Companies Act”</i>	: The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
<i>“Constitution”</i>	: The constitution of the Company, as may be amended, supplemented or modified from time to time
<i>“controlling shareholders”</i>	: Shall have the same meaning as ascribed to the term in the Listing Manual
<i>“CPF”</i>	: The Central Provident Fund established by the Central Provident Fund Act, Chapter 36 of Singapore
<i>“Directors”</i>	: The directors (including non-executive directors and independent directors) of the Company as at the date of this Circular
<i>“Effective Trading Date”</i>	: Has the meaning ascribed to it in paragraph 3.13 of this Circular
<i>“EGM” or “Extraordinary General Meeting”</i>	: The extraordinary general meeting of the Company, notice of which is set out on pages N-1 to N-8 of this Circular.
<i>“EPS”</i>	: Earnings per Share
<i>“Existing Share Certificates”</i>	: Has the meaning ascribed to it in paragraph 3.11 of this Circular
<i>“FY2017”</i>	: Financial year ended 31 December 2017
<i>“Group”</i>	: The Company and its subsidiaries collectively
<i>“Incentive Option”</i>	: The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the exercise price is determined by the Committee and set at a discount to the Market Price Option
<i>“Latest Practicable Date”</i>	: 1 March 2018, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	: The listing manual of the SGX-ST, as amended from time to time
<i>“Market Day”</i>	: A day on which the SGX-ST is open for trading in securities
<i>“Market Price Option”</i>	: The right to subscribe for shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the exercise price is determined having regard to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the (5) consecutive Market Days immediately preceding the Offering Date

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## DEFINITIONS

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<i>“month”</i>	: A calendar month
<i>“New Share Certificates”</i>	: Has the meaning ascribed to it in paragraph 3.11 of this Circular
<i>“New Shares”</i>	: The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the new RSG Plan and/or exercise of Options granted under the Scheme
<i>“Non-Participating Directors”</i>	: Dr. George Quek Meng Tong and Ms. Katherine Lee Lih Leng
<i>“NTA”</i>	: Net tangible assets
<i>“Off-Market Purchase”</i>	: Has the meaning ascribed to it in paragraph 2.3.3(ii) of this Circular
<i>“Offering Date”</i>	: The date on which an Option is granted pursuant to a Letter of Offer
<i>“On-Market Purchase”</i>	: Has the meaning ascribed to it in paragraph 2.3.3(i) of this Circular
<i>“Option”</i>	: A Market Price Option or an Incentive Option, as the case may be
<i>“Participant”</i>	: A person who holds an Award or an Option (as the case may be)
<i>“Participating Directors”</i>	: The Directors save for Dr. George Quek Meng Tong and Ms. Katherine Lee Lih Leng
<i>“Personal Data Protection Act”</i>	: Personal Data Protection Act 2012 (No. 26 of 2012)
<i>“Proposed Transactions”</i>	: Has the meaning ascribed to it in paragraph 1.1 of this Circular
<i>“Scheme”</i>	: The new employee share option scheme as may be altered or amended from time to time
<i>“Securities Account”</i>	: The securities accounts maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
<i>“Securities and Futures Act”</i>	: Securities and Futures Act, Chapter 289 of Singapore, as may be amended or modified from time to time
<i>“SGX-ST”</i>	: Singapore Exchange Securities Trading Limited
<i>“Share Purchase Mandate”</i>	: The proposed general mandate to authorise the Directors to purchase Shares on behalf of the Company in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
<i>“Share Registrar”</i>	: RHT Corporate Advisory Pte. Ltd.
<i>“Share Split”</i>	: The proposed share split of every one (1) existing Share into two (2) Shares
<i>“Shareholders”</i>	: Registered holders of Shares except that where the registered holder of CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares

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## DEFINITIONS

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“Shares”	: Ordinary shares in the capital of the Company
“SIC”	: Securities Industry Council
“subsidiary holdings”	: Shares referred referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
“Substantial Shareholder”	: A person who has an interest of not less than 5% of the issued voting shares of the Company
“Take-over Code”	: The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“%” or “per cent”	: percentage or per centum

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

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, Securities and Futures Act, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, Securities and Futures Act, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in this Circular is made by reference to Singapore time and dates, unless otherwise stated.

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## LETTER TO SHAREHOLDERS

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### **BREADTALK GROUP LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200302045G)

**Directors:**

Dr George Quek Meng Tong (Chairman)  
Katherine Lee Lih Leng (Deputy Chairman)  
Oh Eng Lock (Executive Director)  
Ong Kian Min (Lead Independent Director)  
Dr Tan Khee Giap (Independent Director)  
Chan Soo Sen (Independent Director)  
Paul Charles Kenny (Non-Executive Director)

**Registered Office:**

30 Tai Seng Street  
#09-01  
BreadTalk IHQ  
Singapore 534013

27 March 2018

To: The Shareholders of BreadTalk Group Limited

Dear Sir/Madam

- (A) **THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR SHARE PURCHASE;**
- (B) **THE PROPOSED SHARE SPLIT;**
- (C) **THE PROPOSED ADOPTION OF A NEW RSG PLAN;**
- (D) **THE PROPOSED ADOPTION OF A NEW SCHEME;**
- (E) **THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE SCHEME;**
- (F) **THE PROPOSED PARTICIPATION OF FRANKIE QUEK IN THE BREADTALK RSG PLAN 2018; AND**
- (G) **THE PROPOSED PARTICIPATION OF FRANKIE QUEK IN THE SCHEME.**

#### **1. INTRODUCTION**

1.1 The Directors of the Company propose to table, for Shareholders' consideration and approval, the following matters:

- (i) the proposed renewal of the Share Purchase Mandate;
- (ii) the proposed Share Split;
- (iii) the proposed adoption of a new RSG Plan;
- (iv) the proposed adoption of a new Scheme,
- (v) the proposed grant of Options at a discount under the Scheme;
- (vi) the proposed participation of Frankie Quek in the BreadTalk RSG Plan 2018;

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## LETTER TO SHAREHOLDERS

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(vii) the proposed participation of Frankie Quek in the Scheme.

(collectively, the “**Proposed Transactions**”).

- 1.2 The purpose of this Circular is to explain the rationale for and provide information to Shareholders for the Proposed Transactions.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.
- 1.4 This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any person (other than the Shareholders to whom this Circular is dispatched by the Company) or for any other purpose.

## 2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

### 2.1 The Rationale

The Directors constantly seek to increase Shareholders’ value and to improve, inter alia, the return on equity of the Group. The Share Purchase Mandate will give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions and funding arrangements, during the period when the Share Purchase Mandate is in force.

Share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. It provides the Company with an easy mechanism to facilitate the return of surplus cash over and above the ordinary capital requirements in an expedient, effective and cost efficient manner. It also allows the Directors to exercise control over the Company’s share capital structure and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share of the Company.

The Directors further believe that the share buyback by the Company will help mitigate short-term market volatility, offset the effects of short-term share price speculation and bolster Shareholders’ confidence.

The Directors, when approving any share buyback pursuant to the Share Purchase Mandate, will take into account the impact the share buyback may have on the liquidity of the Shares. The Directors are committed to ensuring that any share buyback by the Company is in the best interests of the Company and will not have any material adverse impact on the free float, liquidity and/or orderly trading of the Shares. The Directors are also committed to ensuring that the proposed Share Purchase Mandate and any share buyback by the Company do not contravene any regulation in the Constitution or any law or regulation governing the Company.

While the proposed Share Purchase Mandate would authorise a purchase or acquisition of Shares of up to ten per cent (10.00%) of the issued share capital of the Company excluding treasury shares and subsidiary holdings as at the date of the Annual General Meeting at which the Share Purchase Mandate is approved, Shareholders should note that purchases and acquisitions of Shares pursuant to the Share Purchase Mandate might not be carried out to the full ten per cent (10.00%) limit as authorised and no purchase or acquisition of Shares would be made in circumstances which would or may have a material adverse effect on the financial condition or position of the Company or the Group.



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## LETTER TO SHAREHOLDERS

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### 2.2 The Mandate

Approval was sought from Shareholders at the 2017 AGM for the renewal of the Share Purchase Mandate for the purchase or acquisition by the Company of its issued Shares. With the approval, the Share Purchase Mandate took effect from the date of the 2017 AGM and will continue in force until the date of the 2018, or such date as the next annual general meeting is required to be held by law, unless prior thereto, share buybacks are carried out to the full extent mandated, or the Share Purchase Mandate is revoked or varied in any general meeting of the Company. The Share Purchase Mandate will be put to Shareholders for renewal at each subsequent annual general meeting of the Company whereupon it will lapse, unless it is renewed at such meeting.

### 2.3 Terms of the Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if renewed at the EGM, are summarised as follows:

#### 2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate shall not exceed ten per cent (10.00%) of the issued Shares of the Company as at the date of the annual general meeting of the Company held where the resolution authorising the Share Purchase Mandate is passed, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act in which event the issued Shares shall be taken to be the amount as altered, excluding any treasury shares and Subsidiary Holdings that may be held by the Company. Under the Companies Act, any Shares which are held as treasury shares will be disregarded for the purpose of computing the ten per cent (10.00%) limit.

**For illustrative purposes only**, on the basis of 281,435,284 Shares (being the total number of Shares excluding 457,954 treasury shares and Subsidiary Holdings) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to 2018 AGM, not more than 28,143,528 Shares (representing ten per cent (10.00%) of the issued ordinary share capital of the Company excluding treasury shares and subsidiary holdings 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

The Company may purchase its Shares at any time and from time to time, on and from the date of the EGM at which the Share Purchase Mandate is approved, up to the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by Shareholders in a general meeting; or
- (iii) the date on which the share buyback has been carried out to the full extent mandated.

The Share Purchase Mandate may be renewed at each annual general meeting or other general meeting of the Company.

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## LETTER TO SHAREHOLDERS

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### 2.3.3 Manner of Purchase

Purchases or acquisitions of Shares may be made by way of, *inter alia*:

- (i) an on-market purchase ("**On-Market Purchase**") transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed; and/or
- (ii) an off-market purchase ("**Off-Market Purchase**"), otherwise than on the SGX-ST, effected in accordance with an equal access scheme or schemes, as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

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

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

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed share buyback;
- (iv) the consequences, if any, of the share buyback by the Company, that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the share buyback, if made, will have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any share buyback made by the Company in the previous twelve (12) months (whether On-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

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## LETTER TO SHAREHOLDERS

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purchases; and

- (vii) whether the shares purchased by the issuer will be cancelled or kept as treasury shares.

### 2.3.4 Maximum Purchase Price

The purchase price per Share (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares purchased or acquired shall be determined by the Directors and shall not exceed the maximum price as set out below ("**Maximum Price**"):

- (i) in the case of an On-Market Purchase, 105.00% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 110.00% of the Average Closing Price of the Shares.

### 2.4 Status of Purchased Shares

Any Share, unless held by the Company as a Treasury Share, is deemed cancelled immediately upon purchase and all rights and privileges attached to that Share will expire on cancellation. All cancelled Shares will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired which are cancelled and not held as treasury shares.

### 2.5 Treasury Shares

Any Share which is purchased or acquired by the Company may be held or dealt with as treasury shares. Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Companies Act. Some of the provisions on treasury shares under the Companies Act are summarised below:

#### 2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent (10.00%) of the total number of issued Shares.

#### 2.5.2 Voting and Other Rights

The Company shall be registered as a member in respect of the treasury shares but the Company shall not have the right to exercise any right in respect of the treasury shares, including the right to attend or vote at meetings or to receive dividends in respect of such treasury shares.

However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any Treasury Share into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

#### 2.5.3 Disposal and Cancellation

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

- (i) sell the treasury shares for cash;

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## LETTER TO SHAREHOLDERS

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- (ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for its employees, directors or other persons;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

### 2.6 Source of Funds

Under the Companies Act, the Company may purchase its own Shares out of capital, as well as from its profits, provided that the Company is solvent. For this purpose, pursuant to the Companies Act, the Company is solvent if at the date of payment made for any such purchase of Shares:

- (i) there is no ground on which the Company could be found to be unable to pay its debts;
- (ii) if –
  - (a) it is intended to commence winding up of the Company within the period of twelve (12) months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of the winding up; or
  - (b) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and
- (iii) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use its internal sources of funds or external borrowings or a combination of both, to finance any purchase or acquisition of the Shares pursuant to the Share Purchase Mandate. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that it would materially affect the working capital requirements and/or gearing of the Group.

### 2.7 Financial Effects

The financial effects on the Company and 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, the amount (if any) borrowed by the Company or the Group to fund the purchases or acquisitions, whether the Shares are purchased out of capital or profits of the Company and whether the Shares purchased or acquired are held in treasury or cancelled. It is therefore not possible to accurately calculate or quantify the impact at this point of time.

#### 2.7.1 Purchase or Acquisition out of Profits or Capital

Where the consideration paid by the Company for the purchase or acquisition of the Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) will

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## LETTER TO SHAREHOLDERS

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correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of the Shares is made out of capital, the amount available for distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal sources of funds, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratio of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings, there would be an increase in the gearing ratio of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

### 2.7.2 Maximum Price Paid for Purchase of Shares as at the Latest Practicable Date

Assuming that at the Latest Practicable Date, the Company purchased or acquired the maximum of 28,143,528 Shares at the Maximum Price, the maximum amount of funds required for the purchase or acquisition of Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) would be:

- (i) in the case of an On-Market Purchase of the Shares, approximately S\$53,191,268 based on S\$1.890 for each Share (being the price equivalent to five per cent (5.00%) above the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase of the Shares, approximately S\$55,724,185 based on S\$1.980 for each Share (being the price equivalent to ten per cent (10.00%) above the Average Closing Price of the Share).

The Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date was S\$1.800 for each Share.

### 2.7.3 Whether the Shares are Cancelled or Held in Treasury

In the case where the Company chooses not to hold the purchased Shares in treasury, such Shares shall be cancelled. The Company shall:

- (i) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled. Where the purchased Shares are held in treasury, the total issued Shares of the Company will remain unchanged.

## LETTER TO SHAREHOLDERS

### 2.7.4 Pro forma Financial Effects

**For illustrative purposes only**, Table A below lists four (4) possible scenarios of purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, based on the following assumptions:-

- (i) the Share Purchase Mandate had been effective on the Latest Practicable Date and the Company had acquired or purchased on the Latest Practicable Date the maximum number of Shares at the Maximum Price as stated in paragraph 2.7.2 above, subject always that the Company shall only cancel such Shares up to the amount of its share capital, being S\$33,303,000 as at 31 December 2017.
- (ii) the Company has 281,435,284 issued and paid-up Shares excluding treasury shares and Subsidiary Holdings as at the Latest Practicable Date, and no additional Shares were issued after the Latest Practicable Date pursuant to the exercise;
- (iii) the Company has as at 31 December 2017:
  - (a) issued share capital of approximately S\$33,303,000;
  - (b) cash and cash equivalents of approximately S\$141,245,000; and
- (iv) the consideration for the purchase or acquisition of the Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) is financed by internal sources of funds,

and based on the audited financial statements of the Group for the financial year ended 31 December 2017, the effects of the purchase or acquisition of such Shares by the Company on the financial position of the Company and the Group are as follows:

**Table A**

Scenario of purchase or acquisition of Shares

The following four (4) possible scenarios in Table A are purchases or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, with the pro forma financial effects shown in detail in Table B below:

Share Purchase					Maximum Number of Shares to be Purchased		
Scenario	Out of	Type	Whether held as treasury shares or Cancelled	Maximum Price per Share (S\$)	Number of Shares	Equivalent Percentage of Issued Shares	Equivalent Percentage of Issued Shares (Post-Split)
1(A)	Capital	Market	Held as treasury shares	1.890	28,143,528	10.00%	5.00%
1(B)	Capital	Market	Cancelled	1.890	28,143,528	10.00%	5.00%
1(C)	Capital	Off-Market	Held as treasury shares	1.980	28,143,528	10.00%	5.00%
1(D)	Capital	Off-Market	Cancelled	1.980	28,143,528	10.00%	5.00%

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**Table B**

Pro-forma financial effects on the Group for Scenarios of purchases or acquisition of Shares by the Company out of capital

	Per Consolidated Financial Statements as at 31 December 2017	Pro forma Financial Effects as at 31 December 2017 for Scenarios in Table A			
		1(A)	1(B)	1(C)	1(D)
Share Capital (\$'000) <sup>(1)</sup>	33,303	33,303	-	33,303	-
Reserves (\$'000)	102,149	102,149	102,149	102,149	102,149
Minority Interest (\$'000)	25,479	25,479	25,479	25,479	25,479
Treasury Shares (\$'000)	(460)	(53,651)	(460)	(56,184)	(460)
Total Equity (\$'000)	160,471	107,280	127,168	104,747	127,168
NTA (\$'000)	128,903	75,712	95,600	73,179	95,600
Current Assets (\$'000) <sup>(2)</sup>	230,099	176,908	196,796	174,375	196,796
Current Liabilities (\$'000)	256,724	256,724	256,724	256,724	256,724
Number of Shares	281,435,284	253,291,756	253,291,756	253,291,756	253,291,756
Financial Ratios					
NTA per Share (cents)	45.80	29.89	37.74	28.89	37.74
Current Ratio (times)	0.90	0.69	0.77	0.68	0.77

**Notes:**

(1) Subject always that the Company shall only acquire or purchase Shares up to the amount of its share capital, being S\$33,303,000 as at 31 December 2017.

(2) Assuming the share purchase is funded fully by cash.

**Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements as at 31 December 2017, save for the number of Shares, which is based on the number of Shares as at the Latest Practicable Date, and is not necessarily representative of future financial performance.**

**Although the Share Purchase Mandate would authorise the Company to buy back up to 28,143,528 Shares representing ten per cent (10.00%) of the Company's current issued Shares, the Company may not necessarily buy back all 28,143,528 Shares. In particular, the maximum number of Shares that the Company may purchase under the Companies Act is limited by the solvency requirements set out in the Companies Act, as described in paragraph 2.6 of this Circular.**

## 2.8 Listing Rules and Other Reporting Requirements

### 2.8.1 Price of On-Market Purchase

The Listing Manual specifies that a listed company may purchase its shares by way of On-Market Purchases at a price per share which is not more than five per cent (5.00%) above the Average Closing Price. The Maximum Price for a Share in relation to On-Market Purchases by the Company, referred to in paragraph 2.3.4 of this Circular, conforms to this restriction.

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### 2.8.2 Notification to SGX-ST

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares no later than 9.00 a.m.:

- (a) in the case of an On-Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

The notification of such purchase or acquisition of shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe, such as details of the total number of shares purchased, the purchase price per share or the highest and lowest price paid for such shares, as applicable.

### 2.8.3 Off-Market Purchase

For an Off-Market Purchase, the Listing Manual requires that the listed company issue an offer document to all shareholders containing the information as set out in paragraph 2.3.3 of this Circular.

### 2.8.4 Insider Trading

While the Listing Manual does not expressly prohibit the purchase of shares by a listed company during any particular time or times, because the listed company would be considered an “insider” in relation to any purchase of its shares, the Company will not purchase or acquire any Shares pursuant to the Share Purchase Mandate after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares during the period commencing two (2) weeks and one (1) month immediately preceding the announcement of the Company’s quarterly and full year financial statements respectively.

### 2.8.5 Listing Status

The Listing Manual requires a listed company to ensure that at least ten per cent (10.00%) of the total number of issued Shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times 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 associates of such persons.

As at the Latest Practicable Date, there are approximately 73,181,490 Shares in the hands of 2,001 public Shareholders, representing 26.00% of the issued share capital of the Company excluding treasury shares. Assuming that the Company were to purchase its Shares from public Shareholders through an On-Market Purchase up to the full ten per cent (10.00%) limit excluding treasury shares and Subsidiary Holdings pursuant to the Share Purchase Mandate and then cancel such Shares, the number of Shares in the hands of the public would be reduced to 45,037,962 Shares, representing 17.78% of the reduced issued share capital of the Company excluding treasury shares.

Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through On-Market Purchases up to the full ten per cent (10.00%) limit excluding treasury shares and Subsidiary Holdings pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST.



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In undertaking any purchase of its Shares, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that purchases or acquisitions of the Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares or financial condition of the Company.

### 2.8.6 Reporting Requirements under the Companies Act

- (i) Within thirty (30) days of the passing of a Shareholders' resolution to approve the Share Purchase Mandate, the Company shall lodge a copy of such resolution with ACRA.
- (ii) The Company shall notify ACRA within thirty (30) days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchase, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchase, whether Shares were purchased out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.
- (iii) Within thirty (30) days of the cancellation or disposal of Treasury Share in accordance with the provisions of the Companies Act, the Directors shall notify ACRA of such cancellation or disposal of treasury shares in the prescribed form.

### 2.9 Take-Over Implications

The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

#### 2.9.1 Obligation to Make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**"). Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, inter alia, he and the persons acting in concert with him increase their voting rights in the Company to 30.00% or more or, if they, together holding between 30.00% and 50.00% of the Company's voting rights, increase their voting rights in the Company by more than one per cent (1.00%) in any period of six (6) months.

#### 2.9.2 Persons Acting in Concert

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

- (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

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## LETTER TO SHAREHOLDERS

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- (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid in this paragraph 2.9.2(ii) for the purchase of voting rights, all with each other;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;
- (vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act in accordance with his instructions, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons in this paragraph 2.9.2(iv) for the purchase of voting rights, all with each other.

For this purpose, a company is an "associated company" of another company if the second company owns or controls at least 20.00% but not more than 50.00% of the voting rights of the first-mentioned company.

Consequently, a director and persons acting in concert (as such term is defined in the Take-over Code) with him could, depending on the level of increase in his or their interest in the company, become obliged to make a mandatory offer in accordance with Rule 14 as a result of the company's purchase or acquisition of its shares.

### 2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over code

Appendix 2 of the Take-over Code contains the Share Buy-back Guidelines Note. In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, the Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14:

- (i) if, as a result of the Company purchasing or acquiring its shares, the voting rights of such Directors and their concert parties would increase to 30.00% or more; or
- (ii) in the case of the voting rights of such Directors and their concert parties falling between 30.00% and 50.00% of the Company's voting rights, such voting rights would increase by more than one per cent (1.00%) in any period of six (6) months.

In calculating the percentage of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

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Additionally, under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its shares, the voting rights of such Shareholder would increase to 30.00% or more, or if such Shareholder holds between 30.00% and 50.00% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1.00%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

As at the Latest Practicable Date, Dr George Quek Meng Tong and Katherine Lee Lih Leng each hold 95,687,660 and 52,415,020 Shares respectively, representing approximately 34.00% and 18.62% of the total issued share capital excluding treasury shares respectively. In aggregate, they hold 148,102,680 Shares representing approximately 52.62% shareholding interest in the Company.

Based on the direct holdings of Shares of Dr George Quek Meng Tong and Katherine Lee Lih Leng as at the Latest Practicable Date, and assuming that:

- (i) there is no change in their direct holdings of Shares between the Latest Practicable Date and the date of the Annual General Meeting; and
- (ii) Dr George Quek Meng Tong and Katherine Lee Lih Leng do not sell or otherwise dispose of their Shares,

their respective holdings of Shares as at the date of the Annual General Meeting and after the purchase by the Company of ten per cent (10.00%) of the Shares excluding treasury shares and Subsidiary Holdings pursuant to the Share Purchase Mandate, where they are deemed cancelled, are as follows:

	Before Share Purchase (as at date of Annual General Meeting)		After Share Purchase	
	Shares	%	Shares	%
Dr George Quek Meng Tong	95,687,660	34.00	95,687,660	37.78
Katherine Lee Lih Leng	52,415,020	18.62	52,415,020	20.69
<b>Total shareholding</b>	<b>148,102,680</b>	<b>52.62</b>	<b>148,102,680</b>	<b>58.47</b>

Therefore, as at the Latest Practicable Date, Dr George Quek Meng Tong and Katherine Lee Lih Leng have a combined shareholding interest of approximately 52.62% in the Company and would not incur an obligation to make a mandatory general offer under Rule 14 and Appendix 2 of the Take-over Code to other Shareholders as a result of the Company purchasing or acquiring its Shares under the Share Purchase Mandate. The Directors are not aware of any Shareholder and/or potential Shareholder(s) who may have to make a general offer to the other Shareholders as a result of a purchase of Shares by the Company pursuant to this proposed Share Purchase Mandate.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory general offer under the Take-over Code as a result of purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Purchase Mandate is in force.**

### 2.10 Shares Purchased by the Company

In the last twelve (12) months preceding the Latest Practicable Date, the Company has not bought back any Shares.

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### 2.11 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of a purchase or acquisition of Shares by the Company or who may be subject to tax whether in or outside Singapore should consult their own professional advisers.

## 3. THE PROPOSED SHARE SPLIT

### 3.1 Terms of the Share Split

The Company proposes to split every one (1) existing Shares into two (2) Shares. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$33,303,000 comprising 281,435,284 Shares. Upon the completion of the Share Split, the number of issued Shares will increase to 562,870,568 Shares, assuming that no further Shares are issued on or prior to the completion of the Share Split.

All Shares after the Share Split shall rank *pari passu* with one another. Shareholders are not required to make any payment to the Company in respect of the Share Split.

### 3.2 Rationale for the Share Split

The Directors believe that the Share Split will be beneficial to the Company and its Shareholders for the following reasons:

- (i) The reduced price of each Share after the Share Split will make each Share more affordable to investors, thus encouraging greater participation by and providing greater flexibility in terms of the size of the trades to investors with different investment profiles. Furthermore, the reduced price of each board lot of Shares would enhance the trading liquidity of the Shares over time.
- (ii) The number of Shareholders after the Share Split may increase with the increase in the number of Shares available for trading purposes, given that an investment in the Shares would be made more accessible to investors.

Shareholders should note, however, that there can be no assurance that the intended effect of the Share Split above can be achieved, nor is there any assurance that such effect can be sustained in the long term.

### 3.3 Conditions for the Share Split

The Share Split is subject to the approval of Shareholders by way of an ordinary resolution at the EGM and the approval-in-principle of the SGX-ST for the listing and quotation of the Additional Shares on the SGX-ST.

The Company had on [date] received the approval-in-principle of the SGX-ST for the listing and quotation of the Additional Shares on the SGX-ST, subject to the following conditions:

- (i) Shareholders' approval being obtained at the EGM for the Share Split; and
- (ii) compliance with the SGX-ST's listing requirements.

The approval-in-principle of the SGX-ST is not to be taken as an indication of the merits of the Share Split, the Additional Shares, the Company and/or its subsidiaries.

The terms of the Share Split do not contravene any laws and regulations governing the Company and the Constitution.

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### 3.4 Post Share Split Share Capital

None of the Shares is subject to a moratorium. Further, the Company does not have any outstanding or existing warrants or other convertibles.

Following the implementation of the Share Split, the Company will have an issued and paid-up share capital of approximately S\$33,303,000 comprising 562,870,568 Shares.

### 3.5 Financial Effects of the Share Split

**For illustration purposes only**, the financial effects of the Share Split on the Company, based on the audited consolidated financial statements of the Group for FY2017, are set out below:

#### (i) Share Capital

	Latest Practicable Date	
	Before Share Split	After Share Split
Share Capital	S\$33,303,000	S\$33,303,000
Number of Shares	281,435,284	562,870,568

#### (ii) NTA

	FY2017	
	Before Share Split	After Share Split
NTA	128,903,000	128,903,000
Number of Shares	281,435,284	562,870,568
NTA per Share (cents)	45.80	22.90

#### (iii) EPS

	FY2017	
	Before Share Split	After Share Split
Profits after income tax attributable to owners of the Company (after minority interests)	21,848,000	21,848,000
Number of Shares	281,435,284	562,870,568
EPS (cents)	7.76	3.88

### 3.6 Gearing

The Share Split will not have any effect on the gearing of the Group.

### 3.7 Dividends

In respect of FY2017, the Company declared and paid the following one-tier exempt dividends:

- (i) Dividend of S\$0.02 per ordinary Share paid on 4 July 2017;
- (ii) Dividend of S\$0.01 per ordinary Share paid on 31 August 2017; and
- (iii) Dividend of S\$0.01 per ordinary Share paid on 21 December 2017.

In respect of FY2017, the Company declared the following:

- (i) one-tier exempt special dividend of S\$0.01 per ordinary Share; and
- (ii) one-tier exempt final dividend of S\$0.02 per ordinary Shares,

to be approved by the shareholders at the 2018 Annual General Meeting.

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The Directors are of the opinion that the Share Split will not have any effect on the ability of the Company to make dividend payments in the future subject to factors, including but not limited to, the Group's financial performance, cash flows, financial position, expansion requirements, working capital requirements, the payment by the Company's subsidiary corporations of cash dividends and the Group's financial prospects.

### 3.8 Theoretical Price of Split Shares

Based on the daily weighted average price per Share of S\$1.7055 for trades done for the period commencing one (1) month prior to the Latest Practicable Date, the theoretical Share price after the Share Split will be S\$0.853. Shareholders should note that while there can be no assurance that the price of the Shares would be equal to or higher than the theoretical price of S\$0.853 after the Share Split, the Company has no reason to believe that the theoretical price of the Shares after the Share Split is likely to fall below S\$0.50 after the period under review based on the daily weighted average price of the Shares for the period commencing one (1) month prior to the Latest Practicable Date.

### 3.9 Adjustments

Pursuant to Rule 11 of the 2008 RSG Plan, in the event of a variation in the issued share capital of the Company by way of, among others, a subdivision:

- (i) the class and/or number of Shares which are the subject of an award under the 2008 RSG Plan to the extent not yet vested; and/or
- (ii) the class and/or number of Shares in respect of which future awards may be granted under the 2008 RSG Plan,

shall be adjusted to give each participant in the 2008 RSG Plan the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made and any adjustment must be confirmed in writing by the auditors of the Company for the time being or an independent public accountant as appointed by the Company (acting as experts and not as arbitrators) to be in their opinion, fair and reasonable.

### 3.10 Procedures for the Share Split

Persons registered in the Register of Members of the Company and Depositors whose Securities Accounts are credited with Shares as at the Book Closure Date will be included for the purpose of the Share Split on the basis of the number of such Shares registered in their names or standing to the credit of their Securities Accounts as at the Books Closure Date. The Books Closure Date for the purpose of determining the Shareholders' entitlement under the Share Split will be announced by the Company in due course.

### 3.11 Deposit of Share Certificates with CDP

Shareholders who hold physical share certificate(s) for the Shares in their own names ("**Existing Share Certificates**") and who wish to deposit the same with CDP and have their Additional Shares (after the Share Split) credited to their Securities Accounts maintained with CDP, must deposit their Existing Share Certificates, together with the duly executed instruments of transfer in favour of CDP, not later than twelve (12) Market Days prior to the Books Closure Date.

After the Books Closure Date, CDP will only accept for deposit physical share certificates reflecting the number of Shares after the Share Split in their own names ("**New Share Certificates**"). Shareholders who wish to deposit their physical share certificates with CDP after the Books Closure Date must first deliver their Existing Share Certificates to the Share Registrar at 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, for

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cancellation and issue of the New Share Certificates in replacement thereof as described below.

The New Share Certificates will then be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within ten (10) Market Days from the date of receipt of the Existing Share Certificates. Upon receipt of the New Share Certificates, Shareholders may then proceed to deposit these New Share Certificates with CDP.

### 3.12 Deposit of Share Certificates with CDP

Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date will be attributed the number of Shares pursuant to the Share Split based on the number of Shares standing to the credit of their Securities Accounts as at the Books Closure Date.

Shareholders who have not deposited their Existing Share Certificates as aforesaid or who do not wish to deposit their Existing Share Certificates with CDP are advised to forward all their Existing Share Certificates to the Share Registrar at 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, as soon as possible after the EGM for cancellation and exchange for the New Share Certificates.

New Share Certificates to be issued pursuant to the Share Split will be sent within ten (10) Market Days of the Books Closure Date to:

- (i) Shareholders who are Depositors, by sending the same to CDP; and
- (ii) Shareholders who are not Depositors, by ordinary post at their respective addresses shown in the Register of Members of the Company or in the case of joint holders to the first named holder at his registered address, at the sole risk of the holders.

No receipt will be issued by the Share Registrar for the physical share certificates tendered.

Shareholders who hold physical share certificates are reminded that their Existing Share Certificates are no longer good for settlement of trading in the Shares on the SGX-ST (as the Company is under a book-entry (scripless) settlement system) but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar. The Existing Share Certificates and the New Share Certificates will not be valid for delivery pursuant to trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

Shareholders who have lost any of their Existing Share Certificates or whose addresses have been changed from those reflected in the Company's Register of Members should notify the Share Registrar immediately.

### 3.13 Trading of Shares arising from the Share Split

Trading of the Shares (on a post-split basis) will commence prior to the Books Closure Date on account of the fact that trades on the SGX-ST are settled on a "T+3" settlement cycle, that is, a purchase or sale of Shares on particular day (T) will be settled three (3) Market Days later (T+3). Accordingly, for trading purposes:

- (i) trading in the Shares (on a pre-split basis) will cease at 5:00 p.m. on the day falling three Market Days before the Books Closure Date (the "**Cessation Date**"); and
- (ii) trading in the Shares (on a post-split basis) will commence from 9.00 a.m. on the day falling two Market Days before the Books Closure Date (the "**Effective Trading Date**").

The Cessation Date and the Effective Trading Date will be announced in due course.

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For the purpose of trading on the SGX-ST following the Share Split, each board lot of Shares will comprise 100 Shares. Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) and who wish to trade in odd lots on the SGX-ST are able to trade odd lots of Shares in board lots of one Share on the Unit Share market. The Company notes that the Share Split will not result in odd lots.

#### **4. CLOSURE OF BOOKS**

The Books Closure Date will be announced by the Company in due course.

#### **5. THE PROPOSED ADOPTION OF A NEW RSG PLAN**

##### **5.1 The 2008 RSG Plan**

BreadTalk has an existing restricted share grant plan, the 2008 RSG Plan, which was adopted at an extraordinary general meeting held on 28 April 2008.

The duration of the 2008 RSG Plan is ten (10) financial years commencing from the date on which the 2008 RSG Plan was adopted by the Company in general meeting. The 2008 RSG Plan will expire on 28 April 2018.

However, any awards granted and outstanding prior to such termination will continue to be valid and be subject to the terms and conditions of the 2008 RSG Plan. The rationale for adopting the BreadTalk RSG Plan 2018 is set out in paragraph 5.2 below.

##### **5.2 Rationale for the BreadTalk RSG Plan 2018**

The Directors are proposing to adopt the BreadTalk RSG Plan 2018, which is intended to replace the 2008 RSG Plan. The details of the BreadTalk RSG Plan 2018 are set out below.

Similar to the 2008 RSG Plan, the Directors believe that the proposed BreadTalk RSG Plan 2018 will serve as a powerful incentive in retaining and motivating qualified and experienced key employees to optimise their performance standards and efficiency. In addition, the BreadTalk RSG Plan 2018 will provide the Company with the necessary flexibility and effectiveness in its continuing efforts to reward, retain and motivate key employees to achieve superior performance. The BreadTalk RSG Plan 2018 will also strengthen the Company's competitiveness in attracting and retaining talented key senior management and senior executives.

The BreadTalk RSG Plan 2018 will provide incentives to high performing key employees to excel in their performance and encourage greater dedication and loyalty to the Company. Through the BreadTalk RSG Plan 2018, the Company will be able to continue motivating key employees to continue to strive for the Group's long-term shareholder value. In addition, the BreadTalk RSG Plan 2018 aims to continue to foster a greater ownership culture within the Group which more directly aligns the interests of key employees with the interests of Shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment.

Further, non-executive directors and employees of associated Companies can make significant contributions to the Group through their close working relationship with the Group even though they are not employed within the Group. Therefore, the inclusion of such non-executive directors and employees of associated companies will enhance the Company's flexibility and effectiveness in rewarding and giving due recognition to the significant contributions and services of these individuals to the Company.

The BreadTalk RSG Plan 2018 uses methods that are substantially similar to the 2008 RSG



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Plan and is fairly common among major local and multinational companies to incentivise and motivate key senior management and senior executives to achieve pre-determined targets which create and enhance economic value for Shareholders. The Company believes that the BreadTalk RSG Plan 2018 will be an effective tool in continuing to motivate key senior management and senior executives to strive to deliver long-term shareholder value.

A Participant's Award under the BreadTalk RSG Plan 2018 will be determined at the sole discretion of the Committee. In considering an Award to be granted to a Participant, the Committee may take into account, *inter alia*, the Participant's performance during the relevant period, his capability, entrepreneurship, scope of responsibility and skill set.

### 5.3 The Proposed BreadTalk RSG Plan 2018

The objectives of the BreadTalk RSG Plan 2018 is to serve as an additional motivational tool to recruit and retain talented key employees, reward the individual for the Company's and/or the individual's performance, motivate the senior executives and key senior management to strive for superior performance and to deliver long term shareholder value. In addition, the BreadTalk RSG Plan 2018 will act as an enhancement of the Group's overall compensation package, strengthening the Group's ability to attract and retain high performing talent. Potential senior executive hires who decide on a career switch often have to forego substantial share options/share incentives when they join the Group. Through the BreadTalk RSG Plan 2018, the Company will be able to compensate such new hires for share options and incentives that they may have to forego when they join the Group.

Awards granted under the BreadTalk RSG Plan 2018 will typically vest only after the satisfactory completion of:

- (i) time-based service conditions, that is, after the Participant has served the Group for a specified number of years (time-based restricted Awards); or
- (ii) performance-based service conditions, that is, after a further period of service has elapsed beyond the performance target completion date.

No minimum vesting period is prescribed under the BreadTalk RSG Plan 2018, and the length of the vesting period(s) in respect of each Award will be determined on a case-by-case basis.

A time-based restricted Award may be granted for example, as a supplement to the cash component of the remuneration packages of senior executives. A performance-based restricted Award may be granted, for example, with a performance target based on the successful completion of a project, or on the Company meeting certain specified corporate target(s), and thereafter with a further vesting period to encourage the Participant to continue serving the Group for a further period of time following completion of the project.

It is the intention of the Company to award performance-based restricted Awards to ensure that the earning of Shares under the BreadTalk RSG Plan 2018 is aligned with the pay-for-performance principle. The use of time-based restricted Awards will only be made on a case-by-case basis where the business needs justify such Awards.

### 5.4 Summary of Rules

The following are summaries of the principal rules of the BreadTalk RSG Plan 2018.

#### 5.4.1 Eligibility

Group employees (including the executive directors, non-executive directors and independent directors but excluding the Non-Participating Directors) who have attained the legal age of 21 years, are not undischarged bankrupts and hold such rank as may be designated by the Committee from time to time shall be eligible to participate in the BreadTalk RSG Plan 2018,

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except that if the Group employees are also controlling shareholders, participation in the BreadTalk RSG Plan 2018 by these Controlling Shareholders and their associates must be approved by independent Shareholders of the Company.

### 5.4.2 Awards

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

### 5.4.3 Participants

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the BreadTalk RSG Plan 2018 shall be determined at the absolute discretion of the Committee, which shall take into account, *inter alia*, his rank, job performance, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and, if applicable, the difficulty required to achieve the performance target(s) within the performance period.

However, if the Participant that has been selected is a controlling shareholder or an associate of a controlling shareholder, his participation in the BreadTalk RSG Plan 2018 must also be subject to the approval of independent Shareholders.

### 5.4.4 Details of Awards

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

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

### 5.4.5 Timing

While the Committee has the discretion to grant Awards at any time in the year, it is currently anticipated that Awards would in general be granted once a year. An Award letter confirming the Award and specifying (*inter alia*) the vesting period and, in relation to a performance-

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related Award, the prescribed performance target(s), the performance period during which the prescribed performance target(s), will be sent to each Participant as soon as is reasonably practicable after the grant of an Award.

### 5.4.6 Events Prior to Vesting

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

- (i) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (ii) the misconduct on the part of a Participant as determined by the Committee in its discretion;
- (iii) the Participant ceasing to be in the employment of the Group or (if seconded to an associated company) ceasing to be so seconded for any reason whatsoever (other than as specified in paragraphs (v), (vi), and (vii) below);
- (iv) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (v) the Participant ceasing to be in the employment of the Group or (if seconded to an associated company) ceasing to be so seconded by reason of:
  - (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
  - (b) redundancy;
  - (c) retirement at or after the legal retirement age;
  - (d) retirement before the legal retirement age with the consent of the Committee;
  - (e) the company by which he is employed ceasing to be a company within the Group or, as the case may be, the company to which he is seconded ceasing to be an associated company or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an associated company;
  - (f) any other event approved by the Committee;
- (vi) the death of the Participant;
- (vii) any other event approved by the Committee; or
- (viii) a take-over, reconstruction or amalgamation of the Company or an order being made or a resolution passed for the winding-up of the Company (other than as provided in paragraph (i) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in paragraphs (i), (ii) and (iii), an Award then held by a Participant shall, as provided in the rules of the BreadTalk RSG Plan 2018 and to the extent not yet released, immediately lapse without any claim whatsoever against the Company. For the avoidance of doubt, no Award shall lapse pursuant to paragraph (iii) above in the event of the transfer of employment of a Participant between the Group and any associated company.

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Upon the occurrence of any of the events specified in paragraphs (iv), (v), (vi) and (vii) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant vesting period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related Awards, the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in paragraph (viii) above, the Committee will consider, at its discretion, whether or not to release any Award, any will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the vesting period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

### 5.4.7 Size and Duration of the BreadTalk RSG Plan 2018

The total number of Shares which may be delivered pursuant to Awards granted under the BreadTalk RSG Plan 2018 on any date, when added to the number of Shares issued and issuable in respect of such other Shares issued and/or issuable under such other share-based incentive schemes of the Company, including but not limited to the BreadTalk RSG Plan 2018, shall not exceed fifteen per cent (15%) of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the date preceding the Award Date.

The BreadTalk RSG Plan 2018 shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the BreadTalk RSG Plan 2018 is adopted by the Company in general meeting, provided always that the BreadTalk RSG Plan 2018 may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

### 5.4.8 Operation of the BreadTalk RSG Plan 2018

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

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

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

The financial effects of the above methods are discussed in paragraph 5.5 below.

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

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

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

### 5.4.9 Adjustment Events under the BreadTalk RSG Plan 2018

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place:

- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (ii) the class and/or number of Shares in respect of which future Awards may be granted under the BreadTalk RSG Plan 2018,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made and any adjustment must be confirmed in writing by the auditors of the Company for the time being or an independent public accountant as appointed by the Company (acting as experts and not as arbitrators) to be in their opinion, fair and reasonable.

The following (whether singly or in combination) shall not be regarded as events requiring adjustments unless the Committee considers an adjustment appropriate:

- (i) the issue of securities as consideration for an acquisition of any assets by the Company or in connection with a private placement of securities; or
- (ii) any increase in the number of issued Shares as a consequence of the exercise of options or other convertibles issued from time to time by the Company entitling holders thereof to acquire new Shares in the capital of the Company (including the issue and allotment of Shares pursuant to the BreadTalk RSG Plan 2018 or any other share-based incentive schemes implemented by the Company); or
- (iii) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) of such Shares undertaken by the Company on the SGX-ST during the period while a share purchase mandate granted by Shareholders (or any renewal thereof) is in force.

### 5.4.10 Modification or Alterations to the BreadTalk RSG Plan 2018

The rules of the BreadTalk RSG Plan 2018 may be modified or amended by resolution of the Committee from time to time subject to any necessary approvals of the SGX-ST (and any other stock exchange on which the Shares may be listed or quoted) and such other regulatory authorities as may be necessary except that:

- (i) any proposed modification or amendment, which would be to the advantage of the Participants under the BreadTalk RSG Plan 2018 (as confirmed by the auditors of the Company for the time being or an independent public accountant as appointed by the Company, acting as experts and not as arbitrators) shall be subject to the prior approval of the Company in general meeting;

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- (ii) no modification or amendment shall be made which would adversely affect the rights attached to Awards granted prior to such modification or alteration except with the prior consent in writing of such number of Participants under the BreadTalk RSG Plan 2018 who, if the Shares comprised in the Awards granted to them had vested, would thereby become entitled to not less than three-quarters (3/4) in number of all Shares which would be available under the BreadTalk RSG Plan 2018; and
- (iii) no modification or amendment shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.

Notwithstanding anything to the contrary contained in the paragraph above, the Committee may at any time by resolution and without any other formality (save for the prior approval of the SGX-ST when necessary) modify or amend the rules of the BreadTalk RSG Plan 2018 in any way to the extent necessary to cause the BreadTalk RSG Plan 2018 to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

### 5.4.11 Disclosures in Annual Reports

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the BreadTalk RSG Plan 2018 remains in operation:

- (i) the names of the members of the Committee administering the BreadTalk RSG Plan 2018;
- (ii) in respect of the following Participants of the BreadTalk RSG Plan 2018:
  - (a) Participating Directors of the Company;
  - (b) Participants who are controlling shareholders of the Company and their associates; and
  - (c) Participants (other than those in paragraph (a) and (b) above) who have received Shares pursuant to the release of Awards granted under the BreadTalk RSG Plan 2018 which, in aggregate represent 5% or more of the aggregate number of Shares under the BreadTalk RSG Plan 2018,

the following information:

- (d) the name of the Participant;
  - (e) the number of New Shares issued to such Participant during the financial year under review;
  - (f) the number of existing Shares transferred to such Participant during the financial year under review;
- (iii) in relation to the BreadTalk RSG Plan 2018, the following particulars:
  - (a) the aggregate number of Shares comprised in Awards granted since the commencement of the BreadTalk RSG Plan 2018 to the end of the financial year under review;
  - (b) the aggregate number of Shares comprised in Awards which have been released and/or vested during the financial year under review and in respect of such Awards, the proportion of:

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- (i) new Shares issued; and
  - (ii) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased.
- pursuant to the Awards granted under the Plan; and
- (iv) such other information as may be required by the Listing Manual or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included therein.

### 5.4.12 Administration of the BreadTalk RSG Plan 2018

The BreadTalk RSG Plan 2018 shall be administered by the Committee which will comprise Directors as may be nominated by the Board provided always that a Director or persons who may be Controlling Shareholders or associates of Controlling Shareholders shall not be eligible to be appointed to the Committee. Further, it is envisaged that consistent with the current policy of the Company, the BreadTalk RSG Plan 2018 will be administered by the remuneration committee of the Company.

The Committee shall administer the BreadTalk RSG Plan 2018 in its absolute discretion with such powers and duties as are conferred on it by the Board from time to time provided that no member of the Committee shall participate in any deliberation or decision in respect of an Award granted or to be granted to him.

The Committee shall have the power, from time to time, to make and vary such rules and regulations or impose terms and conditions necessary, desirable or expedient for the implementation and administration of the BreadTalk RSG Plan 2018 as it may think fit.

Any decision of the Committee made pursuant to any provision of the BreadTalk RSG Plan 2018 (other than a matter to be certified or confirmed by the auditors of the Company for the time being or an independent public accountant as appointed by the Company, acting as experts and not as arbitrators), shall be final and binding (including any decisions pertaining to disputes as to interpretation of the BreadTalk RSG Plan 2018 or any regulation, rule or procedure thereunder or as to any rights under the BreadTalk RSG Plan 2018).

### 5.4.13 Taxes, Costs and Expenses relating to the BreadTalk RSG Plan 2018

All taxes (including income tax, if applicable) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the BreadTalk RSG Plan 2018 shall be borne by that Participant.

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

Save for the above, all other fees, costs and expenses incurred by the Company in relation to the BreadTalk RSG Plan 2018 shall be borne by the Company.

## 5.5 Financial Effects of the BreadTalk RSG Plan 2018

The following sets out the financial effects of the BreadTalk RSG Plan 2018:

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### 5.5.1 Share Capital

The BreadTalk RSG Plan 2018 will result in an increase in the Company's issued Shares only where new Shares are issued to Participants. The number of New Shares issued will depend on, *inter alia*, the size of the Awards granted under the BreadTalk RSG Plan 2018. In any case, the BreadTalk RSG Plan 2018 provides that the total number of New Shares to be issued will be subject to the maximum limit of 15% of the issued Shares (excluding treasury shares and subsidiary holdings) preceding the date of grant of the relevant Award. If, instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants or the Company pays the equivalent cash value, the BreadTalk RSG Plan 2018 will have no impact on the Company's issued ordinary share capital.

### 5.5.2 NTA

As described below in the paragraph on EPS, the BreadTalk RSG Plan 2018 is likely to result in a charge to the Company's profit and loss account over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with the modified grant date method under FRS 102. If New Shares are issued under the BreadTalk RSG Plan 2018, there would be no effect on the NTA. However, if instead of issuing New Shares to Participants, existing Shares are delivered to Participants or the Company pays the equivalent cash value, the NTA would decrease by the cost of the existing Shares delivered or the cash payment, respectively.

Nonetheless, it should be noted that the delivery of Shares to Participants under the BreadTalk RSG Plan 2018 will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

### 5.5.3 EPS

The BreadTalk RSG Plan 2018 is likely to result in a change to earnings over the period from the grant date to the vesting date, computed in accordance with the modified grant date method under FRS 102. Nonetheless, it should again be noted that the delivery of Shares to Participants of the BreadTalk RSG Plan 2018 will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

### 5.5.4 Dilutive Impact

It is expected that the dilutive impact of the BreadTalk RSG Plan 2018 on the NTA per Share and EPS will not be significant.

### 5.5.5 Cost of Award

As Participants are not required to pay for the grant of Awards, such grant of Awards will have a financial effect on the Company. The FRS 102 requires the recognition of an expense in respect of Awards granted under the BreadTalk RSG Plan 2018. The expense will be based on the fair value of the Awards at each grant date and recognised at each financial reporting date of the Company. However, if the Awards do not vest because of failure to satisfy a service or performance condition, the expense previously charged to the profit and loss account is reversed.

## 6. THE PROPOSED SCHEME

### 6.1 The BreadTalk Employees' Share Option Scheme

The Company had an employee share option scheme which was adopted at an extraordinary general meeting on 30 April 2003 and expired on 30 April 2013. As such, the Directors are



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proposing to implement a new Scheme to be named the “BreadTalk Employees’ Share Option Scheme 2018”.

### 6.2 Rationale for the Scheme

The Directors believe that the Scheme will serve as a powerful incentive in retaining and motivating qualified key employees to optimise their performance standards and increase their efficiency. In addition, the Scheme will provide the Company with the necessary flexibility and effectiveness to reward, retain and motivate employees to achieve superior performance. The scheme will also strengthen the Company’s competitiveness in attracting and retaining talented employees.

The Scheme will provide incentives to high performing employees to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Scheme, the Company will be able to continue motivating its employees to strive for the Group’s long-term shareholder value. In addition, the Scheme aims to continue to foster a greater ownership culture within the Group which more directly aligns the interest of employees with that of the Shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment.

The Scheme is extended to the non-executive Directors of the Group. Although the non-executive Directors are not involved in the day-to-day running of the Group, they play an invaluable role in the success by applying their experience, drawing on their knowledge and utilising their expertise for the benefit of the Group. It is therefore desirable that the non-executive Directors be allowed to participate in the Scheme to give recognition to their services and contributions and to further align their interests with that of the Group.

The Scheme uses methods that are fairly common among major local and multinational companies to incentivise and motivate its employees to create and enhance economic value for Shareholders. The Company believes that the Scheme will be an effective tool in motivating its employees to strive to deliver long-term shareholder value.

The purpose of adopting more than one share plan is to provide the Company with greater flexibility to align the interests of employees, especially key executives, with those of Shareholders. It is also intended that the Scheme and the BreadTalk RSG Plan 2018 will complement each other in the Company’s continuing efforts to reward, retain and motivate employees to achieving superior performance.

Unlike Options granted under the Scheme, the BreadTalk RSG Plan 2018 contemplates the award of fully-paid Shares to Participants after Performance Targets have been met. Accordingly, while the Scheme is targeted at employees of the Group in general, the BreadTalk RSG Plan 2018 is targeted at key employees who are in the best position to drive the Company’s growth. Further, the assessment criteria for granting Options under the Scheme are more general (e.g. length of service and general performance of the Group) and do not relate to specific performance targets imposed by the Company. In contrast, the Plan gives the Company flexibility in rewarding its executives as it gives the Company the flexibility to impose specific or medium-term performance targets or to impose time-based service conditions, or a combination of both.

Last, the scheme is meant to be more of a “loyalty” driven time-based incentive program and will be available to all Group Employees and Participating Directors. Accordingly it will function primarily as a generic share-based incentive scheme. The Scheme will thus be complementary to the Plan. In any event, the number of Shares to be issued under the Scheme and the BreadTalk RSG Plan 2018 will be subject to the limit of 15% of the Company’s total issued share capital.

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### 6.3 Summary of Rules

The following are summaries of the principal rules of the Scheme.

#### 6.3.1 Eligibility

Group employees (including the directors, non-executive directors and independent directors but excluding the Non-Participating Directors) who have attained the legal age of 21 years on or before the Offering Date and are not undischarged bankrupts shall be eligible to participate in the Scheme, except that if the Group employees are also controlling shareholders, participation in the Scheme by these Controlling Shareholders and their associates must be approved by independent Shareholders of the Company.

#### 6.3.2 Options

Options represent the right of a Participant to subscribe for Shares in consideration for the Exercise Price upon the exercise of the Option.

#### 6.3.3 Participants

The selection of a Participant and the number of Shares which are the subject of each Option to be granted to a Participant in accordance with the Scheme shall be determined at the absolute discretion of the Committee, which shall take into account, *inter alia*, the seniority of his position, performance, length of service and potential for future development of the employee.

However, if the Participant that has been selected is a controlling shareholder or an associate of a controlling shareholder, his participation in the Scheme must also be subject to the approval of independent Shareholders.

#### 6.3.4 Exercise Price

Under the Scheme, the Exercise Price of Options granted will be determined by the Committee, in its absolute Discretion, on the Offering Date at:-

- (i) a price equal to the Market Price; or
- (ii) a price which is set at a discount to the Market Price, provided that that maximum discount shall not exceed 20% of the Market Price; and the Shareholders of the Company in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

In determining whether to give a discount and the quantum of such discount in respect of the Exercise Price, the Committee may take into account factors such as the performance of the Group, the individual performance of the participant, his contribution to the success and development of the Group, and the prevailing market and economic conditions.

#### 6.3.5 Grant of Options at a Discounted Price

Under the Scheme, the Exercise Price of the Options granted will be determined by the Committee. The Committee has the discretion to grant Options at a discounted Exercise Price. In the event that the Options are granted at a discount, the discount shall not exceed 20% of the Market Price provided that the prior approval of the Shareholders of the Company in general meeting shall have approved the discount for the duration of the Scheme. For the avoidance of doubt, the prior approval shall be required to be obtained only once and, shall unless revoked, authorise the making of offers and grants of Options under the Scheme at

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such discount for the duration of the Scheme.

The ability to offer Options at a discount to the Market Price of the Shares will give the Company flexibility in structuring the Options granted, and ensures that the Company maintains the competitiveness of its compensation strategy. Being able to grant Options at a discount allows the Company to acknowledge a Participant's contributions where such means is more meaningful than paying a cash bonus, as these Options operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Options granted at the Market Price. Further, because Options granted with a discount under the Scheme are subject to a longer vesting period of two years compared to one year for the Options granted at the Market Price, holders of such Options will be encouraged to have a long term view of the Company, thereby promoting staff and employee retention and reinforcing their commitment to the Company.

The Company believes that the maximum 20% discount to the Market Price of the Shares is sufficient to allow for flexibility in the Scheme while minimising the potential dilutive effect to the Shareholders arising from the Scheme.

### 6.3.6 Exercise Period Options

An Option granted with the Exercise Price set at the Market Price shall be exercisable at any time by the Participant after the first anniversary of the Offering Date, provided that the Option shall be exercised before the tenth anniversary of the relevant Offering Date or such earlier date as may be determined by the Committee, failing which the unexercised Option shall immediately lapse and become null and void.

An Option granted with the Exercise Price set at a discount to the Market Price shall be exercisable at any time by the Participant after the second anniversary of the Offering Date, provided that the Option shall be exercised before the tenth anniversary of the relevant Offering Date or such earlier date as may be determined by the Committee, failing which the unexercised Option shall immediately lapse and become null and void.

In the case of an Option granted to a Participant not holding a salaried office or employment in the Group, such Option period shall expire on the fifth anniversary of the Offering Date.

### 6.3.7 Size and Duration of the Scheme

The total number of Shares which may be delivered pursuant to the exercise of Options granted under the Scheme on any date, when added to the number of Shares issued and issuable in respect of such other Shares issued and/or issuable under such other share-based incentive schemes of the Company, including but not limited to the Scheme, shall not exceed fifteen per cent (15%) of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding that date.

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

### 6.3.8 Operation of the Scheme

Subject to the prevailing legislation and rules of the Listing Manual, the Company will have the flexibility to deliver Shares to Participants in relation to the exercise of an Option by way of:

- (a) an issue of New Shares; and/or

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- (b) the delivery of existing Shares (including treasury shares).

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

New Shares allotted and issued, and existing Shares procured by the Company for transfer on the exercise of an Option shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue

### 6.3.9 Adjustment Events under the Scheme

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place:

- (i) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised;
- (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,

shall be adjusted by the Committee 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 and any adjustment must be confirmed in writing by the auditors of the Company for the time being or an independent public accountant as appointed by the Company (acting as experts and not as arbitrators) to be in their opinion, fair and reasonable.

The following (whether singly or in combination) shall not be regarded as events requiring adjustments unless the Committee considers an adjustment appropriate:

- (i) the issue of securities as consideration for an acquisition of any assets by the Company or in connection with a private placement of securities; or
- (ii) any increase in the number of issued Shares as a consequence of the exercise of options or other convertibles issued from time to time by the Company entitling holders thereof to acquire new Shares in the capital of the Company (including the issue and allotment of Shares pursuant to the Scheme or any other share-based incentive schemes implemented by the Company); or
- (iii) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) of such Shares undertaken by the Company on the SGX-ST during the period while a share purchase mandate granted by Shareholders (or any renewal thereof) is in force.

### 6.3.10 Modification or Alterations to the Scheme

The rules of the Scheme may be modified or amended by resolution of the Committee from time to time subject to any necessary approvals of the SGX-ST (and any other stock exchange on which the Shares may be listed or quoted) and such other regulatory authorities as may be necessary except that:

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## LETTER TO SHAREHOLDERS

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- (i) any proposed modification or amendment, which would be to the advantage of the Participants under the Scheme (as confirmed by the auditors of the Company for the time being or an independent public accountant as appointed by the Company, acting as experts and not arbitrators) shall be subject to the prior approval of the Company in general meeting;
- (ii) no modification or amendment shall be made which would adversely affect the rights attached to Options granted prior to such modification or alteration except with the prior consent in writing of such number of Participants under the Scheme who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in number of all Shares which would be available under the Scheme; and
- (iii) no modification or amendment shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.

Notwithstanding anything to the contrary contained in the paragraph above, the Committee may at any time by resolution and without any other formality (save for the prior approval of the SGX-ST when necessary) modify or amend the rules of the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

### 6.3.11 Disclosures in Annual Reports

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

- (i) the names and members of the Committee administering the Scheme;
- (ii) in respect of the following Participants of the Scheme:
  - (a) Participating Directors of the Company;
  - (b) Participants who are controlling shareholders of the Company and their associates; and
  - (c) Participants (other than those in paragraph (a) and (b) above) who have received Shares pursuant to the grant of Options granted under the Scheme which, in aggregate represent 5% or more of the aggregate number of Options under the Scheme,

the following information:

- (d) the name of the Participant;
- (e) the number of Options granted to such Participant during the financial year under review;
- (f) the aggregate number of Options granted since the commencement of this Scheme up to the end of the Financial Year in review;
- (g) the aggregate number of Options exercised since the commencement of this Scheme up to the Financial Year in review and in respect of such exercise, the proportion of:

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## LETTER TO SHAREHOLDERS

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- i. New Shares issued; and
- ii. existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased pursuant to the exercise of Options granted under the Plan; and
- (h) the aggregate number of Options outstanding as at the end of the Financial Year in review;
- (iii) the number and proportion of Options granted at a discount during the Financial Year in review in respect of every 10% range, up to the maximum quantum of discount granted; and
- (iv) such other information as may be required by the Listing Manual or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included therein.

### 6.3.12 Administration of the Scheme

The Scheme shall be administered by the Committee which will comprise Directors as may be nominated by the Board provided always that a Director or persons who may be Controlling Shareholders or associates of Controlling Shareholders shall not be eligible to be appointed to the Committee. Further, it is envisaged that consistent with the current policy of the Company, the Scheme will be administered by the remuneration committee of the Company.

The Committee shall administer the Scheme in its absolute discretion with such powers and duties as are conferred on it by the Board from time to time provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

The Committee shall have the power, from time to time, to make and vary such rules and regulations or impose terms and conditions necessary, desirable or expedient for the implementation and administration of the Scheme as it may think fit.

Any decision of the Committee made pursuant to any provision of the Scheme (other than a matter to be certified or confirmed by the auditors of the Company for the time being or an independent public accountant as appointed by the Company, acting as experts and not as arbitrators), shall be final and binding (including any decisions pertaining to quantum of discount applicable to an Option or to disputes as to interpretation of the Scheme or any regulation, rule or procedure thereunder or as to any rights under the Scheme).

### 6.3.13 Taxes, Costs and Expenses relating to the Scheme

All taxes (including income tax, if applicable) arising from the grant and/or disposal of Shares pursuant to the exercise of Options granted to any Participant under the Scheme shall be borne by that Participant.

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

Save for the above, all other fees, costs and expenses incurred by the Company in relation to the Scheme shall be borne by the Company.

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## LETTER TO SHAREHOLDERS

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### 6.4 Financial Effects of the Scheme

The following set out the financial effects of the Scheme:

#### 6.4.1 Share Capital

The Scheme will result in an increase in the Company's issued Shares only where new Shares are issued to Participants. The number of New Shares issued will depend on, *inter alia*, the number of Shares comprised in the Options granted under the Scheme. In any case, the Scheme provides that the total number of New Shares to be issued will be subject to the maximum limit of 15% of the issued Shares (excluding treasury shares and subsidiary holdings) preceding the date of exercise of the Option. If, instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants or the Company pays the equivalent cash value or no Options are exercised, the Scheme will have no impact on the Company's issued ordinary share capital.

#### 6.4.2 NTA

The issue of New Shares upon the exercise of Options is likely to result in an increase of the Company's consolidated NTA by the aggregate Exercise Price of the New Shares issued. On a per Share basis, the effect on the NTA of the Company is accretive if the Exercise Price is above the NTA per Share but dilutive otherwise.

#### 6.4.3 EPS

The Scheme will have a dilutive impact on the Company's consolidated EPS following the increase in the number of issued Shares of the Company to the extent that New Shares are allotted and issued pursuant thereto.

However, the impact arising from the Scheme on the Company's consolidated EPS is not expected to be material in any given financial year.

#### 6.4.4 Potential Cost of Options

Any Options granted under the Scheme would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to the Company. The amounts of such costs may be more significant in the case of Options granted with Exercise Prices set at a discount to the Market Price of the Shares. In addition to the impact on the Company's consolidated EPS and consolidated NTA as described above, the cost to the Company of granting Options under the Scheme would be as follows:-

- (a) the exercise of an Option at the Exercise Price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the prevailing Market Price of the Shares. Such reduction of the exercise proceeds would represent the monetary cost to the Company; and
- (b) the grant of Options under the Scheme will have an impact on the Company's reported profit under the FRS as share-based payment requires the recognition of an expense in respect of Options granted under the Scheme. 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 provided that the only condition to vest the Option is service period.

It should be noted that the financial effects discussed in paragraph 6.4.4(a) above will materialise only upon the exercise of the relevant Options. The cost of granting Options discussed in paragraph 6.4.4(b) above will be recognised in the financial statements even if the Options are not exercised in 6.4.4(b). Measured against the cost of granting the Options

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## LETTER TO SHAREHOLDERS

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as described above, the desirable effect of the Scheme in attracting, recruiting and motivating Participating Directors and Employees could in the long-term yield greater returns for the Company and Shareholders.

### **7. PARTICIPATION IN THE BREADTALK RSG PLAN 2018 AND THE SCHEME**

#### **7.1 Participation in the BreadTalk RSG Plan 2018 and the Scheme by the Controlling Shareholders and their Associates**

One of the objectives of both the proposed BreadTalk RSG Plan 2018 and the Scheme is to motivate employees of the Company (including the Directors and Group employees but excluding the Non-Participating Directors) to optimise their performance standards and efficiency as well as to reward them for their significant contributions to the Company. Due to the importance of these employees to the Company, these employees who are also Controlling Shareholders and their associates shall be treated equally. The Company's view is that all deserving and eligible participants (regardless of whether they are Controlling Shareholders or associates) should be equally entitled to take part in and benefit from the Company's fair and equitable system of remuneration.

The terms of the proposed BreadTalk RSG Plan 2018 and Scheme do not differentiate between the Controlling Shareholders and their associates from other key employees in determining the eligibility of such persons to be granted Awards or Options. As the terms of the proposed BreadTalk RSG Plan 2018 and Scheme do not unduly favour Controlling Shareholders and their associates, the Controlling Shareholders and their associates should not be excluded from participating in the proposed BreadTalk RSG Plan 2018 or Scheme for the sole reason that they are Controlling Shareholders or associates of the Controlling Shareholders. In addition, to deny participation by the Controlling Shareholder or their associates may serve to demotivate them and undermine the objectives of the proposed BreadTalk RSG Plan 2018 and Scheme.

The Controlling Shareholders and their associates as set out below are part of the key management of the Group, responsible for the management and growth of the Group. The Company believes that these Controlling Shareholders and their associates have made and will continue to make invaluable contributions to the Group. While the Company is of the view that the existing remuneration of the Controlling Shareholders and associates are not insufficient, the Company is proposing that approval be given for their participation in the proposed BreadTalk RSG Plan 2018 and Scheme so as to spur them on to further optimise their performance standards and efficiency as well as to reward them for their significant contributions to the Group.

As of the date of this Circular, subject to the Shareholders' approval, Mr. Frankie Quek (an associate of Dr. George Quek Meng Tong) would be eligible for participation in both the BreadTalk RSG Plan 2018 and the Scheme. The rationale for his participation is as set out in Paragraph 7.4 below.

In terms of the basis for determining the quantum of grant to each Controlling Shareholder and/or Associate, factors as stated in the respective rules of the BreadTalk RSG Plan 2018 or Scheme (as applicable) will be taken into account.

#### **7.2 Safeguards**

As a safeguard against abuse, the specific approval of the independent Shareholders is required for the grant of Awards or Options to Controlling Shareholders and their associates as well as the actual number of and terms of such Awards or Options.

#### **7.3 Participation in the BreadTalk RSG Plan 2018 and Scheme by the Non-Executive Directors**



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## LETTER TO SHAREHOLDERS

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While the proposed BreadTalk RSG Plan 2018 and Scheme are primarily intended to cater to employees of the Group, it should also be recognised that there are other persons who make and can make significant contributions to the Group even though they are not employed within the Group. These may include the Non-Executive Directors who are from different professions and commercial backgrounds, bringing to the Group their wealth of knowledge, business expertise and contacts within the business community. They play an important role in helping the Group shape its business and growth strategies by allowing the Group to draw on their diverse backgrounds and experiences. It is crucial for the Group to attract and retain these Non-Executive Directors by allowing them to participate in the proposed BreadTalk RSG Plan 2018 and Scheme. This allows the Company to give recognition to their services and contributions and to further align their interests with that of the Group.

The Directors are of the view that including the Non-Executive Directors in the proposed BreadTalk RSG Plan 2018 and Scheme will allow the Company to show its appreciation for the Non-Executive Directors of the Group and to further motivate them to contribute towards the success of the Group.

However, the Company recognises that their services and contributions cannot be measured in the same way as the full-time employees of the Group. As such, the bulk of the Awards and Options will be granted to the full-time employees of the Group and any Awards or Options given to the Non-Executive Directors will be at the discretion of the Committee.

The Committee when deciding on the selection of the Non-Executive Directors to participate in the proposed BreadTalk RSG Plan 2018 and Scheme and the number of Shares comprised in each Award or Option, will take into consideration non-financial performance criteria such as the nature and extent of their input, assistance and expertise rendered to the boards on which they sit and impact thereof on the growth, success and development of the Company and the Group as well as their years of service and extent of involvement and commitment to the boards on which they sit.

Notwithstanding the eligibility of the Non-Executive Directors to participate in the both the BreadTalk RSG Plan 2018 and the Scheme, the Directors are of the view that the participation of the Non-Executive Directors will not compromise their independent status for the following reasons:

- (i) the primary purpose of both the BreadTalk RSG Plan 2018 and the Scheme is to function as an additional tool for the Company to motivate the eligible employees through the tailoring of attractive remuneration packages for the particular Participant's circumstances;
- (ii) it is envisaged that the number of Shares to be delivered to the Non-Executive Directors (if any), will not be significant and will only be made in exceptional circumstances having regard to the criteria as set out above; and
- (iii) the only involvement of Non-Executive Directors would be through the performance of their functions in their roles as members of the respective committees to which they serve on and there will not be any direct involvement in either the BreadTalk RSG Plan 2018 or the Scheme.

Based on the foregoing reasons, the Directors are of the view that the participation by the Non-Executive Directors will not compromise their independent status.

### **7.4 Rationale for Participation of Frankie Quek**

Frankie Quek Swee Heng, holds an aggregate of 0.02% of the Company's shareholding (directly or indirectly). He was appointed as Head, Real Estate with effect from 1 July 2017. In his new role, Frankie Quek oversees the Group's leasing arrangements in Singapore. This includes sourcing the new locations for all of the Group's business in Singapore, fronting the

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## LETTER TO SHAREHOLDERS

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Group in all leasing negotiations with the landlords for new leases and renewal of existing leases. Frankie Quek also works closely with the Group's project department on overall outlet capex investment and ensures that the Group achieves the desired return on investment.

Concurrently, Frankie Quek is tasked with the management of the Group's headquarters – BreadTalk IHQ.

Frankie Quek has been serving the Group since 2005. Prior to his new role, he was appointed as CEO, ASEAN region, on 15 October 2012. Frankie Quek was involved in the formulation and implementation of the expansion plans of the Group within the ASEAN region. With his business acumen and extensive knowledge of the local food and beverage industry, he is assisting the Chairman, Dr. George Quek Meng Tong, in overseeing the growth, expansion and daily operations of the Group, with a focus on the Group's expansion within the ASEAN region. Frankie Quek has been based in Shanghai since 2005 where he has been overseeing the growing bakery and food court operations in Shanghai and Beijing. His expertise has further led to the successful expansion of the BreadTalk brand name to many ASEAN Cities through a franchise model system managed by the in house franchise team.

The Company believes that he has the potential and ability to contribute to the further success of the Group. Therefore, by allowing him to participate in the BreadTalk RSG Plan 2018 and Scheme, the Company will have an additional tool to craft a more balanced and innovative remuneration package that will link his total remuneration to the performance of the Group.

- 7.5** The participation by Frankie Quek in the BreadTalk RSG Plan 2018 and Scheme is subject to Shareholders' approval at the EGM of the Company, notice of which is given on page N-1 of this Circular. Pursuant to the Listing Manual, any specific grant of Awards or Options to Frankie Quek or any other Controlling Shareholders and/or their Associates will have to be by way of separate resolutions approved by independent Shareholders in a general meeting. Clear justification or rationale for participation, the specific grants to be made and any discount shall be disclosed in the circular seeking such approval. Details of the number of the number of Awards granted, Options granted and the number of Shares Vested and Released will be disclosed in the annual report of the Company.

**7.6 Listing of the New Shares**

The SGX-ST has granted in-principle approval of the listing and quotation of the New Shares arising from the BreadTalk RSG Plan 2018. The approval-in-principle of the SGX-ST is not to be taken as an indication of the merits of the BreadTalk RSG Plan 2018, the Scheme, the New Shares and/or the Company and its subsidiaries.

**8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, the interests of Directors and substantial shareholders of the Company in the Shares (as recorded in the Company's register of Directors' interests and register of substantial shareholders' interests respectively) are as follows:

## LETTER TO SHAREHOLDERS

Directors	Number of Shares				Number of Shares comprised in outstanding share options <sup>(2)</sup> /awards
	Direct Interest	% <sup>(1)</sup>	Deemed Interest	% <sup>(1)</sup>	
Dr George Quek Meng Tong	95,687,660	34.00	52,415,020	18.62	-
Katherine Lee Lih Leng	52,415,020	18.62	95,687,660	34.00	-
Oh Eng Lock	399,764	0.14	105,066	0.04	11,000
Ong Kian Min	120,000	0.04	-	-	-
Dr Tan Khee Giap	-	-	-	-	-
Chan Soo Sen	-	-	-	-	-
Paul Charles Kenny	-	-	-	-	-

### Notes:

(1) The percentage is calculated based on the total issued and paid-up share capital of 281,435,284 Shares (being the total number of Shares excluding 457,954 Treasury Shares) as at the Latest Practicable Date.

(2) As at the Latest Practicable Date, there is no outstanding option issued.

Substantial Shareholders	Direct Interest		Deemed Interest	
	Shares	%	Shares	%
Dr George Quek Meng Tong <sup>(1)</sup>	95,687,660	34.00	52,415,020	18.62
Katherine Lee Lih Leng <sup>(1)</sup>	52,415,020	18.62	95,687,660	34.00
Primacy Investment Limited	39,463,500	14.02	-	-
Paradice Investment Management LLC <sup>(2)</sup>	-	-	17,815,224	6.33
PIM US Pty Ltd (as trustee of PIM US Unit Trust) <sup>(3)</sup>	-	-	17,815,224	6.33
PFH (NSW) Pty Ltd (as trustee of Paradise Family Trust) <sup>(4)</sup>	-	-	17,815,224	6.33

### Notes:

(1) Katherine Lee Lih Leng is the spouse of Dr George Quek Meng Tong. Saved as disclosed above, there are no family relationship among our Directors and Substantial Shareholders.

(2) Paradise Investment Management LLC (“**Paradice LLC**”) is a fund manager in the United States which manages various individual client portfolios under the “Global Small Mid Cap” Strategy. As fund manager, Paradise LLC has discretion and authority over the sale and purchase of the abovementioned shares, and is also entitled to exercise the votes attached to those shares on behalf of the underlying investor. Therefore, Paradise LLC has deemed interests in the abovementioned shares.

(3) PIM US Pty Ltd is the appointed trustee of PIM US Unit Trust (“**Trust**”), and holds the assets of the Trust for the benefit of the Trust’s unit holders, which are all the shares in Paradise LLC, who is a fund manager in the United States, managing individual client portfolios, which includes shares in the Company. Paradise LLC has the discretion and authority over the sale and purchase, and also the ability to exercise votes attached to the shares in the Company, and therefore has deemed interest in the shares.

(4) PFH (NSW) Pty Ltd is the appointed trustee of the Paradise Family Trust (“**Paradice Family Trust**”) and has legal title to the assets of the Paradise Family Trust, which

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## LETTER TO SHAREHOLDERS

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includes shares in Paradise investment Management Pty Ltd (“**PIMPL**”). PFH (NSW) Pty Ltd (as trustee of Paradise Family Trust) is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in PIML, the sole shareholder of PIM US Pty Ltd.

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

### **9. DIRECTORS' RECOMMENDATION**

#### **9.1 Renewal of the Shareholders' General Mandate for Share Purchase**

For the reasons set out in paragraph 2 above, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the interest of the Company and accordingly recommend that the Shareholders vote in favour of the resolution relating to this matter to be proposed at the EGM.

#### **9.2 Proposed Share Split**

For the reasons set out in paragraph 3 above, the Directors are of the opinion that the proposed Share Split is in the interest of the Company and accordingly recommend that the Shareholders vote in favour of the resolution relating to this matter at the EGM.

#### **9.3 Proposed Adoption of the BreadTalk RSG Plan 2018**

Save for the Non-Participating Directors, all of the Directors are eligible to participate in, and are therefore interested in the BreadTalk RSG Plan 2018. Accordingly, the Participating Directors have abstained from making any recommendation to Shareholders in respect of the BreadTalk RSG Plan 2018.

For the reasons set out in paragraph 5 above, the Non-Participating Directors, are of the opinion that the proposed adoption of the BreadTalk RSG Plan 2018 is in the interest of the Company and accordingly recommend that the Shareholders vote in favour of the resolution relating to this matter to be proposed at the EGM.

#### **9.4 Proposed Adoption of the Scheme**

Save for the Non-Participating Directors, all of the Participating Directors are eligible to participate in, and are therefore interest in the Scheme. Accordingly, the Participating Directors have abstained from making any recommendation to Shareholders in respect of the Scheme.

For the reasons set out in paragraph 6 above, the Non-Participating Directors, are of the opinion that the proposed adoption of the Scheme is in the interest of the Company and accordingly recommend that the Shareholders vote in favour of the resolution relating to this matter to be proposed at the EGM.

#### **9.5 Participation of Frankie Quek in the BreadTalk RSG Plan 2018**

Due to the interest of the Directors in the BreadTalk RSG Plan 2018, the Directors have abstained from making any recommendation to Shareholders in respect of the participation of Frankie Quek in the BreadTalk RSG Plan 2018.

As Frankie Quek is the brother of Dr. George Quek Meng Tong and brother-in-law of Ms. Katherine Lee Lih Leng, the Non-Participating Directors have abstained from making any recommendation to Shareholders in respect of the participation of Frankie Quek.

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## LETTER TO SHAREHOLDERS

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### 9.6 Participation of Frankie Quek in the Scheme

Due to the interest of the Directors in the the Directors have abstained from making any recommendation to Shareholders in respect of the participation of Frankie Quek in the BreadTalk RSG Plan 2018.

As Frankie Quek is the brother of Dr. George Quek Meng Tong and brother-in-law of Ms. Katherine Lee Lih Leng, the Non-Participating Directors have abstained from making any recommendation to Shareholders in respect of the participation of Frankie Quek.

### 10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf, may complete, sign and return the proxy form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the registered office of the Company at 30 Tai Seng Street, #09-01, BreadTalk IHQ, Singapore 534013, not less than 72 hours before the time fixed for the EGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy.

A Depositor shall not be entitled to attend and vote at the EGM unless he is shown to have Shares of the Company entered against his name in the Depository Register as at 72 hours before the time fixed for holding the EGM, as certified by CDP to the Company.

### 11. ABSTENTION FROM VOTING

Shareholders who are entitled to participate in the BreadTalk RSG Plan 2018 or Scheme, should abstain from voting at the EGM on the Ordinary Resolutions 3 to 10 as set out in the Notice of EGM and Shareholders who are controlling shareholders and their associates shall abstain from voting on the Ordinary Resolutions 5, 6 and 9 and should decline appointment as proxies for voting at the EGM in respect of the aforesaid resolutions, unless specific instructions have been given in the proxy form on how the votes are to be cast for each of the aforesaid resolutions.

### 12. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the office of the Company's registered office at 30 Tai Seng Street, #09-01, BreadTalk IHQ, Singapore 534013, during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the announcement made by the Company dated 1 March 2018 in respect of the Share Split;
- (c) the Rules of the BreadTalk RSG Plan 2018;
- (d) the Rules of the Scheme; and
- (e) the Annual Report of the Company for the financial year ended 31 December 2017.

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## LETTER TO SHAREHOLDERS

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### 13. DIRECTORS' RESPONSIBILITY STATEMENT

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

Yours faithfully  
For and on behalf of the Board of Directors of  
**BreadTalk Group Limited**

**Dr George Quek Meng Tong**  
Chairman

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## APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018

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### RULES OF THE BREADTALK GROUP LIMITED RESTRICTED SHARE GRANT PLAN 2018

#### 1. NAME OF THE PLAN

This restricted share grant plan shall be called the “**BreadTalk Restricted Share Grant Plan 2018**”.

#### 2. DEFINITIONS

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

- “Associate” : (a) in relation to any Director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:-
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any company which it is a subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Auditors” : The auditors of the Company for the time being
- “Award” : A contingent award of fully paid Shares, their equivalent cash value, or combination thereof, granted under the BreadTalk RSG Plan 2018
- “Award Date” : The date on which the Award is granted pursuant to the BreadTalk RSG Plan 2018
- “BreadTalk RSG Plan 2018” or “RSG Plan” : The new BreadTalk restricted share grant plan as may be altered or amended from time to time
- “Board of Directors” or “Board” : The board of Directors of the Company
- “CDP” : The Central Depository (Pte) Limited
- “Committee” : A committee comprising Directors and such other person (if any) as may be duly authorised and appointed by the Board to administer the BreadTalk RSG Plan 2018 provided always that a Director or persons who may be Controlling Shareholders or

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## APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018

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	associates of Controlling Shareholders shall not be eligible to be appointed to the committee
<i>“Company” or “BreadTalk”</i>	: BreadTalk Group Limited
<i>“Companies Act”</i>	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<i>“Control”</i>	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operation policies of the Company
<i>“Controlling Shareholder”</i>	: A person who:-  (a) holds directly or indirectly 15% or more of the issued share capital of the Company; or  (b) in fact exercises control over the Company
<i>“Directors”</i>	: The directors (including non-executive directors and independent directors) of the Group for the time being and/or its subsidiaries as the case may be
<i>“Group”</i>	: The Company and its subsidiaries
<i>“Group Employee”</i>	: Any confirmed employee of the Group (including any Director but excluding the Non-Participating Directors) selected by the Committee to participate in the BreadTalk RSG Plan 2018 in accordance with the rules herein
<i>“Market Day”</i>	: A day on which the SGX-ST is open for trading in securities
<i>“Non-Participating Directors”</i>	: Dr. George Quek Meng Tong and Ms. Katherine Lee Lih Leng
<i>“Participant”</i>	: A person who is selected by the Committee to participate in the BreadTalk RSG Plan 2018
<i>“Participating Directors”</i>	: The Directors save for the Non-Participating Directors
<i>“Performance Period”</i>	: The performance period during which the Performance Targets shall be satisfied, if any
<i>“Performance Targets”</i>	: The performance target prescribed by the Committee to be fulfilled by a Participant for any particular period under the BreadTalk RSG Plan 2018
<i>“Rules”</i>	: The rules of the BreadTalk RSG Plan 2018, as the same may be amended from time to time
<i>“SGX-ST”</i>	: Singapore Exchange Securities Trading Limited
<i>“Share(s)”</i>	: Ordinary share(s) in the share capital of the Company



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## APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018

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- “Shareholders”* : The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term **“Shareholders”** shall, in relation to such Shares and where the context so admits, mean the Depositors whose securities accounts are credited with such Shares
- “subsidiary holdings”* : Shares referred to in Section 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
- “Substantial Shareholders”* : A person (including a corporation who holds), directly or indirectly, 5% or more of the total issued share capital of the Company
- “Vesting Period”* : The period during which an Award may vest, if any
- “%” or “per cent”* : Per centum or percentage
- 2.2** The terms “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act.
- 2.3** Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall include corporations.
- 2.4** Any reference in the BreadTalk RSG Plan 2018 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 BreadTalk RSG Plan 2018 shall, where applicable, have the same meaning assigned to it under the Companies Act.
- 2.5** Any reference in the BreadTalk RSG Plan 2018 to a time of day shall be a reference to Singapore time.
- 3. OBJECTIVES**
- 3.1** The objectives of the BreadTalk RSG Plan 2018 are as follows:
- (i) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
  - (ii) to increase and to maintain the Company’s flexibility and effectiveness in rewarding its employees and attracting potential employees;
  - (iii) to retain key employees whose contributions are important to the long term growth and prosperity of the Group in the changing business environment;
  - (iv) to instill greater dedication and loyalty to the Group as well as a stronger sense of identification by the participants with the long-term prosperity of the Group;
  - (v) to attract potential employees with the relevant skills to contribute to the Group and to create value for Shareholders; and
  - (vi) to align the interests of the participants with the interests of the Shareholders.

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## APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018

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### 4. ELIGIBILITY OF PARTICIPANTS

4.1 Subject to the absolute discretion of the Committee, Group Employees (including Directors but excluding the Non-Participating Directors) who:

- (i) have attained the legal age of 21 years on or before the Award Date;
- (ii) are not undischarged bankrupts; and
- (iii) who hold such rank as the Committee may from time to time designate

shall be eligible to participate in the BreadTalk RSG Plan 2018.

4.2 Subject to the absolute discretion of the Committee, the Controlling Shareholders and their associates who meet the criteria as set out above are eligible to participate in the BreadTalk RSG Plan 2018, provided that the participation of each Controlling Shareholder or his associates and each grant of an Award to any of them may only be effected with the specific prior approval of independent Shareholders in general meeting by a separate resolution, provided always that it shall not be necessary to obtain the approval of the independent Shareholders of the Company for the participation of a Controlling Shareholder or his associate in the BreadTalk RSG Plan 2018 who is, at the relevant time already a Participant.

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

4.4 Subject to the Companies Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted from time to time (if applicable), the terms of eligibility for participation in the BreadTalk RSG Plan 2018 may be amended from time to time at the absolute discretion of the Committee.

### 5. LIMITATIONS UNDER THE PLAN

5.1 The aggregate number of Shares for which an Award may be granted on any date under the BreadTalk RSG Plan 2018, when added to the number of Shares issued and/or issuable in respect of:

- (i) all Awards granted under the BreadTalk RSG Plan 2018; and
- (ii) all Shares, options or awards granted under any other share option or share-based incentive scheme of the Company then in force,

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

5.2 The aggregate number of Shares available to Controlling Shareholders and their associates must not exceed 25% of the Shares available under the BreadTalk RSG Plan 2018.

5.3 The number of Shares for which an Award may be granted under the BreadTalk RSG Plan 2018 to each Controlling Shareholder or his associate shall not exceed 10% of the Shares available under the BreadTalk RSG Plan 2018.

5.4 The aggregate number of Shares available to directors and employees of the Company's subsidiaries must not exceed 20% of the Shares available under the BreadTalk RSG Plan 2018.

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## APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018

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### 6. GRANT OF AWARDS

**6.1** The Committee may grant Awards at any time during the period when the BreadTalk RSG Plan 2018 is in force.

**6.2** Subject to Rules 4 and 5, the number of Shares which are the subject of each Award to be granted to a Participant under the BreadTalk RSG Plan 2018 shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the Participant's rank, job performance, entrepreneurship, years of service and potential for future development, contribution to the success and development of the Group, and the difficulty required to achieve the Performance Target(s) within the Performance Period.

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

- (i) the Award Date;
- (ii) the number of Shares which are subject to the Award;
- (iii) in the case of performance-related Awards:
  - (a) the prescribed Performance Target(s);
  - (b) the Performance Period during which the prescribed Performance Target(s) are to be satisfied; and
  - (c) the extent to which Shares which are the subject of that Award shall be released on the prescribed Performance Target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
- (iv) the prescribed Vesting Periods (if any) and the vesting dates (if any);
- (v) the release schedule (if any) setting out the extent to which Shares, which are the subject of that Award, shall be released at the end of each prescribed vesting period;
- (vi) the retention period (if any); and
- (vii) any other condition which the Committee may determine in relation to that Award.

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

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

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

**6.6** The Committee may amend or waive the Performance Period and/or the Performance Conditions in respect of an Award:

- (i) subject to Rule 8, in the event of a take-over offer being made for the Shares or if Shareholders or under the Companies Act, the court sanctions a compromise or

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## APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018

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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 or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or

- (ii) if any event occurs or circumstances arise which causes the Committee to conclude that:
  - (a) a changed Performance Target would be a fairer measure of performance and would be no less difficult to satisfy; or
  - (b) the Performance Target should be waived,

and the committee shall as soon as practicable, notify the Participants of such change or waiver.

**6.7** Participants are not required to pay for the grant of an Award.

### **7. VESTING OF AWARDS**

**7.1** Notwithstanding that a Participant may have met his Performance Target, no Awards shall be vested and all Awards granted shall immediately lapse in the event of:

- (i) the decision of the Committee, in its absolute discretion, to revoke or annul such Award;
- (ii) subject to Rule 7.4, the cessation of employment of a Participant within the Group for any reason whatsoever;
- (iii) the bankruptcy of a Participant;
- (iv) the misconduct of a Participant;
- (v) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency; and
- (vi) a take-over, winding-up or reconstruction of the Company.

**7.2** For the purposes of Rule 7.1(ii), the Participant shall be deemed to have ceased to be employed as at the date of notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date.

**7.3** If the cessation of employment by the Participant under Rule 7.1(ii) is due to the following:

- (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (ii) redundancy;
- (iii) retirement at or after the legal retirement age;
- (iv) retirement before the legal retirement age with the consent of the Committee;
- (v) the company by which he is employed ceasing to be a company within the Group or, as the case may be, the company to which he is seconded ceasing to be an

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## APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018

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associated company or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an associated company;

(vi) any other event approved by the Committee; or

(vii) death,

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest all or some of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant Performance Period. In exercising its discretion, the Committee will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the applicable Performance Targets have been satisfied.

**7.4** Upon the occurrence of any of the events specified in Rule 7.1(i), (ii), (iii), and (iv), an Award then held by a Participant shall immediately lapse without any claim whatsoever against the Company and/or the Group.

**7.5** Upon the occurrence of any of the events specified in Rule 7.1(v) or (vi), the Committee will consider, at its discretion, whether or not to release an Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the proportion of the Performance Period which has elapsed and the extent to which the Performance Target(s) have been satisfied and any legal or regulatory requirements, provided that any Awards not vested prior to commencement of the winding up of the Company (whether voluntary or by order of court) shall, upon commencement of such winding up be null and void. Subject to the foregoing, where Awards are vested, the Committee will, as soon as practicable, procure the allotment to each Participant of the number of Shares so determined.

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

**8.1** Notwithstanding Rule 7 but subject to Rule 8.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to the Shares under the Awards if he has met the Performance Targets for the corresponding Performance Period. For the avoidance of doubt, the vesting of such Awards will not be affected by the take-over offer.

**8.2** If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, notwithstanding the provisions under this Rule 8 but subject to Rule 8.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

**8.3** If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that Shares may have not been released to the Participants, shall be deemed or become null and void.

**8.4** In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Shares under the Awards shall be released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Targets prior to the date on which the members' voluntary winding-up is deemed to have commenced or is effective in law.

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## APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018

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- 8.5** If in connection with the making of a general offer referred to in Rule 8.1 or the scheme referred to in Rule 8.2 or the winding-up referred to in Rule 8.4, 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 payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.

### **9. ALLOTMENT AND LISTING OF SHARES**

- 9.1** Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the BreadTalk RSG Plan 2018 and the Constitution of the Company, the Company shall within one month after the vesting of an Award, allot or transfer the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.
- 9.2** The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.
- 9.3** Shares which are the subject of an Award shall be issued or transferred, in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 9.4** Shares issued and allotted or transferred upon the vesting of an Award shall be subject to all the provisions of the Constitution of the Company, and shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 9.5** The Company shall keep available sufficient unissued Shares to satisfy the delivery of the Shares pursuant to vesting of the Awards.

### **10. ADJUSTMENT EVENTS**

- 10.1** If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits, reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or issues for cash or for shares or otherwise howsoever) shall take place, then:
- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
  - (ii) the class and/or number of Shares in respect of which future Awards may be granted under the BreadTalk RSG Plan 2018,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made and any adjustment must be confirmed in writing by the auditors of the Company for the time being or an independent public accountant as appointed by the Company (acting as experts and not as arbitrators) to be in their opinion, fair and reasonable.

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## **APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018**

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- 10.2** Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustments:
- (i) the issue of securities as consideration for an acquisition of any assets by the Company or in connection with a private placement of securities; or
  - (ii) any increase in the number of issued Shares as a consequence of the exercise of options or other convertibles issued from time to time by the Company entitling holders thereof to acquire new Shares in the capital of the Company (including the issue and allotment of Shares pursuant to the BreadTalk RSG Plan 2018 or any other share-based incentive schemes implemented by the Company); or
  - (iii) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) of such Shares undertaken by the Company on the SGX-ST during the period while a share purchase mandate granted by Shareholders (or any renewal thereof) is in force.
- 10.3** Notwithstanding Rule 10.1, no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.
- 10.4** Upon any adjustment made, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notice being given.

### **11. ADMINISTRATION OF THE PLAN**

- 11.1** The Plan shall be administered by the Committee duly authorised and appointed by the Board (provided always that a Director or persons who may be Controlling Shareholders or associates of Controlling Shareholders shall not be eligible to be appointed to the committee), in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 11.2** The Committee shall have the power, from time to time, to make and vary such rules and regulations or impose terms and conditions necessary, desirable or expedient for the implementation and administration of the BreadTalk RSG Plan 2018 as it may think fit.
- 11.3** Any decision of the Committee made pursuant to any provision of the BreadTalk RSG Plan 2018 (other than a matter to be certified or confirmed by the auditors of the Company for the time being or an independent public accountant as appointed by the Company, acting as experts and not as arbitrators), shall be final and binding (including any decisions pertaining to disputes as to interpretation of the BreadTalk RSG Plan 2018 or any regulation, rule or procedure thereunder or as to any rights under the BreadTalk RSG Plan 2018).

### **12. MODIFICATIONS AND ALTERATIONS OF THE PLAN**

- 12.1** The rules of the BreadTalk RSG Plan 2018 may be modified or amended by resolution of the Committee from time to time subject to any necessary approvals of the SGX-ST (and any other stock exchange on which the Shares may be listed or quoted) and such other regulatory authorities as may be necessary except that:
- (i) any proposed modification or amendment, which would be to the advantage of the Participants under the BreadTalk RSG Plan 2018 (as confirmed by the auditors of the Company for the time being or an independent public accountant as appointed by the

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## APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018

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Company, acting as experts and not as arbitrators) shall be subject to the prior approval of the Company in general meeting;

- (ii) no modification or amendment shall be made which would adversely affect the rights attached to Awards granted prior to such modification or alteration except with the prior consent in writing of such number of Participants under the BreadTalk RSG Plan 2018 who, if the Shares comprised in the Awards granted to them had vested, would thereby become entitled to not less than three-quarters (3/4) in number of all Shares which would be available under the BreadTalk RSG Plan 2018; and
- (iii) no modification or amendment shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.

**12.2** Notwithstanding anything to the contrary contained in the paragraph above, the Committee may at any time by resolution and without any other formality (save for the prior approval of the SGX-ST when necessary) modify or amend the rules of the BreadTalk RSG Plan 2018 in any way to the extent necessary to cause the BreadTalk RSG Plan 2018 to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

**12.3** The Company shall give written notice of any modification or alteration made in accordance with this Rule to be given to all Participants.

### **13. DURATION OF THE BREADTALK RSG PLAN 2018**

**13.1** The BreadTalk RSG Plan 2018 shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the BreadTalk RSG Plan 2018 is adopted by the Company in general meeting, provided always that the BreadTalk RSG Plan 2018 may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

**13.2** The termination of the BreadTalk RSG Plan 2018 shall not affect any Award(s) which have been made to the Participants.

**13.3** The Company may terminate the BreadTalk RSG Plan 2018 at any time by an ordinary resolution in general meeting and in such event no additional Awards shall be granted by the Company hereunder.

### **14. DISCLOSURES IN ANNUAL REPORT**

**14.1** The Company shall disclose the following in its annual report to Shareholders in compliance with the Listing Manual for so long as the BreadTalk RSG Plan 2018 continues in operation:

- (i) the names of the members of the Committee administering the BreadTalk RSG Plan 2018;
- (ii) in respect of the following Participants of the BreadTalk RSG Plan 2018:
  - (a) Participating Directors of the Company;
  - (b) Participants who are controlling shareholders of the Company and their associates; and
  - (c) Participants (other than those in paragraph (a) and (b) above) who have received



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## APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018

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Shares pursuant to the release of Awards granted under the BreadTalk RSG Plan 2018 which, in aggregate represent 5% or more of the aggregate number of Shares under the BreadTalk RSG Plan 2018,

the following information:

- (v) the name of the Participant;
- (vi) the number of New Shares issued to such Participant during the financial year under review;
- (vii) the number of existing Shares transferred to such Participant during the financial year under review;
- (iii) in relation to the BreadTalk RSG Plan 2018, the following particulars:
  - (a) the aggregate number of Shares comprised in Awards granted since the commencement of the BreadTalk RSG Plan 2018 to the end of the financial year under review;
  - (b) the aggregate number of Shares comprised in Awards which have been released and/or vested during the financial year under review and in respect of such Awards, the proportion of:
    - (i) New Shares issued; and
    - (ii) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased pursuant to the Awards granted under the Plan; and
- (iv) such other information as may be required by the Listing Manual or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included therein.

### 15. NOTICES

- 15.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 15.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 15.3 Any notice sent by post shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is posted, and in proving such service by post, it shall be sufficient to prove that the letter or wrapper containing the same was properly addressed and put into the post office as a prepaid letter or wrapper.

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## **APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018**

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### **16. TERMS OF EMPLOYMENT UNAFFECTED**

- 16.1** The BreadTalk RSG Plan 2018 or any Award granted hereunder shall not form part of any contract of employment between the Company or any of its subsidiaries (as the case may be) and any Participant and the rights and obligations of any individual under the terms of office or employment with such company within the Group shall not be affected by his participation in the BreadTalk RSG Plan 2018 or any right which he may have to participate in it or any rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 16.2** The BreadTalk RSG Plan 2018 shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company and/or any of its subsidiaries directly or indirectly or give rise to any cause of action at law or in equity against the Company and/or any of its subsidiaries.

### **17. TAXES, COSTS AND EXPENSES**

- 17.1** All taxes (including income tax, if applicable) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the BreadTalk RSG Plan 2018 shall be borne by that Participant.
- 17.2** Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the vesting of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.
- 17.3** Save for the above, all other fees, costs and expenses incurred by the Company in relation to the BreadTalk RSG Plan 2018 shall be borne by the Company.

### **18. DISCLAIMER OF LIABILITY**

- 18.1** Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 9.2.

### **19. DISPUTES**

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

### **20. ISSUE OF SHARES CONTRARY TO LAW**

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

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## **APPENDIX 1 – THE PROPOSED BREADTALK RSG PLAN 2018**

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### **21. ABSTENTION FROM VOTING**

- 21.1** Shareholders who are eligible to participate in the BreadTalk RSG Plan 2018 must abstain from voting on any resolution relating to the BreadTalk RSG Plan 2018 (other than a resolution relating to the participation of, or grant of options to, directors and employees of the issuer's parent company and its subsidiaries).

### **22. GOVERNING LAW**

- 22.1** The BreadTalk RSG Plan 2018 shall be governed by, and construed in accordance with the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the BreadTalk RSG Plan 2018, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

**RULES OF THE BREADTALK GROUP LIMITED  
EMPLOYEES' SHARE OPTION SCHEME**

**1. NAME OF THIS SCHEME**

This Scheme shall be called the "BreadTalk Employees' Share Option Scheme 2018" (the "**Scheme**")

**2. DEFINITIONS**

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

"Acceptance Period" : The period within which an Option may be accepted, as described in Rule 7.2

"Associate" : (a) in relation to any Director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:-

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;

(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any company which it is a subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

"Associated Company" : A company in which at least 20% but no more than 50% of its shares are held by the Company

"Auditors" : The auditors of the Company for the time being

"Board of Directors" or "Board" : The board of Directors of the Company

"CDP" : The Central Depository (Pte) Limited

"Committee" : A committee comprising Directors and such other person (if any) as may be duly authorised and appointed by the Board to administer the Scheme provided always that a Director or persons who may be Controlling Shareholders or associates of Controlling Shareholders shall not be eligible to be appointed to the committee

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## APPENDIX 2 – THE PROPOSED BREADTALK ESOS PLAN 2018

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<i>“Company” or “BreadTalk”</i>	: BreadTalk Group Limited
<i>“Companies Act”</i>	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<i>“Control”</i>	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operation policies of the Company
<i>“Controlling Shareholder”</i>	: A person who:-  (a) holds directly or indirectly 15% or more of the issued share capital of the Company; or  (b) in fact exercises control over the Company
<i>“Directors”</i>	: The directors (including non-executive directors and independent directors) of the Group for the time being and/or its subsidiaries as the case may be
<i>“Executive Director”</i>	: A Director (excluding the Non-Participating Directors) who is a full-time or part time employee of the Group and who performs an executive function
<i>“Executive Option”</i>	: The right to subscribe for shares granted or to be granted to an Employee (other than an employee of an Associated Company), including an Executive Director (other than a director of an Associated Company), pursuant to this Scheme and for the time being subsisting
<i>“Exercise Price”</i>	: The price at which a Participant shall subscribe for each Share upon the exercise of an option as determined in accordance with Rule 8.1 in relation to a Market Price Option, and Rule 8.2 in relation to an Incentive Option
<i>“Financial Year”</i>	: Each period of twelve (12) months or more or less than twelve (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
<i>“Grantee”</i>	: The person to whom an offer of an Option is made
<i>“Group”</i>	: The Company and its subsidiaries
<i>“Group Employee”</i>	: Any confirmed employee of the Group (including any Director but excluding the Non-Participating Directors) selected by the Committee to participate in the Scheme in accordance with the rules herein
<i>“Incentive Option”</i>	: The right to subscribe for shares granted or to be granted pursuant to this Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rule 8.2
<i>“Market Day”</i>	: A day on which the SGX-ST is open for trading in securities
<i>“Market Price”</i>	: The price as defined in Rule 8.1

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## APPENDIX 2 – THE PROPOSED BREADTALK ESOS PLAN 2018

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| <i>“Market Price Option”</i>         | : | The right to subscribe for shares granted or to be granted pursuant to this Scheme and for the time being subsisting, and in respect of which the exercise price is determined in accordance with Rule 8.1  |
| <i>“Non-Executive Director”</i>      | : | A Director who is not an Executive Director or a Non-Participating Director   |
| <i>“Non-Executive Option”</i>        | : | An Option other than an Executive Option  |
| <i>“Non-Participating Directors”</i> | : | Dr. George Quek Meng Tong and Ms. Katherine Lee Lih Leng  |
| <i>“Offering Date”</i>               | : | The date on which an Option is granted pursuant to a Letter of Offer  |
| <i>“Option”</i>                      | : | A Market Price Option or an Incentive Option, as the case may be  |
| <i>“Option Period”</i>               | : | The period for the exercise of an Option as set out in Rule 9.1   |
| <i>“Participant”</i>                 | : | A person selected by the Committee as the holder of an Option   |
| <i>“Participating Directors”</i>     | : | The Directors save for the Non-Participating Directors  |
| <i>“Rules”</i>                       | : | The rules of this Scheme, as may be amended from time to time   |
| <i>“Scheme”</i>                      | : | BreadTalk Group Limited Employees’ Share Option Scheme 2018, as modified or amended from time to time   |
| <i>“SGX-ST”</i>                      | : | Singapore Exchange Securities Trading Limited   |
| <i>“Share(s)”</i>                    | : | Ordinary share(s) in the share capital of the Company   |
| <i>“Shareholders”</i>                | : | The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose securities accounts are credited with such Shares |
| <i>“subsidiary holdings”</i>         | : | Shares referred to in Section 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act   |
| <i>“%” or “per cent”</i>             | : | Per centum or percentage  |
- 
- 2.1** The terms “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act.
- 2.2** Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall include corporations.
- 2.3** Any reference in 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 this Scheme shall, where applicable, have the same meaning

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## APPENDIX 2 – THE PROPOSED BREADTALK ESOS PLAN 2018

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assigned to it under the Companies Act.

**2.4** Any reference in this Scheme to a time of day shall be a reference to Singapore time.

### **3. OBJECTIVES**

**3.1** The objectives of the Scheme are as follows:

- (i) to motivate Participants to optimise performance standards and efficiency and to maintain a high level of contribution to the Group;
- (ii) to retain key employees whose contributions are important to the long term growth and prosperity of the Group;
- (iii) to attain a harmonious employer/employee relations as well as the strengthening of working relationships with the Group's close business associates;
- (iv) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders;
- (v) to align the interests of the Participants with the interests of the Shareholders; and
- (vi) to develop a participatory style of management which promotes greater commitment and dedication among the employees and instill loyalty and a stronger sense of identification with the long term prosperity of the Group.

### **4. ELIGIBILITY**

**4.1** Subject to the absolute discretion of the Committee, Group Employees (including Directors but excluding the Non-Participating Directors) who:

- (i) have attained the legal age of 21 years on or before the Offering Date; and
- (ii) are not undischarged bankrupts,

shall be eligible to participate in the Scheme.

**4.2** Subject to the absolute discretion of the Committee, the Controlling Shareholders and their associates who meet the criteria as set out above are eligible to participate in the Scheme, provided that the participation of each Employee who is a Controlling Shareholder or his associates and each grant of an Option to any of them may only be effected with the specific prior approval of independent Shareholders in general meeting by a separate resolution, provided always that it shall not be necessary to obtain the approval of the independent Shareholders of the Company for the participation of a Controlling Shareholder or his associate in the Scheme who is, at the relevant time already a Participant.

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

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

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### 5. LIMITATIONS UNDER THE PLAN

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

- (i) all Options granted under the Scheme; and
- (ii) all Shares, options or awards granted under any other share option or share-based incentive scheme,

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

5.2 The aggregate number of Shares available to Controlling Shareholders and their associates must not exceed 25% of the Shares available under the Scheme.

5.3 The number of Shares for which an Option may be granted under the Scheme to each Controlling Shareholder or his associate shall not exceed 10% of the Shares available under the Scheme.

5.4 The aggregate number of Shares available to directors and employees of the Company's subsidiaries must not exceed 20% of the Shares available under the Scheme.

### 6. GRANT OF OPTIONS

6.1 The Committee may grant Options at any time during the period when the Scheme is in force.

6.2 Subject to Rules 4 and 5, the number of Shares which are the subject of each Option to be granted to a Participant under the Scheme shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the seniority of position, performance, length of service and potential for future development of the eligible Employee.

6.3 An offer to grant an Option to a Participant shall be made by way of a letter (the "**Letter of Offer**") in the form or substantially in the form set out in Schedule 1, subject to such amendments as the Committee may determine from time to time.

### 7. ACCEPTANCE OF OFFER

7.1 An option is personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.

7.2 The closing date for the acceptance for the grant of any Option under this Rule 7 shall not be less than fifteen (15) days and not more than thirty (30) days from the Offering Date of that Option. The grant of an Option must be accepted by completing, signing and returning of the Acceptance Form in or substantially in the form set out in Schedule 2, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration or such other amount and such other documentation as the Committee may require. The Option is deemed not accepted until actual receipt by the Company of the Acceptance Form.



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- 7.3** 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) a grant of an Option is not accepted strictly in the manner as provided in Rule 7.2 within the Acceptance Period;
  - (ii) the Grantee dies prior to his acceptance of the Option;
  - (iii) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option
  - (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 (being a Non-Executive Director) 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 Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.
- 7.4** The Company shall be entitled at its absolute discretion to reject any purported acceptance of a grant of an Option made pursuant to this Rule 7 or Exercise Notice given pursuant to Rule 11 which does not strictly comply with the terms of this Scheme.
- 7.5** In the event that the 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. EXERCISE PRICE**

- 8.1** Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Shares in respect of which a Market Price Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at a price (the “**Market Price**”) equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the five (5) consecutive Market Day immediately preceding the Offering Date of that Option, rounded up to the nearest whole cent in the event of fractional prices, provided in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or his associate, the Exercise Price for each Share shall be equal to the average of the last dealt process for a Share, as determined by reference to the daily official list published by the SGX-ST, for the five (5) consecutive Market Days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the Shareholders proposing to seek their approval of the grant of such Options to such Controlling Shareholder or his associate.
- 8.2** Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Incentive Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at a price which is set at a discount to the Market Price (as determined in accordance with Rule 8.1), provided that:-
- (i) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted for the time being by the SGX-ST). In determining the quantum of such discount, the Committee shall take into consideration such criteria as the Committee may, in its absolute discretion, deem appropriate including but not limited to:-
    - a. the performance of the Company and the Group;

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- b. the individual performance of the Participant; and
  - c. the contribution of the Participant to the success and development of the Company and/or the Group; and
- (ii) the prior approval of the Shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of Options under this Scheme at a discount not exceeding the maximum discount. For the avoidance of doubt, the prior approval shall be required to be obtained only once and, shall unless revoked, authorise the making of offers and grants of Options under this Scheme at such discount for the duration of this Scheme, rounded up to the nearest whole cent.

### 9. EXERCISE OF OPTION

**9.1** Subject as provided in this Rule 9 and Rule 10 and any other further conditions as may be introduced by the Committee from time to time, each Option shall be exercisable, in whole or in part, as follows:-

- (i) in the case of a Market Price Option, during the period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date (or such earlier date as may be determined by the Committee), provided that in the case of a Market Price Option which is granted to a Participant not holding a salaried office or employment in the Group, such Option Period shall expire on the fifth anniversary of such Offering Date; and
- (ii) in the case of an Incentive Option, during the period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date (or such earlier date as may be determined by the Committee), provided that in the case of an Incentive Option which is granted to a Participant not holding a salaried office or employment in the Group, such Option Period shall expire on the fifth anniversary of such Offering Date.

**9.2** In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with this Scheme until such time as it shall lapse in accordance with the Rules of this Scheme.

**9.3** Subject to Rule 9.4, 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 results in his being deprived of the legal or beneficial ownership of such Option;
- (ii) in the event of misconduct on the part of the Participant, as determined by the Committee, in its absolute discretion;
- (iii) subject to Rule 9.4, and 9.5, upon the Participant ceasing to be in full-time employment of the Group for any reason whatsoever; or
- (iv) in the event that the Committee shall, at its sole and absolute discretion deem it appropriate that such Option granted to a Participant shall so lapse on the grounds that any of the objectives of this Scheme have not been met.

For the purposes of Rule 9.3(iii), the Participant shall be deemed to have ceased to be employed as at the date of notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date.

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- 9.4** 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 9.3, 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.
- 9.5** If a Participant dies and as at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Remuneration 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.

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

- 10.1** Notwithstanding Rule 9 but subject to Rule 10.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise in full or in part any Option held by him and as yet unexercised, in the period commencing on the date on which such offer is made or, if such offer is unconditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:-

- (i) the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and 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 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 specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire 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 9 remain exercisable until the expiry of the Option Period relating thereto.

- 10.2** If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled, notwithstanding the provisions under Rule 9 but subject to Rule 10.5, to exercise any Option then held by him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option period relating thereto), whereupon the Option shall lapse and become null and void.
- 10.3** If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent that they are unexercised, shall be deemed or become null and void.
- 10.4** In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Participants ((including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled within thirty (30) days of

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the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto), to exercise any unexercised Option, after which period such unexercised Option shall lapse and become null and void.

- 10.5** If in connection with the making of a general offer referred to in Rule 10.1 or the scheme referred to in Rule 10.2 or the winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no exercise of an Option (to the extent not yet exercised) shall be made in such circumstances.
- 10.6** To the extent that an Option is not exercised within the periods referred to in this Rule 10, it shall lapse and become null and void.

### **11. MANNER OF EXERCISE**

- 11.1** An Option may be exercised during the Option Period, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiples thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in Schedule 3 (the “**Exercise Notice**”), subject in each case 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 must have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. An Option shall be deemed to be exercised upon the receipt by the Company of Exercise Notice duly completed, the relevant documentation required by the Committee and the aggregate Exercise price.
- 11.2** All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 11.3** Subject to:-
- (i) such consents or other required actions of 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 this Scheme and the Constitution of the Company,
- the Company shall within one (1) month after the exercise of an Option by a Participant in accordance with Rule 11.1, allot or transfer existing Shares to the Participant and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.
- 11.4** The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.
- 11.5** Shares which are allotted or transferred on the exercise of an Option by a Participant shall be issued or transferred to, in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 11.6** Shares issued and allotted or transferred upon the exercise of an Option shall be subject to all the provisions of the Constitution of the Company, and shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant date of the exercise

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of the Option, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

**11.7** 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.

**11.8** Except as set out in Rule 11.3 and subject to Rule 12, an Option does not confer on a Participant any right to participate in any new issue of Shares.

### **12. ADJUSTMENT EVENTS**

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

- (i) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised;
- (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,

shall be adjusted by the Committee 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. For this purpose, "Record Date" means the date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

**12.2** Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustments:

- (i) the issue of securities as consideration for an acquisition of any assets by the Company or in connection with a private placement of securities; or
- (ii) any increase in the number of issued Shares as a consequence of the exercise of options or other convertibles issued from time to time by the Company entitling holders thereof to acquire new Shares in the capital of the Company (including the issue and allotment of Shares pursuant to or any other share-based incentive schemes implemented by the Company); or
- (iii) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) of such Shares undertaken by the Company on the SGX-ST during the period while a share purchase mandate granted by Shareholders (or any renewal thereof) is in force

**12.3** Notwithstanding Rule 12.1, no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

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- 12.4** Upon any adjustment made, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the new Exercise Price thereafter in effect and the number of Shares thereafter comprised in the Option insofar as it is unexercised. Any adjustment shall take effect upon such written notice being given.

### **13. ADMINISTRATION OF THE SCHEME**

- 13.1** The Scheme shall be administered by the Committee duly authorised and appointed by the Board (provided always that a Director or persons who may be Controlling Shareholders or associates of Controlling Shareholders shall not be eligible to be appointed to the committee), in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.
- 13.2** The Committee shall have the power, from time to time, to make and vary such rules and regulations or impose terms and conditions necessary, desirable or expedient for the implementation and administration of the Scheme as it may think fit including, but not limited to, imposing restrictions on the number of Options that may be exercised within particular sections of the relevant Option Period.
- 13.3** Any decision of the Committee, made pursuant to any provision of this Scheme (other than a matter to be certified or confirmed by the auditors of the Company for the time being or an independent public accountant as appointed by the Company, acting as experts and not as arbitrators), shall be final and binding (including any decisions pertaining to quantum of discount applicable to an Incentive Option pursuant to Rule 8.2 or to disputes as to interpretation of the Scheme or any regulation, rule or procedure thereunder or as to any rights under the Scheme).

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

- 14.1** The rules of the Scheme may be modified or amended by resolution of the Committee from time to time subject to any necessary approvals of the SGX-ST (and any other stock exchange on which the Shares may be listed or quoted) and such other regulatory authorities as may be necessary except that:
- (i) any proposed modification or amendment, which would be to the advantage of the Participants under the Scheme (as confirmed by the auditors of the Company for the time being or an independent public accountant as appointed by the Company, acting as experts and not arbitrators) shall be subject to the prior approval of the Company in general meeting;
  - (ii) no modification or amendment shall be made which would adversely affect the rights attached to Options granted prior to such modification or alteration except with the prior consent in writing of such number of Participants under the Scheme who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in number of all Shares which would be available under the Scheme; and
  - (iii) no modification or amendment shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.
- 14.2** Notwithstanding anything to the contrary contained in the paragraph above, the Committee may at any time by resolution and without any other formality (save for the prior approval of the SGX-ST when necessary) modify or amend the rules of the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision

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or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

- 14.3** The Company shall give written notice of any modification or alteration made in accordance with this Rule to be given to all Participants.

### **15. VESTING**

- 15.1** The Options may, at the discretion of the Committee, be vested partially over a number of years. The periods over which the Options will vest may exceed any minimum vesting periods prescribed by any laws, regulations or rules to which this Scheme may be subject, including the regulations of any stock exchange on which the Shares may be listed and quoted. Further the Shares to be issued and allotted to a participant pursuant to the exercise of any Option under this Scheme may or may not at the discretion of the Committee, be subject to any retention period.

### **16. DURATION OF THE SCHEME**

- 16.1** The Scheme shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the Scheme is adopted by the Company in general meeting, provided always that the Scheme may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.
- 16.2** The termination of this Scheme shall not affect the rights accrued to Options which have been granted and accepted, whether such Options have been exercised (whether fully or partial) or not.
- 16.3** The Company may terminate the Scheme at any time by an ordinary resolution in general meeting and in such event no additional Options shall be granted by the Company hereunder.

### **17. DISCLOSURES IN ANNUAL REPORT**

- 17.1** The Company shall disclose the following in its annual report to Shareholders in compliance with the Listing Manual for so long as the Scheme continues in operation:

- (i) the names and members of the Committee;
- (ii) in respect of the following Participants of the Scheme:
  - (a) Participating Directors of the Company;
  - (b) Participants who are controlling shareholders of the Company and their associates; and
  - (c) Participants (other than those in paragraph (a) and (b) above) who have received Shares pursuant to the grant of Options granted under the Scheme which, in aggregate represent 5% or more of the aggregate number of Options under the Scheme,

the following information:

- (d) the name of the Participant;

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- (e) the number of Options granted to such Participant during the financial year under review;
- (f) the aggregate number of Options granted since the commencement of this Scheme up to the end of the Financial Year in review;
- (g) the aggregate number of Options exercised since the commencement of this Scheme up to the Financial Year in review and in respect of such exercise, the proportion of:
  - (i) New Shares issued; and
  - (ii) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchasedpursuant to the exercise of Options granted under the Plan; and
- (h) the aggregate number of Options outstanding as at the end of the Financial Year in review;
- (iii) the number and proportion of Options granted at a discount during the Financial Year in review in respect of every 10% range, up to the maximum quantum of discount granted; and
- (iv) such other information as may be required by the Listing Manual or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included therein.

### 18. NOTICES

- 18.1** Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 18.2** Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 18.3** Any notice sent by post shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is posted, and in proving such service by post, it shall be sufficient to prove that the letter or wrapper containing the same was properly addressed and put into the post office as a prepaid letter or wrapper.

### 19. TERMS OF EMPLOYMENT UNAFFECTED

- 19.1** The Scheme or any Option granted hereunder shall not form part of any contract of employment between the Company or any of its subsidiaries (as the case may be) and any Participant and the rights and obligations of any individual under the terms of office or employment with such company within the Group shall not be affected by his participation in the Scheme or any right which he may have to participate in it or any rights to compensation



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or damages in consequence of the termination of such office or employment for any reason whatsoever.

- 19.2** The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company and/or any of its subsidiaries directly or indirectly or give rise to any cause of action at law or in equity against the Company and/or any of its subsidiaries.

### **20. TAXES, COSTS AND EXPENSES**

- 20.1** All taxes (including income tax, if applicable) arising from the grant and/or disposal of Shares pursuant to the Options granted to any Participant under the Scheme shall be borne by that Participant.
- 20.2** Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the exercise of any Options in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.
- 20.3** Save for the above, all other fees, costs and expenses incurred by the Company in relation to the Scheme shall be borne by the Company.

### **21. DISCLAIMER OF LIABILITY**

- 21.1** Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 11.4.

### **22. DISPUTES**

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

### **23. ISSUE OF SHARES CONTRARY TO LAW**

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

### **24. ABSTENTION FROM VOTING**

- 24.1** Shareholders who are eligible to participate in the Scheme must abstain from voting on any resolution relating to the Scheme (other than a resolution relating to the participation of, or grant of options to, directors and employees of the issuer's parent company and its subsidiaries).

**25. GOVERNING LAW**

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

**BREADTALK GROUP LIMITED  
EMPLOYEES' SHARE OPTION SCHEME**

**LETTER OF OFFER**

Date:

**PRIVATE AND CONFIDENTIAL**

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 BreadTalk Group Limited (the “**Company**”) to participate in the BreadTalk Group Limited Employees' Share Option Scheme 2018 (the “**Scheme**”). Terms as defined in the Scheme shall have the same meaning when used in this Circular.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S\$[●], to subscribe for and be allotted [●] Shares of S\$[●] each in the capital of the Company at the price of S\$[●] per Share (the “**Exercise Price**”). The Option shall be subject to the terms of this Letter of Offer and the Rules of the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme). You may obtain a copy of the Rules of the Scheme from the Company.

[Subject to the Rules of the Scheme, the Option shall vest in the following manner:-

[terms]

If you do not exercise your Options vested in any vesting period pursuant to the conditions set out above (a “**Vested Option**”), such Vested Option may be added to the Options vesting in subsequent vesting periods and you may exercise such Vested Option in respect of the aggregate number of outstanding Vested Options.

To the extent to which an Option has not yet vested, no further vesting can occur from the date you resign or from the date your employment is terminated for whatsoever reason. For the avoidance of doubt, no further vesting can occur from the date of your notice of resignation or the notice of termination of your employment by the Company.]

You may exercise the [Vested] Option in whole or in part (provided that the [Vesting] Option may be exercised in part only in respect of 1,000 Shares or any multiples thereof) during the Option Period on the first Business Day of every [period], or, subject to the Rules of the Scheme, up to close of business on the last day of your employment with the Company or in the case of a director up to the date of vacation of your office as director for any reason whatsoever, whichever is the earlier date. The Company shall as soon as practicable after your exercise apply to the SGX-ST or any other stock exchange on which the Shares of the Company are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon the exercise of the Vested Option but the Company cannot assure you that the Shares will be listed and quoted within any fixed time frame.

You may exercise the [Vested] Option by notice in writing to the Committee. The notice must be accompanied by a remittance of the full amount of the aggregate subscription cost (being the amount derived by multiplying the Exercise Price by the number of Shares subscribed for on exercise of the [Vested] Option).

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## APPENDIX 2 – THE PROPOSED BREADTALK ESOS PLAN 2018

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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 S\$[●] not later than [time] on [date] failing which this offer will forthwith lapse.

Yours faithfully  
For and on behalf of  
**BreadTalk Group Limited**

Name:  
Designation

**BREADTALK GROUP LIMITED  
EMPLOYEES' SHARE OPTION SCHEME**

**ACCEPTANCE FORM**

Date:

To: The Committee  
BreadTalk Group Limited Employees' Share Option Scheme  
c/o The Company Secretary  
[address]

Closing Date and Time 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 "**Offering Date**") and agree to be bound by the terms hereof and of the BreadTalk Group Limited Employees' Share Option Scheme 2018 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 [●] Shares of S\$[●] each in the capital of the Company (the "**Shares**") at S\$[●] per Share and enclose a \*cheque/banker's draft/cashier's order/postal order no. [●] for S\$[●] 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 certificate(s) with CDP, the Participant's securities account with CDP or the participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

I confirm as at the date hereof:

- (a) I am not less than 21 year old, nor an undischarged bankrupt, nor have I entered into a composition with any of my creditors; and
- (b) I satisfy the eligibility requirements to participate in the Scheme and such 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.

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## APPENDIX 2 – THE PROPOSED BREADTALK ESOS PLAN 2018

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PLEASE PRINT IN BLOCK LETTERS

Name in Full : \_\_\_\_\_

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

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

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

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

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

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

\* Delete where inapplicable

**Notes:**

1. Option must be accepted in full or in multiples of 1,000 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.

**BREADTALK GROUP LIMITED  
EMPLOYEES' SHARE OPTION SCHEME**

**EXERCISE NOTICE**

To: The Committee  
BreadTalk Group Limited Employees' Share Option Scheme  
c/o The Company Secretary  
[address]

Total Number of Shares S\$[●] each (the "Share") : \_\_\_\_\_  
at S\$[●] per Share under an Option granted on [date]

No. 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 1,000)

Pursuant to your Letter of Offer dated [●] (the "**Offering Date**") and my acceptance thereof, I hereby exercise the Option to subscribe for Shares in BreadTalk Group Limited (the "**Company**") at S\$[●] per Share.

I hereby request the Company to allot and issue to me the number of Shares specified above 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/\*CPF investment account with a CPF agent bank 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/CPF (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 : \_\_\_\_\_

\*(c) CPF Investment Account Number : \_\_\_\_\_

Name of CPF agent bank : \_\_\_\_\_

I enclose a \*cheque/cashier's order/bank draft/postal order no. [●] for S\$[●] in payment for the subscription of S\$[●] for the total number of [●] Shares and the CDP charges of S\$[●].

I agree to subscribe for the Shares subject to the terms of the Letter of Offer, the BreadTalk Group Limited Employees' Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Constitution of the Company.

I declare that I am subscribing for the Shares for myself and not as a nominee for any other person.

\*Delete where inapplicable

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**BREADTALK GROUP LIMITED**  
(Company Registration No. 200302045G)  
(Incorporated in Singapore with limited liability)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of BreadTalk Group Limited (“**Company**”) will be held at 30 Tai Seng Street #09-01 BreadTalk IHQ, Singapore 534013 on Friday, 20 April 2018 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing (with or without any modifications) the following ordinary resolutions:–

#### ORDINARY RESOLUTIONS

##### 1. Renewal of Share Purchase Mandate

That for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as ascertained as at the date of EGM of the Company) at the price of up to but not exceeding the Maximum Price as defined in paragraph 2.3.4 and 2.7.2 of the Circular to Shareholders dated 27 March 2018 (“**Circular**”), in accordance with the terms of the Share Purchase Mandate set out in the Circular, and this mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting (“**AGM**”) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)]

(Resolution 1)

##### 2. Proposed Share Split of every one (1) ordinary share in the capital of the Company into two (2) ordinary shares (“**Share Split**”)

That:

- (a) on and with effect from the Share Split Books Closure Date to be determined by the Directors of the Company, every one (1) existing ordinary share in the capital of the Company be sub-divided into two (2) ordinary shares in the capital of the Company; and
- (b) the Directors of the Company (or their authorised representative) and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary or expedient to give effect to the Share Split, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and ratified.

(Resolution 2)



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 3. Proposed Adoption of the New BreadTalk Restricted Share Grant Plan 2018

That:

- (a) a new share incentive plan to be known as the “BreadTalk RSG Plan Restricted Share Grant Plan 2018” (the “**Plan**”), the details and rules whereof are set out in the Circular, under which awards (the “**Awards**”) of fully paid-up shares will be granted, free of payment, to selected employees of the Company and its subsidiaries, including Directors of the Company (except for Dr. George Quek Meng Tong and Ms. Katherine Lee Lih Leng), or to selected Non-Executive Directors or Independent Directors be and is hereby approved;
- (b) the Directors of the Company be and are hereby authorised to establish and administer the Plan;
- (c) the Directors of the Company be and are hereby authorised to modify and/or amend the Plan from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Plan and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Plan; and
- (d) the Directors of the Company be and are hereby authorised to allot and/or issue from time to time such number of fully paid-up shares as may be required to be allotted and/or issued pursuant to the Plan, provided that the aggregate number of shares to be allotted and/or issued pursuant to the Plan and any other share based schemes of the Company shall not exceed fifteen per cent. (15%) of the total issued shares excluding treasury shares and subsidiary holdings of the Company from time to time.

**(Resolution 3)**

### 4. Authority to issue shares under the BreadTalk Group Limited Restricted Share Grant Plan (for non-controlling shareholders)

That:

Subject to and contingent upon Resolution 3 being passed, when the Remuneration Committee has decided on the grant of any awards in accordance with the provisions of the Plan, and where such awards relate to the issue of new shares, then pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to allot and/or issue from time to time such number of fully-paid shares as may be required to be allotted and/or issued pursuant to the vesting of the awards under the Plan, provided always that the aggregate number of new ordinary shares to be allotted and/or issued pursuant to the Plan and any other share based schemes (if applicable), which the Company may have in place, shall not exceed fifteen per centum (15%) of the total issued shares excluding treasury shares and subsidiary holdings in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

**(Resolution 4)**

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**5. Proposed Participation by Mr. Frankie Quek Swee Heng, an associate of a controlling shareholder, in the Plan**

That:

Subject to and contingent upon Resolution 3 being passed, approval be and is hereby given for the participation of Mr. Frankie Quek Swee Heng, an associate of Mr. George Quek Meng Tong (who is a Controlling Shareholder of the Company), in the Plan.

[See Explanatory Note (iii)]

**(Resolution 5)**

**6. Authority to grant awards to Participants (being controlling shareholders and their associates) pursuant to the Rules of, and issue shares under, the Plan**

That:

Subject to and contingent upon Resolution 3 being passed, when the Remuneration Committee has decided on the grant of any awards in accordance with the provisions of the Plan to the controlling shareholders and/or their associates as set out below ("**the Participants**"), the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Plan to the Participants, and where such Awards relate to the issue of new shares, then pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to allot and/or to issue such number of fully-paid shares in the Company to the Participants of awards granted by the Company under the Plan, provided always that the aggregate number of shares available to Controlling Shareholders and their associates under the Plan shall not exceed twenty five per centum (25%) of all the shares available under the Plan and that the number of shares available to each Controlling Shareholder or his associate shall not exceed ten per centum (10%) of all the shares available under the Plan. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

Subject to and contingent upon Resolution 5 being passed, that Shares be awarded to the following Participants as set out below:-

<b>Name of Participant</b>	<b>No. of shares to be awarded</b>
<u>Associate of Controlling Shareholders</u>	
Mr. Frankie Quek Swee Heng	8,000

[See Explanatory Note (iv)]

**(Resolution 6)**

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 7. Proposed Adoption of the New BreadTalk Employee Share Option Scheme 2018

That:

- (a) a new share incentive scheme to be known as the “BreadTalk Employees’ Share Option Scheme 2018” (the “**Scheme**”), the details and rules whereof are set out in the Circular, under which options (the “**Options**”) will be granted, to selected employees of the Company and its subsidiaries, including Directors of the Company (except for Dr. George Quek Meng Tong and Ms. Katherine Lee Lih Leng), or to selected Non-Executive Directors or Independent Directors be and is hereby approved;
- (b) the Directors of the Company be and are hereby authorised to establish and administer the Scheme;
- (c) the Directors of the Company be and are hereby authorised to modify and/or amend the Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Scheme and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme; and
- (d) the Directors of the Company be and are hereby authorised to allot and/or issue from time to time such number of Options as may be required to be allotted and/or issued pursuant to the Scheme, provided that the aggregate number of Shares to be allotted and/or issued pursuant to the Scheme and any other share based schemes of the Company shall not exceed fifteen per cent. (15%) of the total issued shares excluding treasury shares and subsidiary holdings of the Company from time to time.

**(Resolution 7)**

### 8. Authority to issue shares under the BreadTalk Group Limited Employees’ Share Option Scheme

That:

Subject to and contingent upon Resolution 7 being passed, pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant options under the Scheme and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme and any other share based schemes (if applicable) shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)]

**(Resolution 8)**

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**9. Proposed Participation by Mr. Frankie Quek Swee Heng, an associate of a controlling shareholder, in the Scheme**

That:

Subject to and contingent upon Resolution 6 being passed, approval be and is hereby given for the participation of Mr. Frankie Quek Swee Heng, an associate of Mr. George Quek Meng Tong (who is a Controlling Shareholder of the Company), in the Scheme.

[See Explanatory Note (vi)]

**(Resolution 9)**

**10. Proposed Grant of Options under the Scheme at a Discount**

That:-

Subject to and contingent upon Resolution 6 being passed, approval be and is hereby given for the offer and grant of Options in accordance with the rules of the Scheme with exercise prices set at a discount not exceeding twenty per cent. (20%) to the Market Price, as determined by the Remuneration Committee authorised and appointed to administer the Scheme, provided that such discount does not exceed the relevant limits as may be set by Singapore Exchange Securities Trading Limited from time to time.

**(Resolution 10)**

By Order of the Board

Chew Kok Liang  
Shirley Tan Sey Liy  
Company Secretaries  
Singapore, 27 March 2018

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Explanatory Notes:

- (i) The Ordinary Resolution 1 proposed in item 1 above, if passed, will empower the Directors of the Company effective until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in Paragraph 2.3.4 and 2.7.2 of the Circular. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2017 are set out in greater detail in the Circular.
- (ii) The Ordinary Resolution 4 in item 4 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next AGM, to issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Plan subject to the maximum number of shares prescribed under the terms and conditions of the Plan. The aggregate number of ordinary shares which may be issued pursuant to the Scheme, the Plan and any other share based schemes (if applicable) is limited to 15% of the total issued share capital of the Company excluding treasury shares and subsidiary holdings from time to time.
- (iii) The Ordinary Resolution 5 in item 5 above, if passed, will entitle Mr Frankie Quek Swee Heng, an associate of Dr George Quek Meng Tong (who is a controlling shareholder of the Company) to participate in the Plan. Shareholders who are eligible to participate in the Plan and controlling shareholders and their associates shall abstain from voting on Resolution 5.
- (iv) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company to issue shares in the Company to the associate of Controlling Shareholders, granted by the Company under the Plan. Shareholders who are eligible to participate in the Plan and controlling shareholders and their associates shall abstain from voting on Resolution 6.

### The rationale for Resolution 6

Frankie Quek Swee Heng, holds an aggregate of 0.02% of the Company's shareholding (directly or indirectly). He was appointed as Head, Real Estate with effect from 1 July 2017. In his new role, Frankie Quek oversees the Group's leasing arrangements in Singapore. This includes sourcing the new locations for all of the Group's business in Singapore, fronting the Group in all leasing negotiations with the landlords for new leases and renewal of existing leases. Frankie Quek also works closely with the Group's project department on overall outlet capex investment and ensures that the Group achieves the desired return on investment. Concurrently, Frankie Quek is tasked with the management of the Group's headquarters – BreadTalk IHQ.

Frankie Quek has been serving the Group since 2005. Prior to his new role, he was appointed as CEO, ASEAN region, on 15 October 2012. Frankie Quek was involved in the formulation and implementation of the expansion plans of the Group within the ASEAN region. With his business acumen and extensive knowledge of the local food and beverage industry, he is assisting the Chairman, Dr. George Quek Meng Tong, in overseeing the growth, expansion and daily operations of the Group, with a focus on the Group's expansion within the ASEAN region. Frankie Quek has been based in Shanghai since 2005

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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where he has been overseeing the growing bakery and food court operations in Shanghai and Beijing. His expertise has further led to the successful expansion of the BreadTalk brand name to many ASEAN Cities through a franchise model system managed by the in house franchise team.

By allowing him to participate in the Plan and the Scheme, the Company will have an additional tool to craft a more balanced and innovative remuneration package that will link his total remuneration to the performance of the Group. Frankie Quek will also be able to share in any future appreciation of the Company's share price that is commensurate with the Company's future growth through an increase in his shareholdings to a more significant level.

The Directors are of the view that the remuneration package of Frankie Quek is fair given his contributions to the Group. The extension of the Plan and the Scheme to Frankie Quek is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company.

As the Plan and the Scheme serve as recognition of the past contributions of those eligible to participate in the Plan and the Scheme, as well as to secure future contributions for the Company and the Group from them, the Directors consider it important that Frankie Quek should be included in the Plan and the Scheme. The Directors consider it crucial for the Company to provide sufficient incentives which will instill a sense of commitment to the Group.

Resolution 6 seeks for the above stated reasons, shareholders' approval for the Directors decision to grant 8,000 shares to Frankie Quek in accordance with the Plan.

- (v) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company from time to time, and the aggregate number of ordinary shares which may be issued pursuant to the Scheme and any other share based schemes (if applicable) is limited to 15% of the total issued share capital of the Company excluding treasury shares and subsidiary holdings from time to time.
- (vi) The Ordinary Resolution 9 in item 9 above, if passed, will entitle Mr Frankie Quek Swee Heng, an associate of Dr George Quek Meng Tong (who is a controlling shareholder of the Company) to participate in the Scheme. Shareholders who are eligible to participate in the Scheme and controlling shareholders and their associates shall abstain from voting on Resolution 9.

### Notes:

1. A Member of the Company (other than a Relevant Intermediary\*) entitled to attend and vote at the EGM (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. A Relevant Intermediary\* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.).

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 30 Tai Seng Street, #09-01 BreadTalk IHQ, Singapore 534013 not less than seventy-two (72) hours before the time appointed for holding the Meeting.

\* A **"Relevant Intermediary"** has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

### PERSONAL DATA PRIVACY

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

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**BREADTALK GROUP LIMITED**

(Company Registration No. 200302045G)  
(Incorporated In the Republic of Singapore)

**EXTRAORDINARY GENERAL MEETING  
PROXY FORM**

(Please see notes overleaf before completing this Form)

**IMPORTANT:**

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors, who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

\*I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)  
of \_\_\_\_\_ (Address)  
being a \*member/members of **BREADTALK GROUP LIMITED** (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

and/or (delete as appropriate)			
Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as \*my/our \*proxy/proxies to attend and vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting (the "**EGM**") of the Company to be held on Friday, 20 April 2018 at 30 Tai Seng Street, #09-01 BreadTalk IHQ Singapore 534013 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) and at any adjournment thereof. \*I/We direct \*my/our \*proxy/proxies to vote for or against the ordinary resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting on a poll is given or in the event of any matter arising at the EGM and at any adjournment thereof, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion.

No.	Ordinary Resolutions relating to:	No. of votes 'For'***	No. of votes 'Against'***
1	Renewal of Share Purchase Mandate		
2	Proposed Share Split		
3	Proposed adoption of the new BreadTalk Restricted Share Grant Plan 2018 ("Plan")		
4	Authority to issue shares under the BreadTalk Group Limited Restricted Share Grant Plan (for non-controlling shareholders)		
5	Proposed participation by Mr. Frankie Quek Swee Heng, an associate of a controlling shareholder, in the Plan		
6	Authority to grant awards to Participants (being controlling shareholders and their associates) pursuant to the Rules of and issue shares under, the Plan		
7	Proposed adoption of the new BreadTalk Employee Share Option Scheme 2018 ("Scheme")		
8	Authority to issue shares under the BreadTalk Group Limited Employees' Share Option Scheme		
9	Proposed participation by Mr. Frankie Quek Swee Heng, an associate of a controlling shareholder, in the Scheme		
10	Proposed Grant of Options under the Scheme at a Discount		

*\*\*If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

\_\_\_\_\_  
Signature(s) and/or Common Seal of  
Member(s)

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\*Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary\*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary\*) appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. If no proportion or number of shares is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. A Relevant Intermediary\* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 30 Tai Seng Street, #09-01 BreadTalk IHQ, Singapore 534013 not less than seventy-two (72) hours before the time appointed for the Meeting.

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SINGAPORE

**The Company Secretary  
BREADTALK GROUP LIMITED  
30 Tai Seng Street  
#09-01 BreadTalk  
IHQ Singapore 534013**

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Fold here

7. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised or in such manner as appropriate under applicable laws. Where the original instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the original power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the original instrument of proxy and must be left at the Registered Office, not less than seventy-two (72) hours before the time appointed for the holding of the Meeting or the adjourned Meeting at which it is to be used failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

\* A “**Relevant Intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

**GENERAL:**

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

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 27 March 2018.

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