

CIRCULAR DATED 2 JUNE 2021

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

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

If you have sold or transferred all your ordinary shares (“**Shares**”) in the capital of Shen Yao Holdings Limited (the “**Company**”), please forward this Circular, the Notice of EGM (as defined herein) and the accompanying Proxy Form to the purchaser, the transferee, the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, W Capital Markets Pte. Ltd. (the “**Sponsor**”). This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements made or opinions expressed or reports contained in this Circular.

The contact person for the Sponsor is Mr Chia Beng Kwan, Registered Professional, W Capital Markets Pte. Ltd., 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 6513 3541.

This Circular has been made available on the SGX-ST’s website at the URL <https://www.sgx.com/> and the Company’s website at the URL <http://shenyaoholdings.com/>. A printed copy of this Circular will NOT be despatched to Shareholders (as defined herein).

Due to the current COVID-19 outbreak in Singapore, Shareholders will not be allowed to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate in the EGM by (a) watching the EGM proceedings via a “live” webcast or listening to the EGM proceedings via a “live” audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM. Please see Section 10 of this Circular and the Section “Notes” in the Notice of EGM set out on pages N-1 to N-13 herein for these alternative arrangements.

With the constantly evolving COVID-19 situation, the situation is fluid and the Company may be required to change its EGM arrangements at short notice, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. Shareholders should check the SGX-ST’s website at the URL <https://www.sgx.com/> and the Company’s website at the URL <http://shenyaoholdings.com/> for updates on the EGM.



SHEN YAO HOLDINGS LIMITED

(Company Registration No. 202042117W)
(Registered in Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) PROPOSED GRANT OF OPTIONS TO (A) MR SUN SHU AS AN INTERESTED PERSON TRANSACTION (B) MR ZHAN SHU AS AN INTERESTED PERSON TRANSACTION (C) MR PANG KEE CHAI AS AN INTERESTED PERSON TRANSACTION (D) MR YAO YILUN AS AN INTERESTED PERSON TRANSACTION (E) MR YAO LIANG AS AN INTERESTED PERSON TRANSACTION (F) MS ZHOU YING (G) MR WANG YONG (H) MS YAO JIAJIA AS AN INTERESTED PERSON TRANSACTION (I) MR SUN HE AND (J) MS TEO QIN PEI, JESSICA;
- (2) PROPOSED ADOPTION OF THE SHEN YAO PERFORMANCE SHARE PLAN 2021; AND
- (3) PROPOSED CHANGE OF AUDITORS FROM BAKER TILLY TFW LLP TO ERNST & YOUNG LLP

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	15 June 2021 at 10 a.m.
Date and time of Extraordinary General Meeting	:	18 June 2021 at 10 a.m.
Place of Extraordinary General Meeting	:	The EGM to be convened and held by electronic means.

Please refer to Section 10 of this Circular and Section “Notes” in the Notice of EGM set out on pages N-1 to N-13 herein for further details.

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:-

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Act” or “Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Associate”	:	Shall have the meaning ascribed to it in the Catalist Rules
“AGM”	:	An annual general meeting of the Company
“Audit Committee”	:	The Audit Committee of the Company for the time being
“Auditors”	:	The auditors of the Company for the time being
“Award Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Award(s) under the PSP 2021
“Baker Tilly”	:	Baker Tilly TFW LLP
“Board of Directors”, “Board” or “Directors”	:	The board of Directors of the Company
“Bonds”	:	Shall have the meaning ascribed to it in Section 2.7 of this Circular
“Bond Subscription Agreement”	:	Shall have the meaning ascribed to it in Section 2.7 of this Circular
“Business Diversification”	:	Shall have the meaning ascribed to it in Section 2.9 of this Circular
“Catalist”	:	The Catalist board of the SGX-ST
“Catalist Rules”	:	Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 2 June 2021
“Company”	:	Shen Yao Holdings Limited
“Completion”	:	Shall have the meaning ascribed to it in Section 2.5 of this Circular
“Conditions”	:	Shall have the meaning ascribed to it in Section 2.5 of this Circular
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly fifteen per cent (15%) or more of the nominal amount of all voting shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company

DEFINITIONS

“Documents”	:	Has the meaning ascribed in Section 11 of this Circular
“EGM”	:	The extraordinary general meeting of the Company, to be held by way of electronic means on 18 June 2021 at 10 a.m., notice of which is set out on pages N-1 to N-13 of this Circular
“EPS”	:	Earnings per Share
“EY”	:	Ernst & Young LLP
“Exercise Price”	:	The exercise price of S\$0.0028 for each Option
“Existing Plan”	:	The Shen Yao Performance Share Plan, as the same may be modified or altered from time to time, adopted at a special general meeting of the Company on 20 December 2012
“Expiry Date”	:	Shall have the meaning ascribed to it in Section 2.4 of this Circular
“Group”	:	The Company and its subsidiaries
“Group A Subscribers”	:	Shall have the meaning ascribed to it in Section 2.1 of this Circular
“Group B Subscribers”	:	Shall have the meaning ascribed to it in Section 2.1 of this Circular
“Interested Persons”	:	Shall have the meaning ascribed to it in Section 1.2 of this Circular
“Investment Business”	:	The Group’s investment business of engaging in financial activities as principal
“Latest Practicable Date”	:	26 May 2021, being the latest practicable date prior to the printing of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Notice of EGM”	:	The notice of EGM which is set out on pages N-1 to N-13 of this Circular
“NTA”	:	Net tangible assets
“Options”	:	Shall have the meaning ascribed to it in Section 2.1 of this Circular
“Optionholder”	:	Shall have the meaning ascribed to it in Section 2.4 of this Circular
“Option Agreements”	:	Shall have the meaning ascribed to it in Section 2.1 of this Circular
“Option Share”	:	Shall have the meaning ascribed to it in Section 2.1 of this Circular
“Option Subscribers”	:	Shall have the meaning ascribed to it in Section 2.1 of this Circular
“Order”	:	The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as may be amended, modified or supplemented from time to time
“Professional Clearance Letter”	:	Shall have the meaning ascribed to it in Section 4.3 of this Circular
“Proposals”	:	Has the meaning ascribed to it in Section 1.1 of this Circular

DEFINITIONS

“Proposed Change of Auditors”	:	The proposed change of Auditors from Baker Tilly to EY
“Proposed Grant of Options”	:	Shall have the meaning ascribed to it in Section 2.1 of this Circular
“PSP 2021”	:	The Shen Yao Performance Share Plan 2021, as the same may be modified or altered from time to time
“Record Date”	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be)
“Register of Members”	:	Register of members of the Company
“Securities Account”	:	A securities account maintained by a Depositor with CDP
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified and supplemented from time to time
“SFRS(I) 2”	:	Singapore Financial Reporting Standards (International) 2
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shares”	:	Ordinary shares in the capital of the Company
“Shareholders”	:	Registered holders of Shares except that where the registered holder of Shares is CDP, the term “ Shareholders ” shall, in relation to the Shares, mean the person to whose direct Securities Accounts maintained with CDP are credited with Shares
“Subsidiary Holdings”	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
“S\$” and “Cents”	:	Singapore dollars and cents, respectively
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Tomson”	:	Tomson Pte. Ltd.
“Treasury Share”	:	(a) a share which was (or is treated as having been) purchased by a company in circumstances described under Section 76H of the Companies Act; and (b) a share of the Company that was or is treated as having been acquired and held continuously by the Company since it was so acquired and has not been cancelled
“%” or “per cent”	:	Percentage or per centum

In this Circular:-

- (i) The terms “**Depositor**”, “**Depository Register**”, and “**Depository Agent**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.
- (ii) The terms “**subsidiary**”, “**related company**”, and “**substantial Shareholder**” shall have the same meanings ascribed to them respectively in the Companies Act.

DEFINITIONS

- (iii) Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- (iv) References to persons shall include corporations.
- (v) The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.
- (vi) Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted up to the date of this Circular. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any modification thereof and used in this Circular shall, unless otherwise defined in this Circular, have the same meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or such modification thereof, as the case may be.
- (vii) Any reference to a time of a day or date in this Circular shall be a reference to Singapore time or date, unless otherwise stated.
- (viii) Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Dentons Rodyk & Davidson LLP has been appointed as the legal adviser to the Company as to Singapore law in respect of the Proposed Grant of Options and the proposed adoption of the PSP 2021.

LETTER TO SHAREHOLDERS

SHEN YAO HOLDINGS LIMITED

(Company Registration No. 202042117W)

(Registered in Singapore)

Directors:

Mr Yao Liang (*Executive Chairman and Group Chief Executive Officer*)

Mr Yao Yilun (*Non-Executive, Non-Independent Director*)

Mr Sun Shu (*Non-Executive, Lead Independent Director*)

Mr Zhan Shu (*Non-Executive, Independent Director*)

Mr Pang Kee Chai (*Non-Executive, Independent Director*)

Registered Office:

9 Temasek Boulevard

#24-01 Suntec Tower 2

Singapore 038989

2 June 2021

To: The Shareholders of Shen Yao Holdings Limited

Dear Sir/Madam,

- (1) **PROPOSED GRANT OF OPTIONS TO (A) MR SUN SHU AS AN INTERESTED PERSON TRANSACTION (B) MR ZHAN SHU AS AN INTERESTED PERSON TRANSACTION (C) MR PANG KEE CHAI AS AN INTERESTED PERSON TRANSACTION (D) MR YAO YILUN AS AN INTERESTED PERSON TRANSACTION (E) MR YAO LIANG AS AN INTERESTED PERSON TRANSACTION (F) MS ZHOU YING (G) MR WANG YONG (H) MS YAO JIAJIA AS AN INTERESTED PERSON TRANSACTION (I) MR SUN HE AND (J) MS TEO QIN PEI, JESSICA;**
- (2) **PROPOSED ADOPTION OF THE SHEN YAO PERFORMANCE SHARE PLAN 2021; AND**
- (3) **PROPOSED CHANGE OF AUDITORS FROM BAKER TILLY TFW LLP TO ERNST & YOUNG LLP**

1. INTRODUCTION

1.1 Background

The Board of Directors is proposing to convene the EGM, to be held on 18 June 2021 at 10 a.m. to seek approval of the Shareholders for the following matters to be tabled at the EGM.

- (a) the Proposed Grant of Options;
- (b) the proposed adoption of the PSP 2021, the rules of which are set out in Appendix A of this Circular; and
- (c) the Proposed Change of Auditors

(collectively, the “**Proposals**”).

On 4 May 2021, the SGX-ST granted its in-principle approval for the listing of and quotation for the Award Shares on the Catalist Board of the SGX-ST, subject to the following conditions:-

- (a) Shareholders’ approval being obtained for the proposed adoption of the PSP 2021 at the EGM; and
- (b) the Company’s compliance with the SGX-ST’s listing requirements relating to the PSP 2021.

The approval in-principle by the SGX-ST, the admission to, the listing of and quotation for the Award Shares on the SGX-ST is not to be taken as an indication of the merits of the PSP 2021, the Award Shares, the Company and/or its subsidiaries.

LETTER TO SHAREHOLDERS

On 14 May 2021, the SGX-ST granted its in-principle approval for the listing of and quotation for the Option Shares on the Catalist Board of the SGX-ST, subject to the following conditions:

- (a) the Company's compliance with the SGX-ST's listing requirements; and
- (b) Shareholders' approval being obtained for the Proposed Grant of Options at the EGM.

The approval in-principle by the SGX-ST, the admission to, the listing of and quotation for the Option Shares on the SGX-ST is not to be taken as an indication of the merits of the Proposed Grant of Options, the Option Agreements, the Options, the Option Shares, the Company and/or its subsidiaries.

1.2 Circular

The purpose of this Circular is to provide Shareholders with the relevant information pertaining to the Proposals and to seek Shareholders' approval for the same at the EGM. The Notice of EGM is set out on pages N-1 to N-13 of this Circular.

Ordinary Resolution 1 to Ordinary Resolution 10

Rule 812(1)(a), 812(1)(b) and Rule 812(2) of the Catalist Rules state that, save where specific shareholders' approval for a placement has been obtained, the issuer must not place any issue to directors and substantial Shareholders of the issuer or immediate family members of directors and substantial Shareholders of the issuer.

As at the Latest Practicable Date:

- (a) Mr Sun Shu, Mr Zhan Shu and Mr Pang Kee Chai are Directors of the Company;
- (b) Mr Yao Yilun and Mr Yao Liang are each a Director and Controlling Shareholder of the Company; and
- (c) Ms Yao Jiajia is the daughter of Mr Yao Liang, and accordingly is an immediate family member of a Director and Controlling Shareholder of the Company.

Accordingly, the Company will be seeking specific Shareholders' approval for the Proposed Grant of Options to the abovementioned Option Subscribers pursuant to Rule 812(1) and 812(2) of the Catalist Rules.

Section 161 of the Companies Act, the Constitution and Rules 805, 806 and 824 of the Catalist Rules provide that an issuer must obtain the prior approval of shareholders in general meeting for the Proposed Grant of Options, unless such Options are issued under a general mandate obtained from shareholders in general meeting. The allotment and issuance of the Option Shares to the Option Subscribers will not be made pursuant to the general mandate obtained from Shareholders at the annual general meeting of the Company held on 30 October 2020 and the Company will be seeking specific Shareholders' approval for the Proposed Grant of Options pursuant to Section 161 of the Companies Act, the Constitution and Rules 805, 806 and 824 of the Catalist Rules.

Rule 906(1) of the Catalist Rules provides, *inter alia*, that an issuer must obtain shareholders' approval for any interested person transaction of a value equal to, or more than (a) 5% of the group's latest audited NTA; or (b) 5% of the group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

As at the Latest Practicable Date, Mr Yao Liang, Mr Yao Yilun, Mr Sun Shu, Mr Zhan Shu and Mr Pang Kee Chai are Directors of the Company and are therefore "interested persons" as defined under the Catalist Rules. Ms Yao Jiajia, being the daughter of Mr Yao Liang, is therefore an "associate" of Mr Yao Liang pursuant to the Catalist Rules. As such, the Proposed Grant of Options to Mr Yao Liang, Mr Yao Yilun, Mr Sun Shu, Mr Zhan Shu, Mr Pang Kee Chai and Ms Yao Jiajia (collectively, the "**Interested Persons**") are "interested person transactions" pursuant to Chapter 9 of the Catalist Rules.

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Accordingly, the Company will be seeking Shareholders' approval for the Proposed Grant of Options to the Interested Persons.

While Shareholders' approval is not required for the Proposed Grant of Options to Ms Zhou Ying, Mr Wang Yong, Mr Sun He and Ms Teo Qin Pei, Jessica under the provisions of the Catalist Rules, for good corporate governance, the Company will be seeking Shareholders' approval for the Proposed Grant of Options to these individuals.

As the Company will be seeking specific Shareholders' approval for the Proposed Grant of Options, the allotment and issuance of the Option Shares to the Option Subscribers will not be made pursuant to the general mandate obtained from Shareholders at the annual general meeting of the Company held on 30 October 2020.

The Proposed Grant of Options to the Option Subscribers are set out in Ordinary Resolutions 1 to 10 in the Notice of EGM accompanying this Circular.

Ordinary Resolution 11

The detailed rules of the PSP 2021 are set out in Appendix A of this Circular.

The adoption of the PSP 2021 is set out in Ordinary Resolution 11 in the Notice of EGM accompanying this Circular.

Ordinary Resolution 12

The Proposed Change of Auditors is set out in Ordinary Resolution 12 in the Notice of EGM accompanying this Circular.

1.3 The SGX-ST

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

Approval by the SGX-ST of this Circular shall not be taken as an indication of the merits of the Proposals as disclosed in this Circular.

2. PROPOSED GRANT OF OPTIONS TO THE OPTION SUBSCRIBERS

2.1 Background

On 9 March 2021, the Company announced that it had entered into option agreements dated 9 March 2021 (the "**Option Agreements**") with:

- (a) each of Mr Sun Shu, Mr Zhan Shu, Mr Pang Kee Chai and Mr Yao Yilun (collectively, the "**Group A Subscribers**"); and
- (b) each of Mr Yao Liang, Ms Zhou Ying, Mr Wang Yong, Ms Yao Jiajia, Mr Sun He and Ms Teo Qin Pei, Jessica (collectively, the "**Group B Subscribers**", and together with the Group A Subscribers, the "**Option Subscribers**"),

pursuant to which the Company shall issue to the Option Subscribers an aggregate of 2,500,000,000 share options (the "**Options**"), with each Option carrying the right to subscribe for one (1) new ordinary Share in the share capital of the Company ("**Option Share**") at the exercise price of S\$0.0028 per Option Share (the "**Exercise Price**"), on the terms and conditions of the Option Agreements (the "**Proposed Grant of Options**").

LETTER TO SHAREHOLDERS

2.2 Information on the Option Subscribers

The Option Subscribers comprise Directors and key management of the Group as follows:

No.	Name	Designation	Number of Options to be granted
1.	Mr Yao Liang	Executive Chairman and Group Chief Executive Officer	475,000,000
2.	Mr Sun Shu	Non-Executive, Lead Independent Director	125,000,000
3.	Mr Zhan Shu	Non-Executive, Independent Director	100,000,000
4.	Mr Pang Kee Chai	Non-Executive, Independent Director	100,000,000
5.	Mr Yao Yilun	Non-Executive, Non-Independent Director	100,000,000
6.	Ms Zhou Ying	Financial Controller and Deputy Chief Executive Officer	350,000,000
7.	Mr Wang Yong	General Manager (Balmaine)	350,000,000
8.	Ms Yao Jiajia	Head of Corporate Investments	300,000,000
9.	Mr Sun He	General Manager (Ironbark)	300,000,000
10.	Ms Teo Qin Pei, Jessica	Assistant Chief Executive Officer (Corporate Finance)	300,000,000

2.3 Shareholding interest of the Option Subscribers

The shareholding interest of the Option Subscribers as at the Latest Practicable Date and assuming the exercise of the Options are as follows:

Name	Before Exercise of Options		After Exercise of Options	
	No. of Shares	Shareholding (%) ⁽¹⁾	No. of Shares	Shareholding (%) ⁽²⁾
Mr Yao Liang	18,008,044,936 ⁽³⁾	55.06	18,483,044,936 ⁽³⁾	52.50
Mr Sun Shu	–	–	125,000,000	0.36
Mr Zhan Shu	–	–	100,000,000	0.28
Mr Pang Kee Chai	–	–	100,000,000	0.28
Mr Yao Yilun	18,008,044,936 ⁽⁴⁾	55.06	18,108,044,936 ⁽⁴⁾	51.43
Ms Zhou Ying	–	–	350,000,000	0.99
Mr Wang Yong	–	–	350,000,000	0.99
Ms Teo Qin Pei, Jessica	375,000	0.001	300,375,000	0.85
Ms Yao Jiajia	–	–	300,000,000	0.85
Mr Sun He	–	–	300,000,000	0.85

Notes:

- (1) Based on the existing share capital of the Company of 32,706,206,055 Shares as at the Latest Practicable Date.
- (2) Based on the enlarged share capital of the Company of 35,206,206,055 Shares assuming all the Options are exercised.
- (3) Mr Yao Liang owns 51% of the issued share capital of Yaoo Capital Pte. Ltd.. Accordingly, Mr Yao Liang is deemed interested in the 18,008,044,936 Shares held by Yaoo Capital Pte. Ltd. pursuant to Section 4 of the SFA.
- (4) Mr Yao Yilun owns 49% of the issued share capital of Yaoo Capital Pte. Ltd.. Accordingly, Mr Yao Yilun is deemed interested in the 18,008,044,936 Shares held by Yaoo Capital Pte. Ltd. pursuant to Section 4 of the SFA.

LETTER TO SHAREHOLDERS

2.4 Terms of the Options

The principal terms and conditions of the Options granted to the Option Subscribers are summarised below.

		Group A Subscribers	Group B Subscribers
Aggregate Number of Options	:	425,000,000 Options	2,075,000,000 Options
Transferability	:	<p>The Options proposed to be granted to the Group A Subscribers are not transferable (other than to a personal representative on the death of that Group A Subscriber) and may not be charged, assigned, pledged or otherwise disposed of, in whole or in part.</p>	<p>The Options proposed to be granted to the Group B Subscribers are freely transferable. In the event of a transfer of Options, the transferor must lodge:</p> <p>(a) a duly executed transfer notice in the prescribed form to the Company; and</p> <p>(b) a written confirmation from the transferee, confirming that the transferee does not fall within the category of restricted persons as set out in Rule 812(1) of the Catalist Rules and will not become a Controlling Shareholder of the Company in the event of the exercise or conversion of all the convertible securities held by the transferee, including any Options to be transferred to him or her.</p>
Exercise Rights	:	Each Option entitles the holder of the Option (the “ Optionholder ”) to subscribe for one (1) Option Share at the Exercise Price.	
Exercise Period	:	<p>The Options proposed to be granted to the Group A Subscribers shall be exercisable in accordance with the following schedule:</p> <p>(i) fifty percent (50%) of the Options shall be exercisable immediately from the date of the grant of the Options;</p> <p>(ii) an additional twenty-five percent (25%) of the Options shall be exercisable from the first anniversary of the date of the grant of the Options; and</p>	<p>The Options proposed to be granted to the Group B Subscribers shall be exercisable in accordance with the following schedule:</p> <p>(i) fifty percent (50%) of the Options shall be exercisable immediately from the date of the grant of the Options; and</p> <p>(ii) the remaining fifty percent (50%) of the Options shall be exercisable from the first anniversary of the date of the grant of the Options, until the Expiry Date.</p>

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		<p>(iii) the remaining twenty-five percent (25%) of the Options shall be exercisable from the second anniversary of the date of the grant of the Options,</p> <p>until the Expiry Date.</p>	
Exercise Price	:	S\$0.0028 for each Option Share	
Expiry	:	The Options shall expire on the 5 th anniversary of the date of issue of the Options (unless such date is a date on which the Register of Members of the Company is closed or is not a Market day, in which event, such period shall end on the date prior to the closure of the Register of Members or immediate preceding Market Day) (" Expiry Date ").	
Adjustment Events	:	<p>The Exercise Price and the number of Options shall from time to time be adjusted by the Directors, in consultation with an independent investment bank of international repute selected by the Directors (and the adjustment shall be certified by the Auditors), in any of the following events:</p> <p>(a) an issue by the Company of Shares to Shareholders credited as fully paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature, other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend);</p> <p>(b) a capital distribution made by the Company to Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);</p> <p>(c) an offer or invitation made by the Company to Shareholders under which they may acquire or subscribe for Shares by way of rights; and</p> <p>(d) any consolidation, subdivision or conversion (in class) of the Shares.</p> <p>The issue of Shares as consideration in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business shall not normally be regarded as a circumstance requiring adjustment.</p>	
Winding Up	:	<p>Where there is a members' voluntary winding-up of the Company, each Optionholder may elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Options and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise. The Company shall give notice to each Optionholder in accordance with the terms and conditions of the passing of any such resolution.</p> <p>In the event the Company is wound up for any other reason, all Options which have not been exercised at the date of the passing of such resolution shall lapse and the Options shall cease to be valid for any purpose.</p>	

LETTER TO SHAREHOLDERS

Further Issues	:	<p>The Company shall be at liberty to issue Shares to the Shareholders of the Company either for cash or as a bonus distribution and to issue further subscription rights, upon such terms and conditions as the Company sees fit, but each Optionholder shall not have any participating rights in such issue unless otherwise resolved by the Company in general meeting.</p> <p>The terms and conditions of the Options do not provide an Optionholder with any right to participate in any distributions and/or offers of further securities made by the Company unless the Options are converted into Shares.</p>
Notice of Expiry	:	<p>The Company shall, not later than one (1) month before the Expiry Date, announce the upcoming expiry of Options on SGXNET. In addition, the Company shall not later than one (1) month before the Expiry Date, take reasonable steps to notify the Optionholders in writing of the Expiry Date, and such notice shall be delivered personally or by post to the address of the Optionholder.</p>
Alteration to Terms	:	<p>No material alteration to the terms of the Options after the issue thereof to the advantage of the Optionholder shall be made, unless the alterations are made pursuant to the terms and conditions of the Options or the prior approval of the Shareholders in general meeting has been sought.</p>
Governing Law	:	<p>The laws of the Republic of Singapore</p>

2.5 Conditions Precedent

Completion of the Proposed Grant of Options (“**Completion**”) is conditional upon, amongst others:

- (a) the approval of the Shareholders of the Company being obtained at an EGM to be duly convened for, *inter alia*, the Proposed Grant of Options and the issue of the Option Shares pursuant to the exercise of the Options;
- (b) the receipt of the approval-in-principle from the SGX-ST for the listing and quotation of the Option Shares on the Catalist having been obtained from the SGX-ST (and such approval not having been withdrawn or revoked), and if such approval is granted subject to conditions, such conditions being reasonably acceptable to the Company and the Option Subscribers, and to the extent that any conditions to such approval are required to be fulfilled on or before Completion, they are so fulfilled to the satisfaction of the SGX-ST or so waived by them;
- (c) the receipt of all necessary approvals, consents or waivers from any governmental body, regulatory authority or other third party for the Proposed Grant of Options (where applicable), and if such approvals, consents or waivers are granted subject to conditions, such conditions being acceptable to the relevant party, and if any conditions are required to be satisfied by Completion, such conditions being so satisfied;
- (d) the representations and warranties set out in the Option Agreements being true and accurate in all material respects as at the date of the signing of the Option Agreements and the date of Completion; and
- (e) the Proposed Grant of Options or the allotment and issue of the Option Shares not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company and the Option Subscribers,

(collectively, the “**Conditions**”).

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If any of the Conditions are not satisfied or waived by 30 June 2021 (or such other date as may be agreed by the parties), the Option Agreements shall terminate and the provisions thereunder shall cease and be of no further effect (save for certain clauses) and no party shall have claim against the other party for any costs, damages, losses or compensation, other than in respect of any antecedent breach of the Option Agreements or the parties' respective liability for the payment of costs and expenses under the Option Agreements.

2.6 Option Shares

Assuming that the Options are exercised in full, 2,500,000,000 Option Shares will be issued and the Company's issued and paid-up share capital (excluding Treasury Shares and Subsidiary Holdings) will increase from 32,706,206,055 Shares as at the Latest Practicable Date to 35,206,206,055 Shares. The Option Shares to be issued by the Company represents approximately 7.64% of the existing issued and paid-up share capital and 7.10% of the enlarged issued and paid-up share capital of the Company immediately after the issue of the Option Shares.

The allotment and issue of the Option Shares to the Option Subscribers will not result in a transfer of a controlling interest in the Company.

The Option Shares, when allotted and issued upon exercise of the Options, shall be fully paid and shall rank *pari passu* in all respects with the existing Shares, save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares.

2.7 Exercise Price

The Exercise Price for each Option of S\$0.0028 represents a discount of 9.68% to the volume weighted average price of S\$0.0031 of the Shares for trades done on the SGX-ST on 9 March 2021, being the full Market Day on which the Option Agreements were signed.

The Exercise Price was determined on a willing-buyer willing-seller basis, after taking into consideration, *inter alia*:

- (a) the historical trading price of the Company; the volume weighted average price of the Shares of S\$0.0029 for the 12-month period prior to 9 March 2021, being the full Market Day on which the Option Agreements were signed;
- (b) the conversion price of S\$0.003 for the S\$10,000,000 in aggregate principal amount of ten percent (10%) unlisted and redeemable convertible bonds due 2022 (the "**Bonds**"), comprising of ten (10) tranches with a principal amount of S\$1,000,000 for each tranche of such Bonds to be consolidated to form a single series due 24 months after the date of issuance of the first tranche, based on the subscription agreement entered into between the Company and Tomson on 3 December 2020 ("**Bond Subscription Agreement**");
- (c) the likelihood of the Options being in-the-money and immediately exercised, providing the Company with funds should the need arise; and
- (d) the benefits of the Proposed Grant of Options in aligning the interests of the Option Subscribers (comprising the Directors and executive officers of the Company) with the interests of the Shareholders.

2.8 No Placement Agent

There is no placement agent appointed for the Proposed Grant of Options. The Proposed Grant of Options will be by way of a private placement pursuant to an exempted offer under Section 272B of the SFA. Accordingly, no prospectus or offer information statement in connection with the Proposed Grant of Options will be lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore.

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2.9 Rationale

On 30 September 2020, Shareholders approved the expansion of the Company's business to include engaging in financial investment activities as principal and undertaking the business of fund management (the "**Business Diversification**"). As set out in the circular to Shareholders dated 7 September 2020, the rationale for the Business Diversification includes the following:

- (i) the Business Diversification will reduce the Group's dependence on the existing business of gold mining and provide a more diversified business and income base;
- (ii) the Business Diversification is expected to provide additional and recurrent revenue streams with a view to achieving long term growth;
- (iii) the Business Diversification may provide additional funds for expansion of the Group's existing business; and
- (iv) the Business Diversification will give the Group the flexibility to enter into transactions relating to the financial investment and fund management businesses in the ordinary course of business.

To further strengthen its balance sheet for the purpose of the Business Diversification, in addition to the Bonds, the Company is proposing to undertake the Proposed Grant of Options which will enable the Company to raise gross proceeds of up to S\$7.0 million.

Furthermore, the Directors believe that the Proposed Grant of Options to the Option Subscribers will align the interests of the Directors and key employees of the Company with the interests of the Shareholders by fostering an ownership culture within the Company.

2.10 Use of Proceeds

Assuming that all the Options are validly exercised, the aggregate gross proceeds from the issuance of the Option Shares will be S\$7.0 million (the "**Option Proceeds**").

The Option Proceeds (if and when exercised) will be used by the Company in the following estimated proportions:

Use of Option Proceeds	Percentage Allocation
Financing of the Group's growth and expansion plans	70%
Working capital	30%

At this point, the Company is unable to determine the specific uses for the proceeds raised as the Options are exercisable at the discretion of Option Subscribers.

Pending the deployment for the uses identified above, the Option Proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements of the utilisation of the Option Proceeds as and when the funds are materially disbursed and whether such use is in accordance with the stated use and percentage allocated. Where the Option Proceeds are used for general working capital purposes, the Company will announce the breakdown with specific details on the use of proceeds for working capital. The Company will also provide a status report on the use of the proceeds in the Company's interim and full year financial statements and the Company's annual report. Where there is material deviation from the stated use of the Option Proceeds, the Company will announce the reasons for such deviation.

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The Directors are of the opinion that as at the Latest Practicable Date, after taking into consideration the Group's present bank facilities, internal resources and operating cash flow, the working capital available to the Group is sufficient to meet its present requirements. The Directors are further of the opinion that, after taking into consideration the cash and cash equivalents, cash generated from operations, available present banking facilities of the Group and the net proceeds from the exercise of the Options (if and when the Options are exercised), the working capital available to the Group is sufficient to meet its present requirements. Nonetheless, the Board is of the view that the Proposed Grant of Options is beneficial to the Group for the reasons set out above.

2.11 Waiver of Adjustments in Relation to Existing Convertibles

Pursuant to the Bond Subscription Agreement, the Company had previously agreed to issue the Bonds with an aggregate principal amount of S\$10,000,000 comprising 10 tranches with a principal amount of S\$1,000,000 for each tranche of such Bonds to be consolidated to form a single series to Tomson.

For the purposes of the Proposed Grant of Options, the Company has obtained a written waiver from Tomson relating to the requirement to adjust the conversion price of the Bonds arising from the Proposed Grant of Options under the Bond Subscription Agreement and the terms and conditions of the Bonds.

2.12 Interested Person Transactions

Rule 906(1) of the Catalist Rules provides that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than (a) 5% of the group's latest audited NTA; or (b) 5% of the group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

The aggregate values of the Proposed Grant of Options to each of the Interested Persons (assuming the exercise of all the Options issued to each of the Interested Persons at the Exercise Price) as a percentage of the Group's latest audited NTA of S\$24.30 million as at 30 June 2020 are set out below:

Interested Person	Number of Options to be subscribed	Value based on Exercise Price (\$)	Value based on Exercise Price as a percentage of the NTA as at 30 June 2020
Mr Yao Liang	475,000,000	1,330,000	5.47%
Mr Sun Shu	125,000,000	350,000	1.44%
Mr Zhan Shu	100,000,000	280,000	1.15%
Mr Pang Kee Chai	100,000,000	280,000	1.15%
Mr Yao Yilun	100,000,000	280,000	1.15%
Ms Yao Jiajia	300,000,000	840,000	3.46%

Notwithstanding that only the value of the Proposed Grant of Options to Mr Yao Liang has exceeded 5% of the Group's latest audited NTA, the Company will be seeking Shareholders' approval for the Proposed Grant of Options to each of the abovementioned Interested Persons.

Save for the Proposed Grant of Options as disclosed above, as at the Latest Practicable Date, the Group has not entered into any interested person transactions for the financial year ending 30 June 2021.

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2.13 Statement of the Audit Committee in respect of the Proposed Grant of Options

The Audit Committee (which comprises Mr Pang Kee Chai, Mr Sun Shu and Mr Zhan Shu, who have each abstained in the review of the Proposed Grant of Options to themselves) has reviewed the rationale for and the terms of the Proposed Grant of Options to the Interested Persons up to the date hereof and is of the view that the Proposed Grant of Options to the Interested Persons is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

As the Proposed Grant of Options falls under a transaction under Rule 921(4)(b)(i) of the Catalist Rules, being an issuance pursuant to Part IV of Chapter 8 of the Catalist Rules for cash, an opinion from an independent financial adviser is not required. The Audit Committee has therefore not obtained an opinion from an independent financial adviser in forming its view.

2.14 Financial Effects of the Proposed Grant of Options

Assumptions

The following tables illustrate the financial effects of the Proposed Grant of Options on:

- (a) the NTA per share of the Group (assuming the Options have been fully exercised at the end of that financial year);
- (b) the EPS of the Group (assuming the Options have been fully exercised at the beginning of the financial year); and
- (c) the gearing of the Group (assuming the Options have been fully exercised at the end of that financial year),

based on the audited financial statements of the Group for the financial year ended 30 June 2020.

NTA per Share

	Before the Proposed Grant of Options ⁽¹⁾⁽²⁾	After the Exercise of Options
NTA (S\$'000) ⁽³⁾	38,549	45,549
Number of Shares ('000)	32,706,206	35,206,206
NTA per Share (cents)	0.118	0.129

Notes:

- (1) Taking into account the issuance of 500,000,000 Shares to Mr Tan Soo Khoon Raymond following the conversion of S\$1 million in debt that was owing by the Company to him, details of which are set out in an announcement released by the Company on 14 July 2020 ("**Debt Conversion**").
- (2) Taking into account the issuance of 500,000,000 Shares to Premier Equity Fund Sub Fund E following the exercise of options, details of which are set out in an announcement released by the Company on 8 December 2020 ("**Exercise of Options by Premier Equity Fund Sub Fund E**").
- (3) Means equity attributable to equity holders of the Company.

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EPS

	Before the Proposed Grant of Options ⁽¹⁾⁽²⁾	After the Exercise of Options
Profit after tax attributable to Shareholders (S\$'000)	520	520
Weighted average number of Shares ('000)	21,982,544	24,482,544
EPS (cents)	0.002	0.002

Notes:

- (1) Taking into account the Debt Conversion.
- (2) Taking into account the Exercise of Options by Premier Equity Fund Sub Fund E.

Gearing

Not meaningful as the Group did not have any borrowings as at 30 June 2020.

2.15 **Mandatory Offer Requirement under the Take-Over Code**

Pursuant to Rule 14 of the Take-over Code, 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 persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together hold between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of 6 months.

In the event that an Option Subscriber exercises his or her Options such that he or she and persons acting in concert with him or her increase their voting rights in the Company to 30% or more or, if they, together hold between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of 6 months, pursuant to the Take-over Code, that Option Subscriber will be required to make a mandatory general offer in respect of all the remaining Shares which it does not already own, control or has agreed to acquire.

As at the Latest Practicable Date, Mr Yao Liang, a Director and Controlling Shareholder and Mr Yao Yilun, also a Director and Controlling Shareholder, and persons presumed to be parties acting in concert with them (the "**Concert Parties**"), including Yao Capital Pte. Ltd., a company controlled by Mr Yao Yilun and Mr Yao Liang, together hold approximately 55.06% of the total issued Shares of the Company. In this regard, as the Concert Parties hold over 50% of the voting rights in the Company, no such obligation would arise from the exercise of the Options by Mr Yao Liang and Mr Yao Yilun pursuant to Note 5 to Rule 14.1 of the Take-over Code.

Save for Mr Yao Liang and Mr Yao Yilun, each Option Subscriber has provided an undertaking to the Company under their relevant Option Agreement that he or she will not exercise his or her Options to hold more than 30% of the Shares and that he or she will scale down the exercise of his or her Options to avoid placing himself or herself and parties acting in concert with him or her (as defined in the Take-over Code) in the position of incurring a mandatory offer obligation under the Take-over Code.

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3. PROPOSED ADOPTION OF THE SHEN YAO PERFORMANCE SHARE PLAN 2021

Save as otherwise defined herein, all capitalised terms used in this Section 3 of this Circular shall bear the same meaning as ascribed to them in Appendix A of this Circular

3.1 Background

The existing Shen Yao Performance Share Plan (“**Existing Plan**”) was approved by Shareholders at a special general meeting of the Company on 20 December 2012. The Existing Plan was adopted for an initial duration of up to a maximum period of ten (10) years, and may be continued beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The initial duration of the Existing Plan will expire on 19 December 2022.

Subject to the approval of the Shareholders at the EGM, the PSP 2021 will replace the Existing Plan, with effect from the date on which the PSP 2021 is adopted by the Company at the EGM, and the Existing Plan will be terminated accordingly. The termination of the Existing Plan does not, however, affect awards granted prior to such expiry, whether such awards have been released (whether fully or partially) or not.

3.2 Details of Awards Granted under the Existing Plan

As at the Latest Practicable Date, there are no outstanding awards under the Existing Plan. An aggregate of 18,450,000 new Shares have been issued and delivered upon vesting and release of awards granted under the Existing Plan since its implementation.

Details of the past awards granted under the Existing Plan are as follows:

Date of Award	Maximum Number of Shares Comprised in the Award	Number of Participants
15 January 2014	12,700,000	21
30 June 2014	5,750,000	18
Total	18,450,000	

Awards granted to Directors

As at the Latest Practicable Date, no awards under the Existing Plan have been granted to any Director.

Awards granted to Controlling Shareholders and their Associates

As at the Latest Practicable Date, no awards under the Existing Plan have been granted to a Controlling Shareholder or an Associate of a Controlling Shareholder.

3.3 Rationale for the PSP 2021

While the PSP 2021 is intended to replace the Existing Plan, the PSP 2021 has substantially the same terms as the Existing Plan, save for amendments to take into account the changes to relevant legislation and the Catalyst Rules.

The PSP 2021 will increase the Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance.

The PSP 2021 will allow the Company to target specific performance objectives for each Participant and to provide an incentive for Participants to achieve these performance targets. The Company believes that the PSP 2021 inculcates in all Participants a stronger and more lasting sense of identification with the Group. The PSP 2021 also operates to attract, retain and provide incentive to Participants to encourage greater dedication and loyalty by enabling the Company to give recognition for past contributions and services as well as motivating Participants generally to contribute towards the Group’s long-term prosperity.

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The objectives of the PSP 2021 are to:

- (a) foster a culture of ownership within the Group which aligns the interests of the Participants with the interests of Shareholders;
- (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business units and encourage greater dedication and loyalty to the Group; and
- (c) make total employee remuneration sufficiently competitive to recruit new Participants and/or retain existing Participants whose contributions are important to the long term growth and profitability of the Group.

The Directors believe that the PSP 2021 will provide the Company with a more comprehensive set of remuneration tools and strengthen its competitiveness in attracting and retaining local and foreign talent.

3.4 Overview of the PSP 2021

Awards granted under the PSP 2021 will principally be performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management, aimed at delivering long-term Shareholder value. Examples of performance targets to be set include targets based on criteria such as EPS and return on investment.

The PSP 2021 uses methods fairly common among major local and multinational companies to incentivise and motivate Directors and employees to achieve pre-determined targets, which the Company believes will create and enhance economic value for Shareholders. The Company believes that the PSP 2021 will be an effective tool in motivating Directors and employees to work towards stretched targets.

The PSP 2021 contemplates the award of fully-paid Shares, when and after pre-determined performance or service conditions are accomplished.

Awards granted under the PSP 2021 will be performance-based, with performance targets to be set over a designated performance period. Performance targets set are intended to be premised on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets will be stretched targets aimed at sustaining long-term growth. These targets will be tied in with the Board's corporate key performance indicators.

Under the PSP 2021, Participants are encouraged to continue serving the Group beyond the deadline for the achievement of the pre-determined performance targets. The Committee has the discretion to impose a further vesting period after the performance period to encourage the Participants to continue serving the Group.

3.5 Summary of Rules of the PSP 2021

The detailed rules of the PSP 2021 are set out in Appendix A of this Circular. A summary of the rules of the PSP 2021 is set out below.

3.5.1 *Eligibility*

Full-time employees (including Group Executive Directors) whose employment have been confirmed and who have attained the age of 21 years as of the relevant date of Award and hold such rank as may be designated by the Committee from time to time are eligible to participate in the PSP 2021. Group Non-Executive Directors are also eligible to participate in the PSP 2021. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

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To the extent permissible under the laws of Singapore, persons who are Controlling Shareholders or Associates of a Controlling Shareholder who meet the above eligibility criteria are also eligible to participate in the PSP 2021 provided that the participation of and the terms of each grant and the actual number of Awards granted under the PSP 2021 to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person subject to the following:

- (a) the aggregate number of Shares comprised in Awards granted to Controlling Shareholders or Associates of Controlling Shareholders under the PSP 2021 shall not exceed twenty-five per cent (25%) of the aggregate number of Shares (comprised in Awards) which may be granted under the PSP 2021; and
- (b) the number of Shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed ten per cent (10%) of the Shares available under the PSP 2021.

3.5.2 **Awards**

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof free of charge, upon the Participant achieving prescribed performance targets.

Shares which are allotted and issued or transferred to a Participant pursuant to the grant of an Award may not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by the Committee in the award letter), except to the extent approved by the Committee.

The Committee, in its absolute discretion, may make a release of an Award, wholly or partly, in the form of cash rather than Shares.

3.5.3 **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 PSP 2021 shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period.

3.5.4 **Details of Awards**

The Committee shall decide, in relation to an Award:

- (a) the Participant;
- (b) the date on which the Award is awarded;
- (c) the performance period during which the prescribed performance target(s) are to be satisfied;
- (d) the number of Shares which are the subject of the Award;
- (e) the performance target(s);
- (f) the extent to which the Shares under that Award may be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period; and
- (g) any other condition(s) which the Committee may determine in relation to that Award.

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3.5.5 *Timing*

Awards may be granted at any time in the course of a financial year. An Award Letter confirming the Award and specifying, *inter alia*, in relation to the Award, the date on which the Award is awarded, the number of Shares which are the subject of the Award, the prescribed performance target(s) and the performance period during which the prescribed performance target(s) are satisfied, will be sent to each Participant as soon as reasonably practicable after the making of an Award.

3.5.6 *Events Prior to Vesting*

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

- (a) misconduct on the part of a Participant as determined by the Committee in its discretion;
- (b) where the Participant is an employee, a Group Executive Director or a Group Non-Executive Director, upon the Participant ceasing to be in the employment of the Group or a Director for any reason whatsoever (other than as specified in paragraph (f) below);
- (c) an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (d) the bankruptcy of a Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of the Award;
- (e) the Participant ceases to be in the employment of the Group or a Director by reason of:
 - (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 or to which he is seconded, as the case may be, ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;
 - (vi) his transfer of employment between companies within the Group;
 - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
 - (viii) any other event approved by the Committee;
- (f) the death of a Participant;
- (g) any other event approved by the Committee; or
- (h) 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 (c) above or for reconstruction or amalgamation).

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Upon the occurrence of any of the events specified in paragraphs (a), (b) and (c), an Award then held by a Participant shall, subject as provided in the rules of the PSP 2021 and to the extent not yet released, immediately lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in paragraphs (d), (e), (f) and (g) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant performance period. 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 have been satisfied.

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

3.5.7 ***Size and Duration of the PSP 2021***

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the PSP 2021, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted thereunder; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed fifteen per cent (15%) of the issued share capital (excluding Treasury Shares and Subsidiary Holdings) of the Company on the day preceding the relevant date of Award.

In addition, the number of Shares available to Controlling Shareholders or Associates of a Controlling Shareholder are subject to the following:

- (a) the aggregate number of Shares comprised in Awards granted to Controlling Shareholders or Associates of Controlling Shareholders under the PSP 2021 shall not exceed twenty five per cent (25%) of the aggregate number of Shares (comprised in Awards) which may be granted under the PSP 2021; and
- (b) the number of Shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed ten per cent (10%) of the Shares available under the PSP 2021.

The PSP 2021 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 PSP 2021 is adopted by the Company in general meeting, provided always that the PSP 2021 may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSP 2021, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

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3.5.8 **Operation of the PSP 2021**

Subject to prevailing legislation and SGX-ST guidelines, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of an issue of Award Shares deemed to be fully paid upon their issuance and allotment and/or by way of the transfer of Treasury Shares (by way of purchase of existing Shares from the market for delivery to Participants pursuant to the Act).

In determining whether to issue Award Shares or to purchase existing Shares to satisfy Awards, the Company shall have the right to 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 Award Shares or purchasing existing Shares.

Additionally, 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. In determining whether to release an Award, wholly or partly, in the form of cash rather than Shares, the Company will take into account factors such as (but not limited to) the cost to the Company of releasing an Award, wholly or partly, in the form of cash rather than Shares.

The financial effects of the issue of Award Shares and/or the transfer of Treasury Shares to Participants upon vesting of the Awards are set out in Section 3.11 of this Circular.

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

The Committee has the discretion to determine whether the performance condition 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, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

3.6 **Adjustments and Alterations under the PSP 2021**

3.6.1 **Adjustment Events**

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 or distribution) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the PSP 2021,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that any such adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment.

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

3.6.2 **Modifications or Alterations to the PSP 2021**

The rules of the PSP 2021 may be modified and/or altered from time to time by a resolution of the Committee, subject to the prior approval of the Shareholders and the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Participants who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in value of all the Shares which would be issued pursuant to the Awards under the PSP 2021.

No alteration shall be made to the rules of the PSP 2021 to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.

3.7 **Disclosures in Annual Reports**

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the PSP 2021 continues in operation:

- (a) the names of the members of the Committee;
- (b) the information in the table below in respect of the following Participants:
 - (i) Directors;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the release of Awards granted under the PSP 2021 which, in aggregate, represent five per cent (5%) or more of the aggregate number of Shares available under the PSP 2021,

Name of the Participant	Awards granted during the financial year under review (including terms)	Aggregate Awards granted since commencement of the PSP 2021 to the end of the financial year under review	Aggregate Awards vested since commencement of the PSP 2021 to end of the financial year under review	Aggregate Awards not yet released as at the end of the financial year under review

- (c) in relation to the PSP 2021, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards vested since the commencement of the PSP 2021 to the end of the financial year under review;
 - (ii) the aggregate number of Shares issued which are comprised in the Awards which vested during the financial year under review;
 - (iii) the aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review; and
- (d) such other information as may be required by the Catalist Rules or the Act.

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3.8 Role and Composition of the Committee

The Committee shall comprise such Directors duly authorised and appointed by the Board to administer the PSP 2021, 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.

3.9 Rationale for Participation by Group Non-Executive Directors

While the PSP 2021 caters principally to employees and Group Executive Directors, it is recognised that there are other persons who make significant contributions to the Group through their close working relationships with the Group, even though they are not employed within the Group. Such persons include the Group Non-Executive Directors.

Group Non-Executive Directors (including Independent Directors) are persons from different professions and working backgrounds, bringing to the Company their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping the Company shape its business strategy by allowing the Company to draw on the backgrounds and diverse working experience of these individuals. It is crucial for the Company to attract, retain and incentivise the Group Non-Executive Directors and align their interests with that of the Group.

The current Group Non-Executive Directors are Mr Yao Yilun, Mr Sun Shu, Mr Zhan Shu and Mr Pang Kee Chai. As Mr Yao Yilun is also a Controlling Shareholder of the Company, he will not participate in the PSP 2021 unless specific approval of the independent Shareholders has been obtained for his participation in the PSP 2021.

Our Directors are of the view that including the Group Non-Executive Directors in the PSP 2021 will show the Company's appreciation for, and further motivate them in, their contribution towards the success of the Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of the Group, while it is desired that participation in the PSP 2021 be made open to the Group Non-Executive Directors of the Company, any Awards that may be granted to any such Group Non-Executive Director would be intended only as a token of the Company's appreciation.

For the purpose of assessing the contributions of the Group Non-Executive Directors, the Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by the Group Non-Executive Directors within the Board. In addition, the Committee will also consider the scope of advice given, the number of contacts and size of deals which the Company is able to procure from the contacts and recommendations of the Group Non-Executive Directors.

The Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all.

It is envisaged that the vesting of Awards, and hence the number of Shares to be delivered to the Group Non-Executive Directors based on the criteria set out above will be relatively small in terms of frequency and numbers. Based on this, the Directors are of the view that the participation by the Group Non-Executive Directors in the PSP 2021 will not compromise their independent status.

3.10 Rationale for Participation by Controlling Shareholders and their Associates

Pursuant to Rule 852 of the Catalist Rules, participation in a scheme by Controlling Shareholders and their Associates must be approved by independent Shareholders of the issuer and a separate resolution must be passed for each person and to approve the actual number and terms of Awards to be granted to that participant.

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One of the objectives of the PSP 2021 is to motivate Participants to achieve key financial and operational goals of the Company and/or their respective business units. As such, the objectives of the PSP 2021 should apply equally to Controlling Shareholders or Associates of Controlling Shareholders. The Company's view is that all deserving and eligible Participants should be motivated whether or not they are Controlling Shareholders or Associates of Controlling Shareholders. The Company believes that as the PSP 2021 is designed to motivate, attract, retain and reward Participants who contribute to the growth and profits of the Company, employees, Group Executive Directors and Group Non-Executive Directors who are Controlling Shareholders or Associates of Controlling Shareholders should be entitled to the same benefits as other Participants and should not be excluded from benefitting under the PSP 2021 solely for the reason that they are Controlling Shareholders or Associates of Controlling Shareholders. It is in the Group's interest that these Participants who are actively contributing to the Group's progress and development are given the incentive to continue to remain with the Company and contribute towards the Group's future progress and development. In respect of the determination as to eligibility and grant of Awards, the terms of the PSP 2021 do not differentiate between employees, Group Executive Directors and Group Non-Executive Directors who are Controlling Shareholders or Associates of Controlling Shareholders and other employees, Group Executive Directors and Group Non-Executive Directors.

The specific approval of the independent Shareholders is required for the participation of such Controlling Shareholders and their Associates in the PSP 2021 as well as the actual number and terms of such Awards. A separate resolution must be passed for each such Participant to participate in the Award. In seeking such approval from the independent Shareholders, clear rationale for the proposed participation of the Controlling Shareholders or their Associates, and the number and terms of the Awards to be granted to each such person shall be provided, and such Controlling Shareholders or their Associates shall abstain from voting on any resolution in relation to their participation in the PSP 2021 and grant of Awards to them. Accordingly, the Directors are of the view that there are sufficient safeguards against any abuse of the PSP 2021 resulting from the participation of employees, Group Executive Directors and/or Group Non-Executive Directors who are Controlling Shareholders or their Associates.

As at the Latest Practicable Date, Mr Yao Liang, Mr Yao Yilun and Ms Yao Jiajia have been identified as eligible Participants of the PSP 2021. Mr Yao Liang is the Executive Chairman and Group Chief Executive Officer of the Company and Mr Yao Yilun is the Non-Executive and Non-Independent Director of the Company, both of whom are Controlling Shareholders of the Company. Please refer to Section 5 of this Circular for the deemed shareholding interests of Mr Yao Liang and Mr Yao Yilun in the Company. Ms Yao Jiajia is the Head of Corporate Investments of the Company and being the daughter of Mr Yao Liang is an Associate of a Controlling Shareholder.

The Company will seek specific independent Shareholder approval in separate resolutions, with actual number and terms of Awards to be granted to that Participant, should it wish to have its Controlling Shareholders and their Associates participate in and be granted Awards under the PSP 2021.

3.11 Financial Effects and Potential Cost of the PSP 2021

3.11.1 *Potential Cost of Awards*

The PSP 2021 is considered a share-based payment that falls under the scope of SFRS(I) 2. The Awards if settled by way of issue of Award Shares or the purchase of existing Shares would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of the grant of the Awards will be recognised as a charge to the profit or loss on the date of grant of an Award. The cost of these equity-settled transactions is determined by reference to the fair value of each Award granted at the date of grant to the vesting date, in accordance with SFRS(I) 2. No expense is recognised for Awards that are not accepted by the Participants.

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3.11.2 *Share capital*

The PSP 2021 will result in an increase in the Company's issued share capital when Award Shares are issued to Participants pursuant to the grant of the Awards. This will in turn depend on, *inter alia*, the number of Shares comprised in the Awards to be issued. In any case, the number of Shares to be issued under the PSP 2021 will be subject to the maximum limit of fifteen per cent (15%) of the Company's total issued Shares.

If instead of issuing Award Shares to Participants, Treasury Shares are transferred to Participants or the Company pays the equivalent cash value, the PSP 2021 would have no impact on the Company's total number of issued ordinary shares.

3.11.3 *NTA*

As described in Section 3.11.4 below, the PSP 2021 will result in a charge to the Company's income statement over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with SFRS(I) 2. When Award Shares are issued under the PSP 2021, there would be no effect on the NTA. However, if instead of issuing Award Shares to Participants, existing Shares are purchased for delivery to Participants, or the Company pays the equivalent cash value, the NTA would be impacted by the cost of the Shares purchased or the cash payment, respectively.

3.11.4 *EPS*

The PSP 2021 is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2.

Although the PSP 2021 will have a dilutive impact on the Company's consolidated EPS, it should be noted that the delivery of Shares to Participants is contingent upon the Participants meeting prescribed performance targets and conditions.

3.11.5 *Dilutive Impact*

The PSP 2021 provides that the aggregate number of Shares to be issued under the said PSP 2021 will be subject to the limit of fifteen per cent (15%) of the Company's total issued Shares. Shareholders' shareholding percentages will be diluted accordingly as a result of the issue and allotment of Award Shares under the PSP 2021.

4. PROPOSED CHANGE OF AUDITORS

4.1 Background and Rationale

The Company's existing Auditor, Baker Tilly was re-appointed as the Auditor of the Company at the last AGM of the Company held on 30 October 2020, to hold office until the conclusion of the forthcoming AGM of the Company. Baker Tilly has served as Auditor of the Company since 14 September 2015.

The Board believes that the Proposed Change of Auditors will, *inter alia*, enable the Company to benefit from fresh perspectives from different audit firms especially in consideration of the Group's recent diversification into the Investment Business.

Pursuant to Rule 712(3) of the Catalist Rules and Section 205AF of the Companies Act, the appointment of EY shall be specifically approved by shareholders at an EGM. The appointment of EY as Auditors of the Company, would take effect upon approval of the same by Shareholders at the EGM. If appointed, EY will hold office until the conclusion of the next AGM of the Company.

In connection with the Proposed Change of Auditors, Baker Tilly had on 2 March 2021, applied to ACRA to seek ACRA's consent to resign as Auditors of the Company and its Singapore-incorporated subsidiaries, and on 29 March 2021 received a letter from ACRA approving its resignation as Auditors. Baker Tilly had, on 29 March 2021, provided its notice of resignation as Auditors of the Company and its Singapore-incorporated subsidiaries.

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EY had, on 2 March 2021, given its written consent to act as Auditors of the Company and its Singapore-incorporated subsidiaries, subject to the approval of Shareholders at the EGM.

The Proposed Change of Auditors will not result in any changes in the scope of audit.

The Board wishes to express their appreciation for the past services rendered by Baker Tilly.

4.2 Information on EY and the Audit Engagement Partner-in-Charge

EY is an international accounting firm providing audit assurance, tax, transactions and advisory services. In Singapore, EY has a history of 131 years, with over 140 partners and close to 3,400 employees.

More information about EY, its core values and services are provided in EY's website at https://www.ey.com/en_sg.

The engagement partner-in-charge from EY will be Mr. Vincent Toong. He has more than 29 years of audit experience in providing audit and assurance services to a variety of clients, including those in the resource industry. Mr. Vincent Toong is also a practising member of the Institute of Singapore Chartered Public Accountants. The Company has been informed that Mr Vincent Toong has been subject to the Public Monitoring Program review by ACRA and has passed the last inspection in 2018.

4.3 Compliance with Rules 712 and 715 of the Catalist Rules

Following a review of the proposals from various audit firms which have experience in auditing public listed companies in Singapore, the Board, in consultation with the Audit Committee, and taking into consideration the requirements under Rules 712 and 715 of the Catalist Rules, has determined that EY is best suited to meet the existing needs and audit requirements of the Group.

The Audit Committee is of the opinion that EY will be able to meet the audit requirements of the Group after considering, *inter alia*, the Audit Quality Indicators Disclosure Framework issued by ACRA, the adequacy of the resources and experience of EY and the engagement partner in auditing companies in the mining business, the other audit engagements of EY, the size and complexity of the Group, the number and experience of supervisory and professional staff of EY assigned to the audit, the fee structure and audit arrangements proposed by EY.

In accordance with the requirements under Rule 712(3) of the Catalist Rules:

- (a) Baker Tilly has confirmed to EY, via its professional clearance letter dated 25 February 2021 ("**Professional Clearance Letter**"), that it is not aware of any professional reasons why EY should not accept the appointment as Auditors;
- (b) the Company confirms that there were no disagreements with Baker Tilly on accounting treatments within the last 12 months;
- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders;
- (d) the Board believes that the Proposed Change of Auditors will, *inter alia*, enable the Company to benefit from fresh perspectives from different audit firms and also in consideration of the Group's recent diversification into the Investment Business; and
- (e) the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the appointment of EY as its Auditors.

Upon obtaining Shareholders' approval of the Proposed Change of Auditors, EY will be appointed as the Auditors of the Company as well as its Singapore-incorporated subsidiaries.

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EY will also be appointed as auditors of all other foreign-incorporated subsidiaries of the Company save for Signature Metals Limited and its subsidiaries (“**Signature Metals Group**”). Currently, there are minimal activities undertaken by the Signature Metals Group hence it is not considered a significant subsidiary of the Group. The Signature Metals Group is currently being audited by Kingston & Knight Audit Pty Ltd and the Company intends to retain Kingston & Knight Audit Pty Ltd as the auditors of the Signature Metals Group. The Directors and the Audit Committee confirm that they are satisfied that such audit arrangements would not compromise the standard and effectiveness of the audit of the Company and the Group.

4.4 Statement of the Audit Committee in respect of the Proposed Change of Auditors

Having reviewed and deliberated on the Proposed Change of Auditors, taking into consideration the rationale for the Proposed Change of Auditors and the requirements under the Catalist Rules, the Audit Committee has recommended the Proposed Change of Auditors.

5. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and substantial Shareholders, as recorded in the register of Directors and the register of substantial Shareholders of the Company are as follows:

Directors and/or substantial Shareholders	Direct Interest		Deemed Interest	
	(No. of Shares)	(%) ⁽¹⁾	(No. of Shares)	(%) ⁽¹⁾
Directors				
Yao Liang	–	–	18,008,044,936 ⁽²⁾	55.06
Yao Yilun	–	–	18,008,044,936 ⁽²⁾	55.06
Sun Shu	–	–	–	–
Zhan Shu	–	–	–	–
Pang Kee Chai	–	–	–	–
Substantial Shareholders (other than Directors)				
Yaoo Capital Pte. Ltd.	18,008,044,936	55.06	–	–
Sheng Investment Pte. Ltd.	5,000,000,000	15.29	–	–
Lai Ka Wai	–	–	5,000,000,000 ⁽³⁾	15.29

Notes:

- (1) Based on the total number of 32,706,206,055 issued Shares as at the Latest Practicable Date.
- (2) Mr Yao Liang and Mr Yao Yilun own 51% and 49% of the issued share capital of Yaoo Capital Pte. Ltd. respectively. Accordingly, each of Mr Yao Liang and Mr Yao Yilun are deemed interested in the Shares held by Yaoo Capital Pte. Ltd. pursuant to Section 4 of the SFA.
- (3) Mr Lai Ka Wai owns 95% of the issued share capital of Sheng Investment Pte. Ltd. Accordingly, Mr Lai Ka Wai is deemed interested in the Shares held by Sheng Investment Pte. Ltd. pursuant to Section 4 of the SFA.

Save as disclosed in this Circular, none of the Directors has any interest, direct or indirect, in the Proposals (other than through their respective shareholdings in the Company (if any)). To the best of the knowledge of the Directors, none of the substantial Shareholders has any interest, direct or indirect, in the Proposals (other than through their respective shareholdings in the Company).

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6. DIRECTORS' RECOMMENDATIONS

6.1 Proposed Grant of Options

The Directors, other than:

- (a) Mr Sun Shu who has abstained from making a recommendation to Shareholders in relation to Ordinary Resolution 1 relating to the Proposed Grant of Options to himself;
- (b) Mr Zhan Shu who has abstained from making a recommendation to Shareholders in relation to Ordinary Resolution 2 relating to the Proposed Grant of Options to himself;
- (c) Mr Pang Kee Chai who has abstained from making a recommendation to Shareholders in relation to Ordinary Resolution 3 relating to the Proposed Grant of Options to himself;
- (d) Mr Yao Yilun who has abstained from making a recommendation to Shareholders in relation to Ordinary Resolution 4 relating to the Proposed Grant of Options to himself; and
- (e) Mr Yao Liang who has abstained from making a recommendation to Shareholders in relation to Ordinary Resolutions 5 and 8 relating to the Proposed Grant of Options to himself and Ms Yao Jiajia respectively,

having considered and reviewed, among other things, the terms and conditions of the Option Agreements, the rationale for the Proposed Grant of Option, financial effects of the Proposed Grant of Options, and all the other relevant information set out in this Circular, recommend that Shareholders vote in favour of all the Ordinary Resolutions relating to the Proposed Grant of Options, as set out in the Notice of EGM.

6.2 Proposed Adoption of the PSP 2021

The Directors are all eligible to participate in, and are therefore, interested in the PSP 2021. Accordingly, the Directors have abstained from making any recommendation as to how Shareholders should vote in respect of the Ordinary Resolution in relation to the PSP 2021 to be proposed at the EGM.

6.3 Proposed Change of Auditors

The Directors, having taken into account the Audit Committee's recommendations, are satisfied that EY will be able to meet the audit requirements of the Group and are of the opinion that the Proposed Change of Auditors is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution in relation to the Proposed Change of Auditors to be proposed at the EGM.

- 6.4 Shareholders who may require specific advice should consult his or her stockbroker, bank manager, solicitor, accountant or other professional adviser(s).

7. CONSENTS

Each of Baker Tilly and EY has given and has not withdrawn its consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular.

8. EXTRAORDINARY GENERAL MEETING

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"), the EGM, notice of which is set out on pages N-1 to N-13 of this Circular, will convene and be held by way of electronic means on 18 June 2021 at 10 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Proposals as set out in the Notice of EGM.

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9. ABSTENTION FROM VOTING

9.1 Proposed Grant of Options

In accordance with Rule 812(2) and Rule 919 of the Catalist Rules, Mr Sun Shu, Mr Zhan Shu, Mr Pang Kee Chai, Mr Yao Yilun, Mr Yao Liang and Ms Yao Jiajia shall abstain from, and procure that their associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

Ms Zhou Ying, Ms Teo Qin Pei, Jessica, Mr Wang Yong and Mr Sun He will also abstain from, and procure that their associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

9.2 Proposed Adoption of the PSP 2021

Shareholders who are eligible to participate in the PSP 2021 (including Mr Yao Liang and Mr Yilun) must abstain, and the Company shall ensure that such persons abstain, from voting on any resolutions relating to the PSP 2021.

Accordingly, Shareholders who are eligible to participate in the PSP 2021 (including Mr Yao Liang and Mr Yilun) shall abstain from voting in respect of their holding of Shares at the EGM in respect of Ordinary Resolution 11 for the proposed adoption of the PSP 2021.

In addition, Shareholders who are eligible to participate in the PSP 2021 (including Mr Yao Liang and Mr Yilun) shall decline to accept nominations as proxies unless specific instructions have been given in the Proxy Form by the Shareholders appointing them on how they wish their votes to be cast for each of the resolutions contemplated.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, the Company will convene and the EGM will be held by way of electronic means only and Shareholders will not be allowed to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate in the EGM by (a) watching the EGM proceedings via a “live” webcast or listening to the EGM proceedings via a “live” audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM. Please refer to the Section entitled “Notes” in the Notice of EGM set out on pages N-1 to N-13 for further details.

Shareholders will not be able to vote online at the EGM. Instead, if Shareholders (whether individual or corporate) wish to exercise their votes, they must submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf.

Shareholders (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.

The Proxy Form must be submitted to the Company no later than 10 a.m. on 15 June 2021 through any one (1) of the following means:

- by depositing a physical copy at the registered office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00, ASO Building, Singapore 048544; or
- by sending a scanned PDF copy by email to main@zicoholdings.com.

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In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

Persons who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act (including SRS investors) and who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings via the “live” webcast or the “live” audio feed in the manner provided in Note 2 in the Notice of EGM set out on pages N-1 to N-13; (b) submitting questions in advance of the EGM in the manner provided in Note 3 in the Notice of EGM set out on pages N-1 to N-13; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should approach their respective relevant intermediaries (which would include, in the case of SRS investors, their respective SRS operators) through which they hold such Shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the EGM.

Persons who hold their shares through relevant intermediaries (including SRS investors) who wish to appoint the Chairman of the EGM as proxy should approach their respective relevant intermediaries to submit their votes by 10 a.m. on 9 June 2021, in order to allow sufficient time for their relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf not less than seventy-two (72) hours before the time fixed for holding the EGM.

11. NO DESPATCH OF DOCUMENTS

In line with the relevant provisions under the Order, no printed copies of the Circular, the Notice of EGM and the Proxy Form (collectively, the “**Documents**”) will be despatched to Shareholders.

The Documents are available on the SGX-ST’s website at the URL <http://www.sgx.com> and may be found at the URL <https://www.sgx.com/securities/companyannouncements> and the Company’s website at the URL <http://www.shenyaoholdings.com>.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection by Shareholders between 9.00 a.m. and 5.00 p.m. at the office of the Company at 9 Temasek Boulevard, #24-01 Suntec Tower 2, Singapore 038989 from the date of this Circular up to and including the date of the EGM. Shareholders who wish to inspect the following documents should call the Company at +65 6690 6860 to make an appointment so that the relevant arrangements can be made in view of the COVID-19 safe distancing measures.

- (a) the Constitution;
- (b) copies of the Option Agreements;
- (c) the notice of resignation from Baker Tilly;
- (d) the Professional Clearance Letter; and
- (e) the letter of consent to act as Auditors from EY.

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 Proposals, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

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Where information in this 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
SHEN YAO HOLDINGS LIMITED

Yao Liang
Executive Director

APPENDIX A

1. NAME OF THE PERFORMANCE SHARE PLAN

The Shen Yao Performance Share Plan 2021 shall be called the “**Shen Yao Performance Share Plan 2021**”

2. DEFINITIONS

2.1. In the Shen Yao Performance Share Plan 2021, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“ Act ”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified or supplemented from time to time.
“ Adoption Date ”	:	The date on which the Shen Yao Performance Share Plan 2021 is adopted by resolution of the Shareholders of the Company.
“ Auditors ”	:	The auditors of the Company for the time being.
“ Award ”	:	A contingent award of Shares granted under Rule 5.
“ Award Date ”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5.
“ Award Letter ”	:	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee.
“ Board ”	:	The Board of Directors of the Company for the time being.
“ Catalist Rules ”	:	Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time
“ CDP ”	:	The Central Depository (Pte) Limited.
“ Constitution ”	:	The Constitution of the Company, as amended or modified from time to time.
“ Committee ”	:	The committee comprising Directors duly authorised and appointed by the Board pursuant to Rule 10 of the Shen Yao Performance Share Plan 2021 to administer the Shen Yao Performance Share Plan 2021.
“ Company ”	:	Shen Yao Holdings Limited
“ Control ”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.
“ Controlling Shareholder ”	:	A person who: (a) holds directly or indirectly fifteen per cent (15%) or more of the nominal amount of all voting shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises Control over a company.
“ Group ”	:	The Company and its subsidiaries.

APPENDIX A

“Group Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.
“Group Non-Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who is not a Group Executive Director, including independent directors.
“Market Value”	:	In relation to a Share, on any day: <ul style="list-style-type: none">(a) the average price of a Share on the SGX-ST over the five (5) immediately preceding Trading Days; or(b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
“Participant”	:	Any eligible person selected by the Committee to participate in the Shen Yao Performance Share Plan 2021 in accordance with the rules hereof.
“Performance Condition”	:	In relation to an Award, the condition specified on the Award Date in relation to that Award.
“Performance Period”	:	In relation to an Award, a period, the duration of which may be determined by the Committee on the Award Date, during which the Performance Condition is to be satisfied.
“Release”	:	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 of the Shen Yao Performance Share Plan 2021 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7 of the Shen Yao Performance Share Plan 2021, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly.
“Release Schedule”	:	In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period.
“Released Award”	:	An Award which has been released in accordance with Rule 7.
“Retention Period”	:	In relation to an Award, such period commencing on the Vesting Date in relation to that Award as may be determined by the Committee on the Award Date.
“Rules”	:	The rules of the Shen Yao Performance Share Plan 2021 and “Rule” means any of the Rules.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

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“Shares”	:	Ordinary shares in the capital of the Company.
“Shareholders”	:	Registered holders of Shares, except that 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 those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts.
“Shen Yao Performance Share Plan 2021”	:	The Shen Yao Performance Share Plan 2021, as the same may be modified or altered from time to time.
“Subsidiary” or “Subsidiaries”	:	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Act.
“Trading Day”	:	A day on which the Shares are traded on the SGX-ST.
“Vesting”	:	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly.
“Vesting Date”	:	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7.
“%” or “per cent”	:	Per centum or percentage.

- 2.2. For purposes of the Shen Yao Performance Share Plan 2021, the Company shall be deemed to have control over another company if it has the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company.
- 2.3. Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- 2.4. Any reference to a time of a day in the Shen Yao Performance Share Plan 2021 is a reference to Singapore time.
- 2.5. Any reference in the Shen Yao Performance Share Plan 2021 to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Shen Yao Performance Share Plan 2021 and used therein shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.
- 2.6. The term “Associate” shall have the meaning ascribed to it by the Catalist Rules as set out below:
- (a) in relation to any individual, including a 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

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- (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
 - (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- 2.7. The terms “**Depositor**”, “**Depository**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.

3. OBJECTIVES OF THE SHEN YAO PERFORMANCE SHARE PLAN 2021

The Shen Yao Performance Share Plan 2021 has been proposed in order to:

- (a) foster an ownership culture within the Group which aligns the interests of the Participants with the interests of Shareholders;
- (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business units and encourage greater dedication and loyalty to the Group; and
- (c) make total employee remuneration sufficiently competitive to recruit new Participants and/or retain existing Participants whose contributions are important to the long term growth and profitability of the Group.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1. The following persons shall be eligible to participate in the Shen Yao Performance Share Plan 2021 at the absolute discretion of the Committee:

(i) Employees, Group Executive Directors and Group Non-Executive Directors

Full-time employees whose employment have been confirmed and who have attained the age of 21 years as of the Award Date and hold such rank as may be designated by the Committee from time to time, Group Executive Directors and Group Non-Executive Directors are eligible to participate in the Shen Yao Performance Share Plan 2021. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

(ii) Controlling Shareholders and Associates of Controlling Shareholders

Subject to Rule 4.2, persons who are qualified under Rule 4.1(i) above and who are also Controlling Shareholders or Associates of Controlling Shareholders.

- 4.2. Employees who are Controlling Shareholders or Associates of Controlling Shareholders shall (notwithstanding that they may meet the eligibility criteria in Rule 4.1(i) above) not participate in the Shen Yao Performance Share Plan 2021 unless:

- (i) their participation; and
- (ii) the terms of each grant and the actual number of Awards to be granted to them, have been approved by the independent Shareholders in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the terms of each grant and the actual number of Awards to

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be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholders of the Company for the participation in the Shen Yao Performance Share Plan 2021 of a Controlling Shareholder or an Associate of a Controlling Shareholder who is, at the relevant time already a Participant. For the purposes of obtaining such approval from the independent Shareholders, the Company shall procure that the circular, letter or notice to the Shareholder in connection therewith shall set out the following:

- (a) clear justifications for the participation of such Controlling Shareholders or Associates of Controlling Shareholders; and
- (b) the terms of the Awards to be granted to such Controlling Shareholders or Associates of Controlling Shareholders.

4.3. Save as prescribed by Rule 852 of the Catalist Rules, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive, whether or not implemented by any other companies within the Group.

4.4. Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Shen Yao Performance Share Plan 2021 may be amended from time to time at the absolute discretion of the Committee.

5. GRANT OF AWARDS

5.1. Except as provided in Rule 8, the Committee may grant Awards to Participants, as the Committee may select, in its absolute discretion, at any time during the period when the Shen Yao Performance Share Plan 2021 is in force, provided that no Participant who is a member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

5.2. The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Shen Yao Performance Share Plan 2021 shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness with which the Performance Condition may be achieved within the Performance Period, provided that in relation to Controlling Shareholders and Associates of Controlling Shareholders:

- (a) the aggregate number of Shares which may be offered by way of grant of Awards to Participants who are Controlling Shareholders or Associates of Controlling Shareholders under this Shen Yao Performance Share Plan 2021 shall not exceed twenty five per cent (25%) of the total number of Shares available under this Shen Yao Performance Share Plan 2021, and such aggregate number of Shares which may be offered to such Participants under this Shen Yao Performance Share Plan 2021 has been approved by the independent Shareholders of the Company in a separate resolution. For the purposes of obtaining such approval of the independent Shareholders of the Company, the Committee shall procure that the circular, letter or notice to the Shareholders in connection therewith shall set out clear rationale for the participation of and grant of Awards to Participants who are Associates of Controlling Shareholders; and
- (b) the number of Shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed ten per cent (10%) of the Shares available under this Shen Yao Performance Share Plan 2021.

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- 5.3. The Committee shall decide in relation to an Award:
- (a) the Participant;
 - (b) the Award Date;
 - (c) the Performance Period;
 - (d) the number of Shares which are the subject of the Award;
 - (e) the Performance Condition;
 - (f) the Release Schedule; and
 - (g) any other condition(s) which the Committee may determine in relation to that Award.
- 5.4. The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule in respect of any Award:
- (a) in the event of a take-over offer being made for the Shares or if (i) Shareholders of the Company or (ii) under the Act, the court, sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
 - (b) if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition and/or Release Schedule should be waived,
- and shall notify the Participants of such change or waiver.
- 5.5. As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
- (a) the Award Date;
 - (b) the Performance Period;
 - (c) the number of Shares which are the subject of the Award;
 - (d) the Performance Condition;
 - (e) the Release Schedule; and
 - (f) any other condition(s) which the Committee may determine in relation to that Award.
- 5.6. Participants are not required to pay for the grant of Awards.
- 5.7. An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

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6. EVENTS PRIOR TO THE VESTING DATE

- 6.1. An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:
- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
 - (b) subject to Rule 6.2(b), where the Participant is an employee, a Group Executive Director or a Group Non-Executive Director, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever;
 - (c) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed or engaged as of the date the notice of termination of employment or engagement is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 6.2. In any of the following events, namely:

- (a) 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 an Award;
- (b) where the Participant being an employee, a Group Executive Director or a Group Non-Executive Director ceases to be in the employment of the Group or a Director by reason of:
 - (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 or to which he is seconded, as the case may be, ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;
 - (vi) (where applicable) his transfer of employment between companies within the Group;
 - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
 - (viii) any other event approved by the Committee;
- (c) the death of the Participant;
- (d) any other event approved by the Committee,

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Shen Yao Performance Share Plan 2021. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

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- 6.3. Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:
- (a) a take-over offer for the Shares becomes or is declared unconditional;
 - (b) 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 being approved by shareholders of the Company and/or sanctioned by the court under the Act; or
 - (c) an order being made or a resolution being passed for the winding up of the Company (other than as provided in Rule 6.1(c) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has lapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.

7. RELEASE OF AWARDS

7.1. Review of Performance Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be an employee, a Group Executive Director or a Group Non-Executive Director from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be an employee, a Group Executive Director or a Group Non-Executive Director from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect.

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

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1(a) and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.

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- (c) Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST and any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of such Shares.

7.2. Release of Award

On Vesting of the Award, after the end of each Performance Period, the Committee has the discretion to determine whether to issue new Shares or to procure the transfer of existing Shares, or a combination of both methods to the Participant. Shares which are allotted or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

In determining whether to issue new Shares or to purchase existing Shares to satisfy Awards, the Company shall have the right to 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 purchasing existing Shares.

7.3. Ranking of Shares

New Shares issued and allotted, and existing Shares procured by the Company for transfer, on the Release of an Award shall:

- (a) be subject to all the provisions of the Constitution (including provisions relating to the liquidation of the Company); and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

“**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends, rights, allotments or other distributions of holders of Shares.

7.4. Cash Awards

The Committee, in its absolute discretion, may determine to make a Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date.

In determining whether to release an Award, wholly or partly, in the form of cash rather than Shares, the Company will take into account factors such as (but not limited to) the cost to the Company of releasing an Award, wholly or partly, in the form of cash rather than Shares.

7.5. Moratorium

Shares which are issued and allotted or transferred to a Participant pursuant to the Release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee. The Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the Award Letter the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.

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8. LIMITATIONS ON THE SIZE OF THE SHEN YAO PERFORMANCE SHARE PLAN 2021

- 8.1. The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Shen Yao Performance Share Plan 2021 on any date, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted under the Shen Yao Performance Share Plan 2021; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed fifteen per cent (15%) of the issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding that date.
- 8.2. In addition, the number of Shares available to Controlling Shareholders or Associates of a Controlling Shareholder under this Shen Yao Performance Share Plan 2021 are subject to the limits stated in Rule 5.2 above.
- 8.3. Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Shen Yao Performance Share Plan 2021.

9. ADJUSTMENT EVENTS

- 9.1. 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 or distribution) shall take place, then:
 - (a) the class and/or number of Shares which is/are the subject of an Award to the extent not yet Vested; and/or
 - (b) the class and/or number of Shares in respect of which future Awards may be granted under the Shen Yao Performance Share Plan 2021,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that any such adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

- 9.2. Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment. If an adjustment is made, the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.
- 9.3. Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 9.4. Upon any adjustment required to be made pursuant to this Rule 9, 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 or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

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10. ADMINISTRATION OF THE SHEN YAO PERFORMANCE SHARE PLAN 2021

- 10.1. The Shen Yao Performance Share Plan 2021 shall be administered by 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.
- 10.2. The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Shen Yao Performance Share Plan 2021) for the implementation and administration of the Shen Yao Performance Share Plan 2021, to give effect to the provisions of the Shen Yao Performance Share Plan 2021 and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as they may, in their absolute discretion, think fit. Any matter pertaining or pursuant to the Shen Yao Performance Share Plan 2021 and any dispute and uncertainty as to the interpretation of the Shen Yao Performance Share Plan 2021, any rule, regulation or procedure thereunder or any rights under the Shen Yao Performance Share Plan 2021 shall be determined by the Committee.
- 10.3. Neither the Shen Yao Performance Share Plan 2021 nor the grant of Awards under the Shen Yao Performance Share Plan 2021 shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the Shen Yao Performance Share Plan 2021;
 - (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Shen Yao Performance Share Plan 2021; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Shen Yao Performance Share Plan 2021.
- 10.4. Any decision or determination of the Committee made pursuant to any provision of the Shen Yao Performance Share Plan 2021 (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Shen Yao Performance Share Plan 2021 or any rule, regulation or procedure hereunder or as to any rights under the Shen Yao Performance Share Plan 2021). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES AND COMMUNICATIONS

- 11.1. 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 (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2. 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, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.3. Any notice or other communication from a Participant to the Company shall be irrevocable and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

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12. MODIFICATIONS TO THE SHEN YAO PERFORMANCE SHARE PLAN 2021

- 12.1. Any or all the provisions of the Shen Yao Performance Share Plan 2021 may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three quarters of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full;
 - (b) the definitions of “Group Executive Director”, “Group Non-Executive Director”, “Participant”, “Performance Period” and “Release Schedule” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company’s shareholders in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the Shen Yao Performance Share Plan 2021 to amend or adjust any Award.

- 12.2. Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Shen Yao Performance Share Plan 2021 in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Shen Yao Performance Share Plan 2021 to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3. Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Shen Yao Performance Share Plan 2021, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

14. DURATION OF THE SHEN YAO PERFORMANCE SHARE PLAN 2021

- 14.1. The Shen Yao Performance Share Plan 2021 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Shen Yao Performance Share Plan 2021 may continue beyond the above stipulated period with the approval of the Company’s shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 14.2. The Shen Yao Performance Share Plan 2021 may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Shen Yao Performance Share Plan 2021 is so terminated, no further Awards shall be granted by the Committee hereunder.
- 14.3. The expiry or termination of the Shen Yao Performance Share Plan 2021 shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

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15. TAXES

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Shen Yao Performance Share Plan 2021 shall be borne by that Participant.

16. COSTS AND EXPENSES OF THE SHEN YAO PERFORMANCE SHARE PLAN 2021

16.1. 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 Release of any Award 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.

16.2. Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Shen Yao Performance Share Plan 2021 to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Shen Yao Performance Share Plan 2021 including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award, shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, 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, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c).

18. DISCLOSURES IN ANNUAL REPORT

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Shen Yao Performance Share Plan 2021 continues in operation:

- (a) the names of the members of the Committee administering the Shen Yao Performance Share Plan 2021;
- (b) the information in the table below in respect of the following Participants:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the Release of Awards granted under the Shen Yao Performance Share Plan 2021 which, in aggregate, represent five per cent (5%) or more of the aggregate number of new Shares available under the Shen Yao Performance Share Plan 2021,

Name of the Participant	Awards granted during the financial year under review (including terms)	Aggregate Awards granted since commencement of the Shen Yao Performance Share Plan 2021 to the end of the financial year under review	Aggregate Awards vested since commencement of the Shen Yao Performance Share Plan 2021 to end of the financial year under review	Aggregate Awards not yet released as at the end of the financial year under review

APPENDIX A

- (c) in relation to the Shen Yao Performance Share Plan 2021:
 - (i) the aggregate number of Shares comprised in Awards which have Vested under the Shen Yao Performance Share Plan 2021 since the commencement of the Shen Yao Performance Share Plan 2021 to the end of the financial year under review;
 - (ii) the aggregate number of new Shares issued which are comprised in the Awards Vested during the financial year under review; and
 - (iii) the aggregate number of Shares comprised in Awards which have not yet been Released, as at the end of the financial year under review; and
- (d) such other information as may be required by the Catalist Rules or the Act.

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

19. DISPUTES

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

20. GOVERNING LAW

The Shen Yao Performance Share Plan 2021 shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the Shen Yao Performance Share Plan 2021, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B)

No person other than the Company or a Participant shall have any right to enforce any provision of the Shen Yao Performance Share Plan 2021 or any Award by the virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore.

22. ELIGIBLE SHAREHOLDERS

Shareholders who are eligible to participate in the Shen Yao Performance Share Plan 2021 must abstain from voting on any resolution relating to the Shen Yao Performance Share Plan 2021 (other than a resolution relating to the participation of, or grant of Awards to, directors and employees of the issuer's parent company and its subsidiaries).

NOTICE OF EXTRAORDINARY GENERAL MEETING

SHEN YAO HOLDINGS LIMITED

(Company Registration No. 202042117W)
(Registered in Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Unless otherwise defined or the context otherwise requires, all capitalized terms herein shall bear the same meaning as used in the circular dated 2 June 2021 issued by the Company (the “**Circular**”).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the members of Shen Yao Holdings Limited (the “**Company**”) will convene and be held by electronic means on 18 June 2021 at 10 a.m., for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolutions as set out below.

ORDINARY RESOLUTIONS:-

ORDINARY RESOLUTION 1 – PROPOSED GRANT OF OPTIONS TO MR SUN SHU AS AN INTERESTED PERSON TRANSACTION

That:

- (a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of 125,000,000 share options (the “**Options to Mr Sun Shu**”) to Mr Sun Shu, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares to Mr Sun Shu**”) at the Exercise Price of S\$0.0028 on and subject to the terms of the option agreement entered into with Mr Sun Shu, and which constitutes an interested person transaction under the Catalist Rules (the “**Option Agreement with Mr Sun Shu**”);
- (b) the allotment and issue of an aggregate of 125,000,000 Option Shares upon the exercise of the Options to Mr Sun Shu shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares except that such Option Shares to Mr Sun Shu shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares to Mr Sun Shu, and will be admitted to listing on the Catalist of the SGX-ST;
- (c) approval be and is hereby given for the issue of additional Options to Mr Sun Shu and/or the adjustment to the Exercise Price of the Options to Mr Sun Shu as may be required or permitted to be issued on and subject to the terms of the Option Agreement with Mr Sun Shu, whereby such additional Options to Mr Sun Shu shall rank *pari passu* in all respects with the existing Options to Mr Sun Shu and for all purposes form part of the same series;
- (d) approval be and is hereby given for the allotment and issue of such further Option Shares to Mr Sun Shu as may be required to be allotted and issued upon the exercise of any Options to Mr Sun Shu referred to in paragraph (c) of this resolution, whereby such further Option Shares shall rank *pari passu* in all respects with the then existing Shares except that such further Option Shares shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares, and will be admitted to listing on the Catalist of the SGX-ST;
- (e) the directors of the Company (“**Directors**”) be and are hereby authorised to allot and issue the Option Shares and any further Option Shares to Mr Sun Shu pursuant to the terms of the Option Agreement with Mr Sun Shu; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (f) the Directors and each of them be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the matters referred to in paragraphs (a) to (e) of this resolution, including but not limited to the Option Agreement with Mr Sun Shu, the transactions contemplated thereunder, the Proposed Grant of Options to Mr Sun Shu and the allotment and issue of the Option Shares to Mr Sun Shu.

Note to Ordinary Resolution 1:

Mr Sun Shu shall abstain from, and procure that his associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

ORDINARY RESOLUTION 2 – PROPOSED GRANT OF OPTIONS TO MR ZHAN SHU AS AN INTERESTED PERSON TRANSACTION

That:

- (a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of 100,000,000 share options (the “**Options to Mr Zhan Shu**”) to Mr Zhan Shu, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares to Mr Zhan Shu**”) at the exercise price of S\$0.0028 on and subject to the terms of the option agreement entered into with Mr Zhan Shu, and which constitutes an interested person transaction under the Catalist Rules (the “**Option Agreement with Mr Zhan Shu**”);
- (b) the allotment and issue of an aggregate of 100,000,000 Option Shares upon the exercise of the Options to Mr Zhan Shu shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares except that such Option Shares to Mr Zhan Shu shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares to Mr Zhan Shu, and will be admitted to listing on the Catalist of the SGX-ST;
- (c) approval be and is hereby given for the issue of additional Options to Mr Zhan Shu and/or the adjustment to the Exercise Price of the Options to Mr Zhan Shu as may be required or permitted to be issued on and subject to the terms of the Option Agreement with Mr Zhan Shu, whereby such additional Options to Mr Zhan Shu shall rank *pari passu* in all respects with the existing Options to Mr Zhan Shu and for all purposes form part of the same series;
- (d) approval be and is hereby given for the allotment and issue of such further Option Shares to Mr Zhan Shu as may be required to be allotted and issued upon the exercise of any Options to Mr Zhan Shu referred to in paragraph (c) of this resolution, whereby such further Option Shares shall rank *pari passu* in all respects with the then existing Shares except that such further Option Shares shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares, and will be admitted to listing on the Catalist of the SGX-ST;
- (e) the Directors be and are hereby authorised to allot and issue the Option Shares and any further Option Shares to Mr Zhan Shu pursuant to the terms of the Option Agreement with Mr Zhan Shu; and
- (f) the Directors and each of them be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the matters referred to in paragraphs (a) to (e) of this resolution, including but not limited to the Option Agreement with Mr Zhan Shu, the transactions contemplated thereunder, the Proposed Grant of Options to Mr Zhan Shu and the allotment and issue of the Option Shares to Mr Zhan Shu.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Note to Ordinary Resolution 2:

Mr Zhan Shu shall abstain from, and procure that his associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

ORDINARY RESOLUTION 3 – PROPOSED GRANT OF OPTIONS TO MR PANG KEE CHAI AS AN INTERESTED PERSON TRANSACTION

That:

- (a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of 100,000,000 share options (the “**Options to Mr Pang Kee Chai**”) to Mr Pang Kee Chai, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares to Mr Pang Kee Chai**”) at the Exercise Price of S\$0.0028 on and subject to the terms of the option agreement entered into with Mr Pang Kee Chai, and which constitutes an interested person transaction under the Catalist Rules (the “**Option Agreement with Mr Pang Kee Chai**”);
- (b) the allotment and issue of an aggregate of 100,000,000 Option Shares upon the exercise of the Options to Mr Pang Kee Chai shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares except that such Option Shares to Mr Pang Kee Chai shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares to Mr Pang Kee Chai, and will be admitted to listing on the Catalist of the SGX-ST;
- (c) approval be and is hereby given for the issue of additional Options to Mr Pang Kee Chai and/or the adjustment to the Exercise Price of the Options to Mr Pang Kee Chai as may be required or permitted to be issued on and subject to the terms of the Option Agreement with Mr Pang Kee Chai, whereby such additional Options to Mr Pang Kee Chai shall rank *pari passu* in all respects with the existing Options to Mr Pang Kee Chai and for all purposes form part of the same series;
- (d) approval be and is hereby given for the allotment and issue of such further Option Shares to Mr Pang Kee Chai as may be required to be allotted and issued upon the exercise of any Options to Mr Pang Kee Chai referred to in paragraph (c) of this resolution, whereby such further Option Shares shall rank *pari passu* in all respects with the then existing Shares of the Company except that such further Option Shares shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares, and will be admitted to listing on the Catalist of the SGX-ST;
- (e) the Directors be and are hereby authorised to allot and issue the Option Shares and any further Option Shares to Mr Pang Kee Chai pursuant to the terms of the Option Agreement with Mr Pang Kee Chai; and
- (f) the Directors and each of them be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the matters referred to in paragraphs (a) to (e) of this resolution, including but not limited to the Option Agreement with Mr Pang Kee Chai, the transactions contemplated thereunder, the Proposed Grant of Options to Mr Pang Kee Chai and the allotment and issue of the Option Shares to Mr Pang Kee Chai.

Note to Ordinary Resolution 3:

Mr Pang Kee Chai shall abstain from, and procure that his associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 4 – PROPOSED GRANT OF OPTIONS TO MR YAO YILUN AS AN INTERESTED PERSON TRANSACTION

That:

- (a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of 100,000,000 share options (the “**Options to Mr Yao Yilun**”) to Mr Yao Yilun, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares to Mr Yao Yilun**”) at the Exercise Price of S\$0.0028 on and subject to the terms of the option agreement entered into with Mr Yao Yilun, and which constitutes an interested person transaction under the Catalyst Rules (the “**Option Agreement with Mr Yao Yilun**”);
- (b) the allotment and issue of an aggregate of 100,000,000 Option Shares upon the exercise of the Options to Mr Yao Yilun shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares except that such Option Shares to Mr Yao Yilun shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares to Mr Yao Yilun, and will be admitted to listing on the Catalyst of the SGX-ST;
- (c) approval be and is hereby given for the issue of additional Options to Mr Yao Yilun and/or the adjustment to the Exercise Price of the Options to Mr Yao Yilun as may be required or permitted to be issued on and subject to the terms of the Option Agreement with Mr Yao Yilun, whereby such additional Options to Mr Yao Yilun shall rank *pari passu* in all respects with the existing Options to Mr Yao Yilun and for all purposes form part of the same series;
- (d) approval be and is hereby given for the allotment and issue of such further Option Shares to Mr Yao Yilun as may be required to be allotted and issued upon the exercise of any Options to Mr Yao Yilun referred to in paragraph (c) of this resolution, whereby such further Option Shares shall rank *pari passu* in all respects with the then existing Shares except that such further Option Shares shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares, and will be admitted to listing on the Catalyst of the SGX-ST;
- (e) the Directors be and are hereby authorised to allot and issue the Option Shares and any further Option Shares to Mr Yao Yilun pursuant to the terms of the Option Agreement with Mr Yao Yilun; and
- (f) the Directors and each of them be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the matters referred to in paragraphs (a) to (e) of this resolution, including but not limited to the Option Agreement with Mr Yao Yilun, the transactions contemplated thereunder, the Proposed Grant of Options to Mr Yao Yilun and the allotment and issue of the Option Shares to Mr Yao Yilun.

Note to Ordinary Resolution 4:

Mr Yao Yilun shall abstain from, and procure that his associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 5 – PROPOSED GRANT OF OPTIONS TO MR YAO LIANG AS AN INTERESTED PERSON TRANSACTION

That:

- (a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of 475,000,000 share options (the “**Options to Mr Yao Liang**”) to Mr Yao Liang, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares to Mr Yao Liang**”) at the Exercise Price of S\$0.0028 on and subject to the terms of the option agreement entered into with Mr Yao Liang, and which constitutes an interested person transaction under the Catalyst Rules (the “**Option Agreement with Mr Yao Liang**”);
- (b) the allotment and issue of an aggregate of 475,000,000 Option Shares upon the exercise of the Options to Mr Yao Liang shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares except that such Option Shares to Mr Yao Liang shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares to Mr Yao Liang, and will be admitted to listing on the Catalyst of the SGX-ST;
- (c) approval be and is hereby given for the issue of additional Options to Mr Yao Liang and/or the adjustment to the Exercise Price of the Options to Mr Yao Liang as may be required or permitted to be issued on and subject to the terms of the Option Agreement with Mr Yao Liang, whereby such additional Options to Mr Yao Liang shall rank *pari passu* in all respects with the existing Options to Mr Yao Liang and for all purposes form part of the same series;
- (d) approval be and is hereby given for the allotment and issue of such further Option Shares to Mr Yao Liang as may be required to be allotted and issued upon the exercise of any Options to Mr Yao Liang referred to in paragraph (c) of this resolution, whereby such further Option Shares shall rank *pari passu* in all respects with the then existing Shares of the Company except that such further Option Shares shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares, and will be admitted to listing on the Catalyst of the SGX-ST;
- (e) the Directors be and are hereby authorised to allot and issue the Option Shares and any further Option Shares to Mr Yao Liang pursuant to the terms of the Option Agreement with Mr Yao Liang; and
- (f) the Directors and each of them be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the matters referred to in paragraphs (a) to (e) of this resolution, including but not limited to the Option Agreement with Mr Yao Liang, the transactions contemplated thereunder, the Proposed Grant of Options to Mr Yao Liang and the allotment and issue of the Option Shares to Mr Yao Liang.

Note to Ordinary Resolution 5:

Mr Yao Liang shall abstain from, and procure that his associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

ORDINARY RESOLUTION 6 – PROPOSED GRANT OF OPTIONS TO MS ZHOU YING

That:

- (a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of 350,000,000 share options (the “**Options to Ms Zhou Ying**”) to Ms Zhou Ying, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares to Ms Zhou Ying**”) at the Exercise Price of S\$0.0028 on and subject to the terms of the option agreement to be entered into with Ms Zhou Ying (the “**Option Agreement with Ms Zhou Ying**”);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the allotment and issue of an aggregate of 350,000,000 Option Shares upon the exercise of the Options to Ms Zhou Ying shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares of the Company except that such Option Shares to Ms Zhou Ying shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares to Ms Zhou Ying, and will be admitted to listing on the Catalist of the SGX-ST;
- (c) approval be and is hereby given for the issue of additional Options to Ms Zhou Ying and/or the adjustment to the Exercise Price of the Options to Ms Zhou Ying as may be required or permitted to be issued on and subject to the terms of the Option Agreement with Ms Zhou Ying, whereby such additional Options to Ms Zhou Ying shall rank *pari passu* in all respects with the existing Options to Ms Zhou Ying and for all purposes form part of the same series;
- (d) approval be and is hereby given for the allotment and issue of such further Option Shares to Ms Zhou Ying as may be required to be allotted and issued upon the exercise of any Options to Ms Zhou Ying referred to in paragraph (c) of this resolution, whereby such further Option Shares shall rank *pari passu* in all respects with the then existing Shares except that such further Option Shares shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares, and will be admitted to listing on the Catalist of the SGX-ST;
- (e) the Directors be and are hereby authorised to allot and issue the Option Shares and any further Option Shares to Ms Zhou Ying pursuant to the terms of the Option Agreement with Ms Zhou Ying; and
- (f) the Directors and each of them be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the matters referred to in paragraphs (a) to (e) of this resolution, including but not limited to the Option Agreement with Ms Zhou Ying, the transactions contemplated thereunder, the Proposed Grant of Options to Ms Zhou Ying and the allotment and issue of the Option Shares to Ms Zhou Ying.

Note to Ordinary Resolution 6:

Ms Zhou Ying shall abstain from, and procure that her associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

ORDINARY RESOLUTION 7 – PROPOSED GRANT OF OPTIONS TO MR WANG YONG

That:

- (a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of 350,000,000 share options (the “**Options to Mr Wang Yong**”) to Mr Wang Yong, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares to Mr Wang Yong**”) at the Exercise Price of S\$0.0028 on and subject to the terms of the option agreement to be entered into with Mr Wang Yong (the “**Option Agreement with Mr Wang Yong**”);
- (b) the allotment and issue of an aggregate of 350,000,000 Option Shares upon the exercise of the Options to Mr Wang Yong shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares except that such Option Shares to Mr Wang Yong shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares to Mr Wang Yong, and will be admitted to listing on the Catalist of the SGX-ST;
- (c) approval be and is hereby given for the issue of additional Options to Mr Wang Yong and/or the adjustment to the Exercise Price of the Options to Mr Wang Yong as may be required or permitted to be issued on and subject to the terms of the Option Agreement with Mr Wang Yong, whereby such additional Options to Mr Wang Yong shall rank *pari passu* in all respects with the existing Options to Mr Wang Yong and for all purposes form part of the same series;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) approval be and is hereby given for the allotment and issue of such further Option Shares to Mr Wang Yong as may be required to be allotted and issued upon the exercise of any Options to Mr Wang Yong referred to in paragraph (c) of this resolution, whereby such further Option Shares shall rank *pari passu* in all respects with the then existing Shares except that such further Option Shares shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares, and will be admitted to listing on the Catalist of the SGX-ST;
- (e) the Directors be and are hereby authorised to allot and issue the Option Shares and any further Option Shares to Mr Wang Yong pursuant to the terms of the Option Agreement with Mr Wang Yong; and
- (f) the Directors and each of them be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the matters referred to in paragraphs (a) to (e) of this resolution, including but not limited to the Option Agreement with Mr Wang Yong, the transactions contemplated thereunder, the Proposed Grant of Options to Mr Wang Yong and the allotment and issue of the Option Shares to Mr Wang Yong.

Note to Ordinary Resolution 7:

Mr Wang Yong shall abstain from, and procure that his associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

ORDINARY RESOLUTION 8 – PROPOSED GRANT OF OPTIONS TO MS YAO JIAJIA AS AN INTERESTED PERSON TRANSACTION

That:

- (a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of 300,000,000 share options (the “**Options to Ms Yao Jiajia**”) to Ms Yao Jiajia, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares to Ms Yao Jiajia**”) at the Exercise Price of S\$0.0028 on and subject to the terms of the option agreement to be entered into with Ms Yao Jiajia, and which constitutes an interested person transaction under the Catalist Rules (the “**Option Agreement with Ms Yao Jiajia**”);
- (b) the allotment and issue of an aggregate of 300,000,000 Option Shares upon the exercise of the Options to Ms Yao Jiajia shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares except that such Option Shares to Ms Yao Jiajia shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares to Ms Yao Jiajia, and will be admitted to listing on the Catalist of the SGX-ST;
- (c) approval be and is hereby given for the issue of additional Options to Ms Yao Jiajia and/or the adjustment to the Exercise Price of the Options to Ms Yao Jiajia as may be required or permitted to be issued on and subject to the terms of the Option Agreement with Ms Yao Jiajia, whereby such additional Options to Ms Yao Jiajia shall rank *pari passu* in all respects with the existing Options to Ms Yao Jiajia and for all purposes form part of the same series;
- (d) approval be and is hereby given for the allotment and issue of such further Option Shares to Ms Yao Jiajia as may be required to be allotted and issued upon the exercise of any Options to Ms Yao Jiajia referred to in paragraph (c) of this resolution, whereby such further Option Shares shall rank *pari passu* in all respects with the then existing Shares except that such further Option Shares shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares, and will be admitted to listing on the Catalist of the SGX-ST;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (e) the Directors be and are hereby authorised to allot and issue the Option Shares and any further Option Shares to Ms Yao Jiajia pursuant to the terms of the Option Agreement with Ms Yao Jiajia; and
- (f) the Directors and each of them be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the matters referred to in paragraphs (a) to (e) of this resolution, including but not limited to the Option Agreement with Ms Yao Jiajia, the transactions contemplated thereunder, the Proposed Grant of Options to Ms Yao Jiajia and the allotment and issue of the Option Shares to Ms Yao Jiajia.

Note to Ordinary Resolution 8:

Ms Yao Jiajia shall abstain from, and procure that her associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

ORDINARY RESOLUTION 9 – PROPOSED GRANT OF OPTIONS TO MR SUN HE

That:

- (a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of 300,000,000 share options (the “**Options to Mr Sun He**”) to Mr Sun He, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares to Mr Sun He**”) at the Exercise Price of S\$0.0028 on and subject to the terms of the option agreement to be entered into with Mr Sun He (the “**Option Agreement with Mr Sun He**”);
- (b) the allotment and issue of an aggregate of 300,000,000 Option Shares upon the exercise of the Options to Mr Sun He shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares except that such Option Shares to Mr Sun He shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares to Mr Sun He, and will be admitted to listing on the Catalist of the SGX-ST;
- (c) approval be and is hereby given for the issue of additional Options to Mr Sun He and/or the adjustment to the Exercise Price of the Options to Mr Sun He as may be required or permitted to be issued on and subject to the terms of the Option Agreement with Mr Sun He, whereby such additional Options to Mr Sun He shall rank *pari passu* in all respects with the existing Options to Mr Sun He and for all purposes form part of the same series;
- (d) approval be and is hereby given for the allotment and issue of such further Option Shares to Mr Sun He as may be required to be allotted and issued upon the exercise of any Options to Mr Sun He referred to in paragraph (c) of this resolution, whereby such further Option Shares shall rank *pari passu* in all respects with the then existing Shares except that such further Option Shares shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares, and will be admitted to listing on the Catalist of the SGX-ST;
- (e) the Directors be and are hereby authorised to allot and issue the Option Shares and any further Option Shares to Mr Sun He pursuant to the terms of the Option Agreement with Mr Sun He; and
- (f) the Directors and each of them be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the matters referred to in paragraphs (a) to (e) of this resolution, including but not limited to the Proposed Option Agreement with Mr Sun He, the transactions contemplated thereunder, the Proposed Grant of Options to Mr Sun He and the allotment and issue of the Option Shares to Mr Sun He.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Note to Ordinary Resolution 9:

Mr Sun He shall abstain from, and procure that his associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

ORDINARY RESOLUTION 10 – PROPOSED GRANT OF OPTIONS TO MS TEO QIN PEI, JESSICA

That:

- (a) approval be and is hereby given for the allotment and issuance by the Company of an aggregate of 300,000,000 share options (the “**Options to Ms Teo Qin Pei, Jessica**”) to Ms Teo Qin Pei, Jessica, with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares to Ms Teo Qin Pei, Jessica**”) at the Exercise Price of S\$0.0028 on and subject to the terms of the option agreement to be entered into with Ms Teo Qin Pei, Jessica (the “**Option Agreement with Ms Teo Qin Pei, Jessica**”);
- (b) the allotment and issue of an aggregate of 300,000,000 Option Shares upon the exercise of the Options to Ms Teo Qin Pei, Jessica shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares except that such Option Shares to Ms Teo Qin Pei, Jessica shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares to Ms Teo Qin Pei, Jessica, and will be admitted to listing on the Catalist of the SGX-ST;
- (c) approval be and is hereby given for the issue of additional Options to Ms Teo Qin Pei, Jessica and/or the adjustment to the Exercise Price of the Options to Ms Teo Qin Pei, Jessica as may be required or permitted to be issued on and subject to the terms of the Option Agreement with Ms Teo Qin Pei, Jessica, whereby such additional Options to Ms Teo Qin Pei, Jessica shall rank *pari passu* in all respects with the existing Options to Ms Teo Qin Pei, Jessica and for all purposes form part of the same series;
- (d) approval be and is hereby given for the allotment and issue of such further Option Shares to Ms Teo Qin Pei, Jessica as may be required to be allotted and issued upon the exercise of any Options to Ms Teo Qin Pei, Jessica referred to in paragraph (c) of this resolution, whereby such further Option Shares shall rank *pari passu* in all respects with the then existing Shares except that such further Option Shares shall not be entitled to any dividends, rights, allotments, distributions or other entitlements, the Record Date of which falls on or prior to the date of allotment of the Option Shares, and will be admitted to listing on the Catalist of the SGX-ST;
- (e) the Directors be and are hereby authorised to allot and issue the Option Shares and any further Option Shares to Ms Teo Qin Pei, Jessica pursuant to the terms of the Option Agreement with Ms Teo Qin Pei, Jessica; and
- (f) the Directors and each of them be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the matters referred to in paragraphs (a) to (e) of this resolution, including but not limited to the Option Agreement with Ms Teo Qin Pei, Jessica, the transactions contemplated thereunder, the Proposed Grant of Options to Ms Teo Qin Pei, Jessica and the allotment and issue of the Option Shares to Ms Teo Qin Pei, Jessica.

Note to Ordinary Resolution 10:

Ms Teo Qin Pei, Jessica shall abstain from, and procure that her associates abstain from, voting at the EGM on all resolutions relating to the Proposed Grant of Options, whether by representative or proxy, in respect of the Proposed Grant of Options, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the Proposed Grant of Options, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 11 – PROPOSED ADOPTION OF THE SHEN YAO PERFORMANCE SHARE PLAN 2021

That:

- (a) a new performance share plan to be known as the Shen Yao Performance Share Plan 2021, the details and rules of which are set out in Appendix A of the Circular, under which awards (“**Awards**”) of fully-paid Shares, their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees of the Company and its subsidiaries, including Directors of the Company, Controlling Shareholders of the Company and their associates who are eligible to participate, and other selected participants, be and is hereby approved;
- (b) the Directors of the Company be and are hereby authorised:
 - (i) to establish and administer the Shen Yao Performance Share Plan 2021;
 - (ii) to modify and/or amend the Shen Yao Performance Share Plan 2021 from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Shen Yao Performance Share Plan 2021 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 Shen Yao Performance Share Plan 2021; and
 - (iii) subject to the same being allowed by law, to apply any Shares purchased under any share purchase mandate or Shares held in treasury by the Company, towards the satisfaction of Awards granted under the Shen Yao Performance Share Plan 2021;
- (c) the Directors of the Company be and are hereby authorised to offer and grant Awards in accordance with the provisions of the Shen Yao Performance Share Plan 2021 and, pursuant to section 161 of the Companies Act, Chapter 50 of Singapore, to allot and 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 Shen Yao Performance Share Plan 2021 provided always that the aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Shen Yao Performance Share Plan 2021, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted thereunder; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed fifteen per cent (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of Award, and provided also that subject to such adjustments as may be made to the Shen Yao Performance Share Plan 2021 as a result of any variation in the capital structure of the Company; and
- (d) the existing performance share plan known as the Shen Yao Performance Share Plan adopted at a special general meeting of the Company on 20 December 2012 and which is due to expire on 19 December 2022 (the “**Existing Plan**”) be and is hereby terminated with effect from the date of passing of this Ordinary Resolution 11, provided that such termination shall be without prejudice to the rights of holders of Awards outstanding under the Existing Plan as at the date of such termination.

Notes to Ordinary Resolution 11:

- (1) *Ordinary Resolution 11, if passed, will approve the adoption of the Shen Yao Performance Share Plan 2021 to replace, with effect from the date of this EGM, the Existing Plan, and (ii) empower the Directors to grant Awards under the Shen Yao Performance Share Plan 2021, and to allot and issue Shares pursuant to the vesting of such Awards, provided always that the aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Shen Yao Performance Share Plan 2021, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted thereunder; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed fifteen per cent (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of Award, and provided also that subject to such adjustments as may be made to the Shen Yao Performance Share Plan 2021 as a result of any variation in the capital structure of the Company.*

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (2) *All Shareholders who are eligible to participate in the Shen Yao Performance Share Plan 2021 shall abstain from, and procure that their associates abstain from, voting at the EGM on all resolutions relating to the adoption of the Shen Yao Performance Share Plan 2021, whether by representative or proxy, in respect of the adoption of the Shen Yao Performance Share Plan 2021, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the adoption of the Shen Yao Performance Share Plan 2021, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.*

ORDINARY RESOLUTION 12 – PROPOSED CHANGE OF AUDITORS

That:

- (a) Ernst & Young LLP be and is hereby appointed as auditors of the Company in place of Baker Tilly TFW LLP to hold office until the conclusion of the next annual general meeting of the Company at a fee and on such terms to be agreed between the Directors and Ernst & Young LLP (the “**Proposed Change of Auditors**”); and
- (b) the Directors and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.

Notes to Ordinary Resolution 12:

In accordance with Rule 712(3) of the Catalist Rules:

- (1) *Baker Tilly TFW LLP has confirmed to Ernst & Young LLP, via its professional clearance letter dated 25 February 2021, that it is not aware of any professional reasons why Ernst & Young LLP should not accept the appointment as Auditors;*
- (2) *the Company confirms that there were no disagreements with Baker Tilly TFW LLP on accounting treatments within the last 12 months;*
- (3) *the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders;*
- (4) *the Board believes that the Proposed Change of Auditors will, inter alia, enable the Company to benefit from fresh perspectives from different audit firms especially in consideration of the Group’s recent diversification into its investment business of engaging in financial activities as principal; and*
- (5) *the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Ernst & Young LLP as its Auditors.*

For and on behalf of the Board
SHEN YAO HOLDINGS LIMITED

Yao Liang
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- No attendance in person:** Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health as of the date of this notice and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**Order**”), as amended, varied or supplemented from time to time, the EGM will convene and be held by way of electronic means and members of the Company will NOT be allowed to attend the EGM in person.
- “Live” webcast and “live” audio feed:** Members of the Company will be able to watch the EGM proceedings through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, members must pre-register by clicking on the link and submit the online registration form at the URL <https://septusasia.com/shenyao-egm-registration> (“**Pre-registration Website**”), no later than 10 a.m. on 14 June 2021. After authentication, members of the company will receive email instructions on how to access the webcast and audio feed of the EGM proceedings by 10 a.m. on 16 June 2021 (“**Instructions Email**”). Members of the Company who do not receive the Instructions Email by 10 a.m. on 16 June 2021, but who have registered by the deadline of 10 a.m. on 14 June 2021, should contact Septus Singapore Pte Ltd by email at webcast@septusasia.com. Members of the Company MUST NOT forward the unique link to other persons who are not members of the Company and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the “live” webcast and “live” audio feed.
- Submission of questions:** Members of the Company may also submit questions related to the Proposals to be tabled for approval at the EGM. All questions, together with the members’ full names, identification numbers, contact numbers, email addresses and manner in which they hold shares in the Company, must be submitted no later than 10 a.m. on 10 June 2021 (the “**Submission Deadline**”) via the Pre-registration Website at the URL <https://septusasia.com/shenyao-egm-registration> or email webcast@septusasia.com. Please note that members will not be able to ask questions at the EGM and accordingly, it is important for members to submit their questions by the Submission Deadline. The Company will address substantial and relevant questions relating to the Proposals to be tabled for approval at the EGM (if any) as received from members of the Company either before or during the EGM. The Company will, within one (1) month after the date of the EGM, publish the minutes of the EGM on the SGX-ST’s website at the URL <http://www.sgx.com> and the Company’s website at the URL <http://www.shenyaholdings.com>, and the minutes will include the responses to the questions (if any) referred to above.
- Voting solely via appointing Chairman of EGM as proxy:** The “live” webcast will not provide for online voting. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must submit a proxy form to appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, such member (whether individual or corporate) must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form appointing the Chairman of the EGM as proxy (“**Proxy Form**”), failing which the appointment will be treated as invalid. The Chairman of the EGM, as proxy, need not be a member of the Company. The Proxy Form must be submitted through any one (1) of the following means: (a) by depositing a physical copy at the registered office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00, ASO Building, Singapore 048544 or (b) by sending a scanned PDF copy by email to main@zicoholdings.com, in each case, by 10 a.m. on 15 June 2021 (being not less than 72 hours before the time fixed for holding the EGM), and failing which, the Proxy Form will not be treated as valid. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email. The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the EGM which was delivered by a member to the Company before 10 a.m. on 15 June 2021 as a valid instrument appointing the Chairman of the EGM as the member’s proxy to attend, speak and vote at the EGM if: (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each of the Proposals; and (b) the member has not withdrawn the appointment. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
- Investors who hold through Relevant Intermediaries (including SRS investors):** Investors whose Shares are held with relevant intermediaries under Section 181(1C) of the Singapore Companies Act (“**Relevant Intermediaries**”), such as SRS investors, who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone in the manner provided in Note (2); and (b) submitting questions in advance of the EGM in the manner provided in Note (3) above should approach their respective Relevant Intermediaries through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the EGM. Investors whose shares are held through Relevant Intermediaries who wish to appoint the Chairman of the EGM as proxy, should approach their respective intermediaries such as SRS operators to submit their voting instructions at least seven (7) working days prior to the date of the EGM.

ACCESS TO DOCUMENTS OR INFORMATION RELATING TO EGM

In line with guidance provided by the SGX-ST in its regulatory announcement dated 13 April 2020 entitled “Additional Guidance on the Conduct of General Meetings During Safe Management Period”, printed copies of this notice and all documents relating to the business of the EGM (“**EGM Documents**”), will not be sent to members of the Company. Instead, the EGM Documents can be accessed at the Company’s website at the URL <http://www.shenyaholdings.com> and on the SGX-ST’s website at the URL <https://www.sgx.com/securities/companyannouncements>.

NOTICE OF EXTRAORDINARY GENERAL MEETING

FURTHER INFORMATION

For further information on the conduct of the EGM and the alternative arrangements, members of the Company can refer to the Company's website at the URL <http://www.shenyaoholdings.com>.

Members of the Company who wish to remotely observe the EGM proceedings are reminded that the EGM is private. The invitation to attend the EGM via audio-visual webcast and audio-only stream is not to be forwarded to anyone who is not a member of the Company or who is not authorised to attend the EGM.

RECORDING OF THE EGM PROCEEDINGS IS STRICTLY PROHIBITED.

As the COVID-19 situation is still evolving, the Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the EGM, including implementing measures to take into account the requirements, guidelines and recommendations of regulatory bodies and government agencies from time to time. Accordingly, the Company may be required to change its EGM arrangements at short notice. Members of the Company are advised to closely monitor announcements made by the Company on the SGX-ST's website at the URL <http://www.sgx.com> and the Company's website at the URL <http://www.shenyaoholdings.com> for updates on the EGM.

The Company seeks the understanding and co-operation of all members of the Company in enabling the Company to hold and conduct the EGM in compliance with the safe distancing measures to stem the spread of COVID-19 infections.

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 members' 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.

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts the personal data privacy terms set out in the Notice of EGM.

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SHEN YAO HOLDINGS LIMITED

(Company Registration No. 202042117W)
(Registered in Singapore)

PROXY FORM

This Proxy Form has been made available on the Company's corporate website at the URL <http://www.shenyaoholdings.com> and SGXNET. A printed copy of this Proxy Form will not be despatched to members of the Company.

IMPORTANT

1. Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the EGM are set out in the Company's announcement dated 2 June 2021 which, together with the Notice of Extraordinary General Meeting dated 2 June 2021, have been uploaded on SGXNET on the same day. The announcement and the Notice of Extraordinary General Meeting can also be accessed at the Company's website at the URL <http://www.shenyaoholdings.com>.
2. A member will not be able to attend the EGM in person. Please see Note 2 below for further details.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, _____ (Name), NRIC/Passport number* _____

of _____ (Address)

being a member/members of Shen Yao Holdings Limited (the "**Company**"), hereby appoint the **Chairman of the Meeting** as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**" or the "**Meeting**") of the Company, to be held by way of electronic means on 18 June 2021 at 10 a.m. and at any adjournment thereof.

The proxy shall vote on the resolution set out in the Notice of Extraordinary General Meeting dated 2 June 2021 in accordance with my/our directions as indicated hereunder.

No.	Ordinary Resolution relating to	For ⁽¹⁾	Against ⁽¹⁾	Abstain ⁽¹⁾
1	Proposed Grant of Options to Mr Sun Shu as an Interested Person Transaction			
2	Proposed Grant of Options to Mr Zhan Shu as an Interested Person Transaction			
3	Proposed Grant of Options to Mr Pang Kee Chai as an Interested Person Transaction			
4	Proposed Grant of Options to Mr Yao Yilun as an Interested Person Transaction			
5	Proposed Grant of Options to Mr Yao Liang as an Interested Person Transaction			
6	Proposed Grant of Options to Ms Zhou Ying			
7	Proposed Grant of Options to Mr Wang Yong			
8	Proposed Grant of Options to Ms Yao Jiajia as an Interested Person Transaction			
9	Proposed Grant of Options to Mr Sun He			
10	Proposed Grant of Options to Ms Teo Qin Pei, Jessica			
11	Proposed Adoption of the Shen Yao Performance Share Plan 2021			
12	Proposed Change of Auditors			

(1) *Voting will be conducted by poll. If you wish to appoint the Chairman of the Meeting, as your proxy, to cast all your votes for or against a Resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish to appoint the Chairman of the Meeting, as your proxy, to abstain from voting on a Resolution, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.*

Dated this _____ day of _____ 2021

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

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

 **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 (Cap. 289) of Singapore (the “**Securities and Futures Act**”), 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 form of proxy shall be deemed to relate to all the Shares held by you.
2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the EGM will be held by way of electronic means and members of the Company will NOT be allowed to attend the EGM in person.
3. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at EGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the EGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.
4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The Proxy Form must be submitted:
 - (a) by depositing a physical copy at the registered office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or
 - (b) by sending a scanned PDF copy by email to main@zicoholdings.com.in each case, not later than 10 a.m. on 15 June 2021, and failing which, the Proxy Form will not be treated as valid.
6. This Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the EGM, in accordance with Section 179 of the Companies Act (Cap. 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.
8. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Approved Bank) to submit his/her voting instructions at least seven (7) working days prior to the date of the EGM.

*A Relevant Intermediary is:

- (a) banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By submitting a Proxy Form appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 2 June 2021.

General:

The Company shall be entitled to reject this Proxy Form 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 this Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.