

LETTER TO SHAREHOLDERS DATED 13 JULY 2018

THIS LETTER TO SHAREHOLDERS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Letter to Shareholders ("**Letter**") is circulated to Shareholders of Ley Choon Group Holdings Limited (the "**Company**") together with the Company's annual report for the financial year ended 31 March 2018 (the "**Annual Report 2018**"). Its purpose is to provide Shareholders with information on, and to explain the rationale for the proposed adoption of the Ley Choon Performance Share Plan 2018 and the proposed termination of the Ultro Performance Share Plan to be tabled at the Annual General Meeting of Shareholders to be held at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556 on 30 July 2018 at 10.00 a.m. If you are in any doubt in relation to this Letter or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report 2018.

Unless otherwise stated, capitalised terms on this cover are defined in this Letter under the section entitled "**Definitions**".

If you have sold or transferred all your ordinary shares in the capital of the Company ("**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Letter and the Annual Report 2018 with the Notice of the Annual General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Letter and the Annual Report 2018 with the Notice of the Annual General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Letter and the Annual Report 2018 with the Notice of the Annual General Meeting and the attached Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Letter has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Letter. The issue of a listing and quotation notice in respect of the Award Shares (as defined herein) by the SGX-ST is not to be taken as an indication of the merits of the proposed adoption of the Ley Choon Performance Share Plan 2018, the Award Shares, the Company, its subsidiaries and their securities.

This Letter has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

The contact person for the Sponsor is Mr Nathaniel C.V., Registered Professional, RHT Capital Pte. Ltd. at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, telephone no. (65) 6381 6757.



LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700318G)

LETTER TO SHAREHOLDERS

IN RELATION TO:

- (A) THE PROPOSED ADOPTION OF THE LEY CHOON PERFORMANCE SHARE PLAN 2018; AND**
- (B) THE PROPOSED TERMINATION OF THE ULTRO PERFORMANCE SHARE PLAN.**

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	28 July 2018 at 10.00 a.m.
Date and time of Annual General Meeting	:	30 July 2018 at 10.00 a.m.
Place of Annual General Meeting	:	No. 3 Sungei Kadut Drive Kranji Industrial Estate Singapore 729556

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DEFINITIONS

In this Letter, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

- “AGM”** : The annual general meeting of the Company to be held at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556 on 30 July 2018 at 10.00 a.m.
- “Annual Report 2018”** : The Company’s annual report for the financial year ended 31 March 2018
- “Associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any 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
- “Award”** : A contingent award of Shares granted under the PSP and for the time being subsisting
- “Award Shares”** : The new Shares which may be issued and allotted from time to time pursuant to the vesting of Awards granted under the PSP
- “Board”** : The board of Directors of the Company for the time being
- “Catalist”** : The Catalist Board of the SGX-ST
- “Catalist Rules”** : Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended up to the Latest Practicable Date

DEFINITIONS

“CDP”	: The Central Depository (Pte) Limited
“Committee”	: The Remuneration Committee of the Company, or such other committee comprising Directors and such other persons (if any) duly authorised and appointed by the Board to administer the PSP from time to time
“Company”	: Ley Choon Group Holdings Limited
“Companies Act”	: Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time
“Constitution”	: The Constitution of the Company, as amended from time to time
“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 15% or more of all voting shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder); or (b) in fact exercises Control over the Company
“CPF”	: Central Provident Fund
“Directors”	: The directors of the Company as at the Latest Practicable Date and each a “ Director ”
“FY2018”	: Financial year of the Company ended 31 March 2018
“Group”	: The Company and its subsidiaries
“Group Employee”	: Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the PSP in accordance with the Rules
“Group Executive Director”	: A director of the Company or any of its subsidiaries who performs an executive function
“Independent Shareholders”	: Shareholders other than Participants or Associates of Participants
“Latest Practicable Date”	: 28 June 2018, being the latest practicable date prior to the printing of this Letter

DEFINITIONS

<i>“Letter”</i>	:	This letter to Shareholders dated 13 July 2018
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Non-Executive Director”</i>	:	A Director who is not a Group Employee and who does not perform an executive function in the Group, including an Independent Director
<i>“Notice of AGM”</i>	:	The notice of the AGM which is set out on pages 153 to 156 of the Annual Report 2018
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Date”</i>	:	In relation to an Award, the date on which an Award is made
<i>“Participant”</i>	:	A person who is selected by the Committee to participant in the PSP in accordance with the Rules
<i>“Performance Target”</i>	:	The performance target described by the Committee to be fulfilled by a Participant for any particular Performance Period under the PSP, if any
<i>“Previous PSP”</i>	:	The Ultro Performance Share Plan approved by the Shareholders at an extraordinary general meeting of the Company held on 30 October 2009, which, upon the Shareholders’ approval, is to be replaced with the proposed PSP
<i>“PSP”</i>	:	The Ley Choon Performance Share Plan 2018 proposed to be adopted at the AGM, as modified or altered from time to time
<i>“Record Date”</i>	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company), on which Shareholders must be registered with the Company or with CDP in order to participate in such dividends, rights, allotments or other distributions
<i>“Register of Members”</i>	:	Register of members of the Company
<i>“Rules”</i>	:	The rules of the PSP, as amended or modified from time to time, as set out in Appendix I of this Letter

DEFINITIONS

<i>“Securities Account”</i>	:	A securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
<i>“SFA”</i>	:	Securities and Futures Act, Chapter 289, of Singapore, as amended, modified or supplemented from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“SGXNET”</i>	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<i>“Shareholders”</i>	:	The registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term <i>“Shareholders”</i> shall, in relation to such Shares and where the context so admits, mean the Depositors whose securities accounts are credited with such Shares
<i>“Shares”</i>	:	Issued and paid-up ordinary shares in the capital of the Company, and each a <i>“Share”</i>
<i>“Sponsor”</i>	:	RHT Capital Pte. Ltd.
<i>“Substantial Shareholder”</i>	:	A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares
<i>“S\$” and “cents”</i>	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
<i>“Vesting Period”</i>	:	The period during which an Award may vest, which shall be a period of 1 year unless the Committee, in its absolute discretion, determines otherwise
<i>“Vesting Schedule”</i>	:	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 Targets being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period
<i>“%” or “per cent.”</i>	:	Per centum or percentage

DEFINITIONS

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**subsidiaries**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

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

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

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules or any statutory or regulatory modification thereof and not otherwise defined in this Letter shall, where applicable, have the meaning ascribed to it under the Act, the Catalist Rules or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

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

Any discrepancies in figures included in this Letter between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Any reference in this Letter to Shares being allotted to a person includes allotment to CDP for the account of that person.

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LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700318G)

Board of Directors:

Mr Toh Choo Huat (Executive Chairman and Chief Executive Officer)
Mr Ling Chung Yee Roy (Lead Independent Director)
Mr Chia Soon Hin William (Independent Director)
Mr Chua Hock Thak (Independent Director)
Mr Teo Ho Beng (Non-Executive Director)

Registered Office:

3 Sungei Kadut Drive
Kranji Industrial Estate
Singapore 729556

13 July 2018

To: The Shareholders of Ley Choon Group Holdings Limited

Dear Sir/Madam

(A) THE PROPOSED ADOPTION OF THE LEY CHOON PERFORMANCE SHARE PLAN 2018; AND

(B) THE PROPOSED TERMINATION OF THE ULTRO PERFORMANCE SHARE PLAN.

1 INTRODUCTION

1.1 Annual General Meeting

The Board refers to Ordinary Resolutions 9 and 10 in items 10 and 11 respectively of the Notice of AGM, which are to be tabled at the AGM to be held on 30 July 2018 to seek Shareholders' approval for the following:

- (i) the proposed adoption of the Ley Choon Performance Share Plan 2018 (the "**PSP**"); and
- (ii) the proposed termination of the Ultro Performance Share Plan (the "**Previous PSP**").

1.2 Purpose of this Letter

- 1.2.1 The purpose of this Letter is to provide Shareholders with information pertaining to the proposed adoption of the PSP and proposed termination of the Previous PSP and to seek Shareholders' approval in relation thereto at the AGM to be held at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556 on 30 July 2018 at 10.00 a.m. The Notice of AGM is set out on pages 153 to 156 of the Annual Report 2018.

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1.2.2 This Letter has been prepared solely for the purpose outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Letter is despatched to by the Company) or for any other purpose.

1.2.3 THE SPONSOR AND THE SGX-ST TAKE NO RESPONSIBILITY FOR THE ACCURACY OF ANY OF THE STATEMENTS MADE, REPORTS CONTAINED OR OPINIONS EXPRESSED IN THIS LETTER.

2 THE PROPOSED ADOPTION OF THE LEY CHOON PERFORMANCE SHARE PLAN 2018

2.1 Listing of Shares

2.1.1 Application will be made to the SGX-ST for the dealing in and listing and quotation on the SGX-ST of the new Shares to be allotted and issued pursuant to the PSP (“**Award Shares**”), subject to separate Independent Shareholders’ approval being obtained for the PSP. An appropriate announcement on receipt of the listing and quotation notice, if granted, will be made in due course.

2.1.2 Shareholders should take note that the listing and quotation notice from the SGX-ST, if granted, is not to be taken as an indication of the merits of the PSP, the Award Shares, the Company, its subsidiaries and their securities.

2.2 Rationale for the proposed adoption of the PSP

2.2.1 The Board is proposing to implement the PSP so that the Company will have the option and flexibility to pay eligible employees’ bonuses in the form of cash, Shares or a combination of cash and Shares, resulting in a better and more flexible salary and cash-flow management for the Company.

2.2.2 The PSP gives the Company the flexibility to impose specific or medium-term performance targets or to impose time-based service conditions, or a combination of both, as a means to reward and steer its executives to better performance and to retain employees with suitable skill sets and talents to drive the growth of the Group.

2.2.3 A performance-based award may be granted under the PSP, for example, with a Performance Target based on the successful completion of a project, or on the Company meeting certain specified corporate target(s). The Company may also grant Awards under the PSP after the satisfactory completion of time-based service conditions, that is, after the Participants have served the Group for a specified number of years or after a further period of service beyond the completion date of the Performance Targets. The Company may also impose an extended Vesting Period beyond the completion date of the Performance Targets in order to encourage Participants to continue serving the Group.

2.2.4 Under the PSP, it is contemplated that the award of fully paid Shares, issued free of charge to Participants under the PSP would incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the PSP, the Company will be able to recognise and reward past contributions and services and motivate Participants under the PSP to continue to strive for the Company’s long-term prosperity. The PSP will further strengthen and enhance the Company’s competitiveness in attracting and retaining employees with suitable talents. The PSP aims to foster an ownership culture within the Company, and align the interests of Participants with the interests of the Shareholders.

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2.3 **Mandate for issue and allotment of Shares pursuant to the PSP**

The Company will be seeking the approval of the Shareholders for the mandate to offer and grant Award(s) in accordance with the Rules of the PSP, and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of new Shares as may be required to be issued comprised in the Award(s) that may be granted under the PSP provided always that the aggregate number of the new Shares (excluding treasury shares and subsidiary holdings) available under the PSP shall not exceed 15% of the total issued share capital of the Company from time to time, as determined in accordance with the Rules (as summarised below).

2.4 **Summary of the Rules**

The following is a summary of the principal terms of the PSP and is qualified in its entirety by reference to the more detailed information in the Rules, a copy of which is available for inspection at the registered office of the Company from the date of this Letter up to and including the date of the AGM:

2.4.1 Eligibility of Participants

Group Employees, Group Executive Directors and Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group are eligible to participate in the PSP at the absolute discretion of the Committee, provided that, as of the Offer Date, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into any compositions with their respective creditors.

Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the PSP, provided that (a) the participation of each Controlling Shareholder or his Associate prior to the first grant of an Award to him is specifically approved by Independent Shareholders in a general meeting of the Company by a separate resolution, and (b) each grant of an Award, including the actual number and terms of the Award to be granted to each Controlling Shareholder or his Associate only be effected with the specific prior approval of Independent Shareholders in a general meeting of the Company by a separate resolution.

2.4.2 Entitlements of Participants

Participants are not required to pay for the grant of Awards. Award(s) represent the right of a Participant to whom the Award is granted to receive fully paid Shares free of charge, upon him achieving the Performance Target, if any, or upon the fulfilment of the conditions specified for the vesting of, and release of the Shares comprised in the Awards.

2.4.3 Size of the PSP

The aggregate number of Shares for which an Award may be granted on any date under the PSP, when added to the number of Shares issued and/or issuable or transferred/transferable in respect of (a) all Awards granted under the PSP and (b) all Shares, options or awards granted under any other share option or share scheme of the Company then in force, shall not exceed 15% of the total issued Shares of the Company (excluding treasury shares and subsidiary holdings, if any) on the day preceding that date.

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In addition, the aggregate number of Shares over which Awards may be granted under the PSP to Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the PSP, and the number of Shares over which an Award may be granted under the PSP to each Controlling Shareholder or his Associate must not exceed 10% of the Shares available under the PSP.

2.4.4 Duration of the PSP

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

2.4.5 Grant of Awards

Subject to the Rules, the number of Shares which are the subject of each Award to be granted to a Participant under the PSP shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the Participant's rank, scope of responsibilities, past performance, length of service, contribution to the success and development of the Group, potential for future development of the Participant and the prevailing market and economic conditions. The Committee may, in its absolute discretion, elect to grant Awards to selected Participants as a form of payment or part payment of their bonuses.

The Committee shall, in its absolute discretion, determine in relation to an Award (a) the Participant; (b) the Offer Date; (c) the number of Shares which are the subject of the Award; (d) the Performance Target for the Participant (if any); (e) the Performance Period for the Participant (if any); (f) the Vesting Schedule (if any); and (g) any other condition which the Committee may decide in relation to that Award.

An Award is personal to the Participant to whom it is given and shall not, prior to the allotment and issue or transfer to the Participant of the Shares to which the Award relates, be transferred (other than to a Participant's personal representative on the death of the Participant), charged, assigned, pledged or otherwise disposed of, unless with the prior approval of the Committee. 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 without the prior approval of the Committee, the Award concerned shall immediately lapse.

2.4.6 Vesting of Awards

Subject to the Rules, the Awards shall vest and the Committee shall release to the Participant Shares comprised in the Award upon the fulfilment of the conditions specified for the vesting of, and release of the Shares comprised in the Award.

Awards which are subject to the Participant achieving specified Performance Target may only be vested, and consequently any Shares comprised in such Awards shall only be delivered, upon the Committee being satisfied at its absolute discretion, that the Performance Target has been satisfied and the extent to which they have been satisfied (whether fully or partially), or upon the Committee waiving such Performance Target, as the case may be. In cases of partial satisfaction, the Committee may determine the extent

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to which an Award may vest and the number of Shares comprised in that Award to be released. If the Committee determines in its sole discretion that the Performance Target has not been satisfied in full, and that such Award should accordingly not vest in a Participant, in whole or in part, to the extent that such Award or part thereof has not vested, it shall lapse and be of no effect.

An Award which is not released, shall immediately lapse without any claim whatsoever against the Company and/or the Group, in the event of (a) the decision of the Committee, acting in good faith and on fair and reasonable grounds, to revoke or annul such Award; (b) 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 an Award; and/or (c) the misconduct of a Participant as determined by the Committee at its sole and absolute discretion.

In addition, an Award which is not released shall immediately lapse without any claim whatsoever against the Company and/or the Group upon the cessation of employment of a Participant with the Group for any reason whatsoever provided that:

- (a) where the Participant ceases to be in the employment of the Group by reason of (i) ill health, injury or disability; (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 subsidiary by which he is employed ceasing to be a Group company, or the undertaking or part of the undertaking of such subsidiary being transferred otherwise than to another Group company; or (vi) the termination of his employment by the Company or other relevant Group company for reason other than due to the Participant's act of gross or wilful misconduct or the Participant's material breach of his service or employment contract, confidentiality obligation, policies or code of business conduct or other written policies practices or procedures of the Group; or
- (b) in any other event (including any other reason for the cessation of employment) approved in writing by the Committee,

then the Committee may, acting in good faith and on a fair and reasonable basis preserve all or any part of any Award and decide 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 PSP. 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 conditions specified for the vesting of, and release of the Shares comprised in the Award have been satisfied.

A Participant shall be deemed to have ceased employment as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date. Further, the transfer of employment of a Participant within the Group shall not be regarded as his employment having ceased by reason only of such transfer.

For the avoidance of doubt, the Shares comprised in an Award shall nevertheless be released to a Participant as long as he has fulfilled the conditions for the vesting of, and release of the Shares comprised in the Award. If a Participant has fulfilled the conditions specified for the vesting of, and release of the Shares comprised in an Award but dies before the Shares under the Award are released, the Shares under the Award shall in such circumstances be given to the personal representatives of the Participant.

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2.4.7 Release of Awards

Subject to such necessary consents or other required action of any competent authority under any regulations or enactments for the time being in force and subject to compliance with the terms of the PSP and the Constitution of the Company, the Company shall as soon as practicable but in any event within one month (or such other period as may be permitted by the Catalist Rules) after the vesting of an Award, allot and issue the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.

If the Company holds any treasury shares, the Company may instead of the issue of new Shares, deliver Shares to Participants upon vesting of their Awards by way of the transfer of treasury shares to the Participants. The Company currently does not possess any treasury shares and does not have in force a share purchase mandate. In the event that a share purchase mandate is adopted whilst the PSP is in force, in determining whether to purchase Shares for delivery, the Committee will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement.

Shares issued and allotted upon the vesting of an Award shall be subject to all the provisions of the Companies Act and the Constitution of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to such Shares, including those rights which arise from a liquidation of the Company), and shall rank *pari passu* in all respects with the then existing issued Shares except for any dividend, right, allotment or other distribution, the Record Date for which being prior to the relevant vesting date of the Award.

2.4.8 Administration of the PSP

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

2.4.9 Modification of the PSP

Subject to the Rules, any or all the provisions of the PSP may be modified and/or altered at any time and from time to time by resolution of the Committee, except that any modification or alteration which would be to the advantage of Participants shall not be made except with the prior approval of Shareholders in general meeting, and no modification or alteration shall be made except in compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

2.4.10 **Shareholders should note that the above is only a summary of the more substantive aspects of the PSP. Shareholders should refer to the complete copy of the Rules for full details.**

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2.5 Financial effects of the PSP

2.5.1 Share capital

The PSP will result in an increase in the number of issued Shares to the extent that new Shares are allotted and issued upon the vesting and release of the Awards under the PSP.

The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the PSP.

2.5.2 NTA

The grant of Awards under the PSP will result in a charge to the Company's and Group's income statements, which is equal to the fair value of the Awards over the period from the date of grant of the Awards to the date of vesting and release of the Awards.

If new Shares are issued to the Participants under the PSP, the NTA of the Company and the Group would decrease by the amount charged. However, if instead of issuing new Shares to the Participants, existing Shares are purchased for delivery to the Participants, the consolidated NTA of the Company would decrease by the cost of the Shares purchased.

2.5.3 EPS

The PSP will have a dilutive impact on the Company's consolidated EPS following the increase in the number of issued Shares to the extent that new Shares are allotted and issued pursuant to the vesting and release of Awards under the PSP.

The PSP will result in a charge to earnings equivalent to the fair value of the Awards at the date of grant over the period from the date of grant of the Awards to the vesting date.

2.5.4 Potential Cost of Granting Awards

As Participants are not required to pay for the grant of the Awards, such grant of Awards will have a financial effect on the Company.

FRS 102 is effective for the financial statements of the Company for the financial year beginning 1 January 2005, with certain amendments in relation to cash-settled share-based payments that are effective for annual periods beginning on or after 1 January 2018. FRS 102 requires the recognition of an expense in respect of Awards granted under the PSP with a corresponding increase in the reserve account over the Vesting Period. The expenses will be based on the fair value of the Awards at the date of the grant and will be recognised over the expected Vesting Period. As at each financial year ended, the Company will revise its estimated number of Shares under the Awards that are expected to become exercisable on the vesting date and recognise the effect of the revision of estimates in the income statement with a corresponding adjustment to the reserve account over the remaining Vesting Period. After the vesting date, no adjustment to the charge to the income statement will be made.

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The expense recognised in the income statement depends on whether or not the Performance Target attached to an Award is measured by reference to the market price of the Shares. This is known as a “**market condition**”. If the Performance Target is a market condition, the probability of the Performance Target being met is taken into account in estimating the fair value of the Award granted at the date of grant, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met.

However, if the Performance Target is not a market condition, the fair value per Share of the Awards granted at the date of grant is used to compute the expense to be recognised in the income statement at the end of each financial year, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition and if the Awards do not ultimately vest, the amount charged to the income statement would be reversed at the end of the Vesting Period.

2.6 **The proposed participation by Controlling Shareholders and their Associates in the PSP**

- 2.6.1 It is the intention of the Company that all Group Employees, including those who are Controlling Shareholders and their Associates, should be remunerated for their contribution to the Group on the same basis with no differentiation between Group Employees who are Controlling Shareholders or their Associates, and Group Employees who are not. The extension of the PSP to allow Controlling Shareholders and their Associates to participate in the PSP will ensure that they are equally entitled, with the other employees who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. The Company is of the view that the Controlling Shareholders and their Associates should not be unduly discriminated against by virtue only of their shareholdings in the Company. The Company is also of the view that the extension of the PSP to Controlling Shareholders and their Associates will enhance their long-term commitment to the Group as it will ensure that they will continue to have a stake in the Company even if they decrease their shareholdings in the Company in the future.
- 2.6.2 The Directors are of the view that the participation in the PSP by Controlling Shareholders and their Associates: (i) will act as an additional incentive for Controlling Shareholders and their Associates, who are Group Employees and Directors of any company within the Group, to improve their performance, as the value of the Awards will be best realised when the results of their performance correlate directly with higher values of the Shares; and (ii) is in the best interests of the Company as such Controlling Shareholders and their Associates are able to help to set the vision and direction of the Group, define objectives and roles of management and thus stand in a unique position to contribute to the growth and prosperity of the Group.
- 2.6.3 As a safeguard against abuse, all members of the Board (and not just members of the Committee) who are neither Controlling Shareholders nor their Associates will be involved in deliberations in respect of Awards to be granted to or held by Controlling Shareholders and their Associates and the terms and conditions, including the performance conditions and vesting periods attached to such Awards. Furthermore, specific approval of the independent Shareholders in general meeting by a separate resolution is required for the grant of Awards to Controlling Shareholders and their Associates as well as the actual number of and terms of such Awards.

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- 2.6.4 As at the Latest Practicable Date, no Controlling Shareholder or their Associate has been identified for purposes of being granted Awards under the PSP. However, in the event a Controlling Shareholder or their Associate is so identified, specific approval of the independent Shareholders in general meeting by a separate resolution will be sought for participation and for each grant of Awards including the actual number of Shares to be comprised thereunder and the terms thereof.

2.7 The proposed participation by Non-Executive Directors in the PSP

- 2.7.1 The PSP is extended to Non-Executive Directors (including Independent Directors) of the Group. Although the Non-Executive Directors are not involved in the day-to-day running of the Group, they play an invaluable role in the Group's success by applying their experience, drawing on their knowledge and utilising their expertise for the benefit of the Group. It is desirable that the Non-Executive Directors be allowed to participate in the PSP so as to give recognition to their services and contributions and to further align their interests with that of the Group and the Shareholders. The extension of the PSP to Non-Executive Directors will also allow the Company to continue to attract onto its Board, directors who will be able to assist in furthering the business interests of the Group. This will help enhance the growth and long-term profitability of the Group.
- 2.7.2 In order to minimise any possible conflicts of interest, and so as not to compromise the objectivity of independent members of the Board who may, in the future, be selected to participate in the PSP, the Non-Executive Directors would primarily continue to be remunerated for their services by way of Directors' fees.
- 2.7.3 The Committee when deciding on the selection of Non-Executive Directors to participate in the PSP, and the number of Awards to be offered, will take into consideration the nature and extent of their input, assistance and expertise rendered to the committees on which they sit and the impact thereof on the growth, success and development of the Company and the Group, as well as their involvement and commitment to the Board. Non-Executive Directors will abstain from making any recommendation as a Director and abstain from voting as a member of the Company when the grant of Awards to him is being considered. As at the date of this Letter, the Non-Executive Directors are:

Name of Director	Appointment
Ling Chung Yee Roy	Lead Independent Director
Chia Soon Hin William	Independent Director
Chua Hock Thak	Independent Director
Teo Ho Beng	Non-Executive Director

- 2.7.4 As part of the Company's objective to attract talent to the Group, the Committee may in future grant Awards to other Non-Executive Directors who may be appointed from time to time to the Group.

2.8 Abstention from voting

Shareholders who are eligible to participate in the PSP must abstain from voting on any resolution relating to the PSP (including, where applicable, implementation of the PSP and participation by and grant of Awards to Controlling Shareholders and their Associates) and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

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3 THE PROPOSED TERMINATION OF THE ULTRO PERFORMANCE SHARE PLAN

3.1 The Previous PSP was adopted at an extraordinary general meeting of the Company (when it was formerly known as Ultro Technologies Limited) held on 30 October 2009. The Previous PSP was to continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on 30 October 2009, and is due to expire on 29 October 2019.

3.2 Salient terms of the Previous PSP include:

- (a) confirmed full-time employees of the Group who are of the age of 21 years and above, Directors (including Non-Executive Directors) and associated company employees (defined to include an executive director of an associated company or a confirmed full-time employee of an associated company selected by the Committee to participate in the Previous PSP);
- (b) the aggregate number of new Shares over which the Committee may grant awards on any date, when added to the number of new Shares issued and issuable in respect of all Shares granted under the Previous PSP, and any other share schemes implemented or to be implemented by the Company shall not exceed 15% of the issued share capital of the Company on the day preceding that date;
- (c) awards granted under the Previous PSP may be time-based or performance-related, and in each instance, shall vest only:
 - (i) where the award is time-based, after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years; or
 - (ii) where the award is performance-related, after the participant achieves a pre-determined performance target;
- (d) subject to the prevailing legislation and the rules of the Catalist Rules, the Company has the flexibility to deliver Shares to participants up on vesting of their awards by way of an issue of new Shares or the purchase of existing Shares;
- (e) awards represent the right conferred by the Company on a participant to be issued or transferred Shares in the Company, free of charge, in accordance with the Previous PSP, and participants are not required to pay for the grant of awards; and
- (f) (i) new Shares allotted and issued; (ii) existing Shares procured by the Company on behalf of the participants for transfer; and (iii) treasury shares held by the Company for transfer, upon the release of an award shall be subject to all the provisions of the Constitution of the Company, and rank for any dividend, right, allotment by other distribution the Record Date of which is on or after the relevant vesting date and (subject as aforesaid) will rank *pari passu* in all respects with the Shares then existing.

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3.3 As the Previous PSP is due to expire on 29 October 2019, the Company proposes to terminate the Previous PSP and to implement the new PSP to provide an opportunity for Group Employees, Group Executive Directors (including Controlling Shareholders and their Associates) and Non-Executive Directors (including Independent Directors) to participate in the equity of the Company. The Previous PSP will be terminated and the new PSP will become effective immediately upon Shareholders' approval being obtained at the AGM.

3.4 No awards have been granted and no performance shares have been allotted and issued to any employees or Directors of the Company since the commencement of the Previous PSP.

4 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND SHAREHOLDING STRUCTURE OF THE COMPANY

4.1 The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	Shareholding (%) ⁽¹⁾	Number of Shares	Shareholding (%) ⁽¹⁾	Number of Shares	Shareholding (%) ⁽¹⁾
Director(s)						
Toh Choo Huat	794,000	0.07	585,959,000 ⁽²⁾	49.46	586,753,000	49.53
Teo Ho Beng	—	—	—	—	—	—
Ling Chung Yee Roy	—	—	—	—	—	—
Chia Soon Hin William	—	—	—	—	—	—
Chua Hock Thak	—	—	—	—	—	—
Substantial Shareholder(s)						
Zheng Choon Holding Pte. Ltd. ("Zheng Choon")	585,959,000	49.46	—	—	585,959,000	49.46
Toh Swee Kim	220,000	0.02	585,959,000 ⁽³⁾	49.46	586,179,000	49.48
Toh Chew Leong	—	—	585,959,000 ⁽⁴⁾	49.46	585,959,000	49.46
Toh Chew Chai	—	—	585,959,000 ⁽⁵⁾	49.46	585,959,000	49.46
Hiap Hoe Investment Pte. Ltd.	176,536,000	14.90	—	—	176,536,000	14.90
Hiap Hoe Limited	—	—	176,536,000 ⁽⁶⁾	14.90	176,536,000	14.90

Notes:

- (1) Calculated based on 1,184,813,992 issued shares in the capital of the Company.
- (2) Mr Toh Choo Huat holds 27.2% of the shareholding in Zheng Choon. As such, Mr Toh Choo Huat is deemed to be interested in the Shares held by Zheng Choon.
- (3) Mr Toh Swee Kim holds 23.7% of the shareholding in Zheng Choon. As such, Mr Toh Swee Kim is deemed interested in the Shares held by Zheng Choon.
- (4) Mr Toh Chew Leong holds 25.4% of the shareholding in Zheng Choon. As such, Mr Toh Chew Leong is deemed interested in the Shares held by Zheng Choon.
- (5) Mr Toh Chew Chai holds 23.7% of the shareholding in Zheng Choon. As such, Mr Toh Chew Chai is deemed interested in the Shares held by Zheng Choon.
- (6) Hiap Hoe Investment Pte Ltd is 100% owned by Hiap Hoe Limited. As such, Hiap Hoe Limited is deemed to be interested in the Shares held by Hiap Hoe Investment Pte Ltd.

4.2 All the Directors are eligible to participate in, and are therefore interested in, the PSP. Mr Toh Swee Kim, Mr Toh Chew Leong, and Mr Toh Chew Chai are Group Employees and will be entitled to participate in the PSP. Save as disclosed in this Letter, none of the Directors and Substantial Shareholders has any interest, direct or indirect, in the proposed adoption of the PSP other than through their respective shareholdings (if any) in the Company.

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5 DIRECTORS' RECOMMENDATION

5.1 The Proposed Adoption of the PSP

The Directors are all eligible to participate in, and are therefore interested in the PSP. They have accordingly abstained from making any recommendation on the proposed adoption of the PSP. In the case of Directors who are Shareholders, they shall abstain from voting in respect of Ordinary Resolution 9 to be proposed at the AGM, being the resolution relating to the proposed adoption of the PSP.

5.2 The Proposed Termination of the Previous PSP

The Directors are all eligible to participate in, and are therefore interested in the Previous PSP. They have accordingly abstained from making any recommendation on the proposed termination of the Previous PSP. In the case of Directors who are Shareholders, they shall abstain from voting in respect of Ordinary Resolution 10 to be proposed at the AGM, being the resolution relating to the proposed termination of the Previous PSP.

- 5.3 As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

6 ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 153 to 156 of the Annual Report 2018, will be held at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556 on 30 July 2018 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modification the resolutions set out in the Notice of AGM.

7 ACTION TO BE TAKEN BY THE SHAREHOLDERS

- 7.1 Shareholders who are unable to attend the AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556, not less than 48 hours before the time for holding the AGM. The appointment of a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes in place of the proxy or proxies.

- 7.2 A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the AGM.

8 ABSTENTION FROM VOTING

- 8.1 The Company will ensure that Shareholders who will be entitled to participate in the PSP will abstain from voting at the AGM in respect of Ordinary Resolution 9 relating to the proposed adoption of the PSP.

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- 8.2 Shareholders who will be entitled to participate in the PSP should abstain from voting at the AGM in respect of Ordinary Resolution 9 in relation to the proposed adoption of the PSP. Such Shareholders should not accept appointments as proxies or otherwise for voting at the AGM in respect of the Ordinary Resolution 9 unless specific instructions have been given in the proxy form on how the votes are to be cast for Ordinary Resolution 9 to be proposed at the AGM.
- 8.3 All the Directors are eligible to participate in the PSP. Therefore, the Directors (who are also Shareholders) shall also abstain and shall procure his or her Associates to abstain from voting at the AGM in respect of Ordinary Resolution 9 in relation to the proposed adoption of the PSP. Such Directors will not accept appointments as proxies or otherwise for voting at the AGM in respect of the Ordinary Resolution 9 unless specific instructions have been given in the proxy form on how the votes are to be cast for Ordinary Resolution 9 to be proposed at the AGM.
- 8.4 The Company will ensure that Shareholders who are entitled to participate in the Previous PSP will abstain from voting at the AGM in respect of Ordinary Resolution 10 relating to the proposed termination of the Previous PSP.
- 8.5 Shareholders who are entitled to participate in the Previous PSP should abstain from voting at the AGM in respect of Ordinary Resolution 10 in relation to the proposed termination of the Previous PSP. Such Shareholders should not accept appointments as proxies or otherwise for voting at the AGM in respect of Ordinary Resolution 10 unless specific instructions have been given in the proxy form on how the votes are to be cast for Ordinary Resolution 10 to be proposed at the AGM.
- 8.6 All the Directors are eligible to participate in the Previous PSP. Therefore, the Directors (who are also Shareholders) shall also abstain and shall procure his or her Associates to abstain from voting at the AGM in respect of Ordinary Resolution 10 in relation to the proposed termination of the Previous PSP. Such Directors will not accept appointments as proxies or otherwise for voting at the AGM in respect of the Ordinary Resolution 10 unless specific instructions have been given in the proxy form on how the votes are to be cast for Ordinary Resolution 10 to be proposed at the AGM.

9 DIRECTORS' RESPONSIBILITY STATEMENT

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

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10 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at No. 3 Sungei Kadut Drive, Kranji Industrial Estate, Singapore 729556 during normal business hours from the date of this Letter up to and including the time and date of the AGM:

- (a) the Constitution;
- (b) the Rules of the Previous PSP;
- (c) the Rules of the proposed PSP; and
- (d) the annual report of the Company for FY2018.

Yours faithfully

For and on behalf of the Board of Directors of
LEY CHOON GROUP HOLDINGS LIMITED

Toh Choo Huat

Executive Chairman and Chief Executive Officer

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RULES OF THE LEY CHOON PERFORMANCE SHARE PLAN 2018

1. LEY CHOON PERFORMANCE SHARE PLAN 2018

The Ley Choon Performance Share Plan 2018 shall mean the performance share plan herein, as modified or altered from time to time and shall be referred to as the “PSP”.

2. DEFINITIONS

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

- “Associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Auditors”** : The auditors of the Company for the time being
- “Award”** : A contingent award of Shares granted under the PSP
- “Board”** : The board of Directors from time to time
- “Catalist Rules”** : Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, supplemented or modified from time to time
- “CDP”** : The Central Depository (Pte) Limited

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<i>“Committee”</i>	:	The Remuneration Committee of the Company, or such other committee comprising Directors and such other persons (if any) duly authorised and appointed by the Board to administer the PSP from time to time
<i>“Constitution”</i>	:	The Constitution of the Company, as amended or modified from time to time
<i>“Company”</i>	:	Ley Choon Group Holdings Limited
<i>“Companies Act”</i>	:	Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time
<i>“Control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>“Controlling Shareholder”</i>	:	A person who: (i) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares, or (ii) who in fact exercises Control over the Company
<i>“CPF”</i>	:	Central Provident Fund
<i>“Director”</i>	:	A director of the Company from time to time
<i>“Financial Year”</i>	:	Financial year of the Company ended or ending 31 March (as the case may be)
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“Group Employee”</i>	:	Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the PSP in accordance with the rules thereof
<i>“Group Executive Director”</i>	:	A director of the Company and/or its subsidiaries, as the case may be, who is a Group Employee and performs an executive function
<i>“Independent Shareholders”</i>	:	Shareholders other than Shareholders who are Participants and Shareholders who are Associates of the Participants

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<i>“Market Day”</i>	:	A day on which the SGX-ST is open for the trading of securities
<i>“Non-Executive Director”</i>	:	A Director who is not a Group Employee and who does not perform an executive function in the Group, including an independent Director
<i>“Offer Date”</i>	:	The date on which an offer to grant an Award is made
<i>“Participant”</i>	:	A person who is selected by the Committee to participate in the PSP in accordance with the rules thereof
<i>“Performance Period”</i>	:	The performance period during which the Performance Target shall be satisfied, if any
<i>“Performance Target”</i>	:	The performance target prescribed by the Committee to be fulfilled by a Participant for any particular Performance Period under the PSP, if any
<i>“PSP”</i>	:	The Ley Choon Performance Share Plan 2018 set out herein, as modified or altered from time to time
<i>“Record Date”</i>	:	The date as at the close of business on which Shareholders of the Company must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be)
<i>“Rules”</i>	:	The rules of the PSP, as the same may be amended from time to time
<i>“Securities Account”</i>	:	A securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a Depository Agent
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	:	The registered holders of Shares in the Register of Members of the Company, 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
<i>“Shares”</i>	:	Issued and paid-up ordinary shares in the capital of the Company

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- “Substantial Shareholder”** : A person (including a corporation) who has an interest in not less than 5% of the total issued Shares excluding treasury shares
- “Vesting Period”** : The period during which an Award may vest, which shall be a period of 1 year unless the Committee, in its absolute discretion, determines otherwise
- “Vesting 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 Target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period
- “%” or “per cent.”** : Per centum or percentage
- 2.2 The terms **“Depositor”** and **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.
- 2.3 Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.
- 2.4 Any reference in this PSP to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules or any modification thereof and used in this PSP shall have the same meaning assigned to it under the Companies Act, the Catalist Rules or any modification thereof, as the case may be.
- 2.5 Any reference to a time of day in this PSP shall be a reference to Singapore time unless otherwise stated.
- 2.6 The headings in this PSP are inserted for convenience only and shall be ignored in construing this PSP.
- 3. OBJECTIVES OF THE PSP**
- The objectives of the PSP are as follows:
- (a) to recognise and reward past contributions and services;
 - (b) to motivate Participants to continue performing and out-perform their standards and efficiency and to maintain a high level of contribution to the Group;
 - (c) to retain key Group Employees whose contributions are important to the long-term growth and success of the Group;
 - (d) to attract potential employees with relevant skills and talents necessary to enhance the Group’s business; and
 - (e) to align the interests of the Participants with the interests of Shareholders.

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4. ELIGIBILITY OF PARTICIPANTS

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

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

who, in the opinion of the Committee, have contributed or will contribute to the success of the Group, provided that, as of the Offer Date, such persons:

- (i) have attained the age of 21 years;
- (ii) are not undischarged bankrupts; and
- (iii) have not entered into any compositions with their respective creditors.

4.2 Subject to the absolute discretion of the Committee, Controlling Shareholders and their Associates who meet the criteria as set out in Rule 4.1 above are eligible to participate in the PSP, provided that:

- (a) the participation of each Controlling Shareholder or his Associate prior to the first grant of an Award to him is specifically approved by Independent Shareholders in a general meeting of the Company by a separate resolution; and
- (b) each grant of an Award, including the actual number and terms of the Award to be granted to each Controlling Shareholder or his Associate may only be effected with the specific prior approval of Independent Shareholders in a general meeting of the Company by a separate resolution.

The Company will at such time provide the rationale and justification for any proposal to grant any Award to a Controlling Shareholder or his Associate.

4.3 Any Director who is a member of the Committee shall not be involved in the Committee's deliberations and decisions in respect of Awards to be granted to or held by that Director or his Associate.

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

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

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5. LIMITATIONS UNDER THE PSP

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

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

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

- 5.2 The following additional limits must not be exceeded:

- (a) the aggregate number of Shares over which Awards may be granted under the PSP to Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the PSP; and
- (b) the number of Shares over which an Award may be granted under the PSP to each Controlling Shareholder or his Associate must not exceed 10% of the Shares available under the PSP.

- 5.3 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 PSP.

6. GRANT OF AWARDS

- 6.1 Subject to Rule 4 and Rule 5, the Committee may, in its absolute discretion, grant Awards at any time during the period when the PSP is in force, provided that no grant of Awards shall be made:

- (a) during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its Financial Year; and
- (b) during the period one month before the announcement of the Company's full year financial statements (if required to announce quarterly financial statements), or one month before the announcement of the Company's half year and full year financial statements (if not required to announce quarterly financial statements),

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

- 6.2 Subject to Rule 4 and Rule 5, the number of Shares which are the subject of each Award to be granted to a Participant under the PSP shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as:

- (a) the Participant's rank;

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- (b) the Participant's scope of responsibilities;
- (c) the Participant's past performance;
- (d) the Participant's length of service;
- (e) the Participant's contribution to the success and development of the Group;
- (f) the Participant's potential for future development; and
- (g) the prevailing market and economic conditions.

The Committee may, in its absolute discretion, elect to grant Awards to selected Participants as a form of payment or part payment of their bonuses.

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

- (a) the Participant;
- (b) the Offer Date;
- (c) the number of Shares which are the subject of the Award;
- (d) the Performance Target for the Participant (if any);
- (e) the Performance Period for the Participant (if any);
- (f) the Vesting Schedule (if any); and
- (g) any other condition which the Committee may decide in relation to that Award.

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

6.4 The Committee may amend or waive the Performance Period, the Performance Target(s) and/or the Vesting Schedule (if any) in respect of any Award:

- (a) in the event of a take-over offer being made for the Shares or if under the Companies 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 Target(s) and/or Vesting Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) a Performance Target(s) and/or Vesting Schedule should be changed or waived,

and shall notify the Participants of such change or waiver. Any such modification, alteration or waiver is not a modification of the rules of the PSP for the purposes of Rule 13.

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- 6.5 An Award is personal to the Participant to whom it is given and shall not, prior to the allotment and issue or transfer to the Participant of the Shares comprised in the Award, be transferred (other than to a Participant's personal representative on the death of the Participant), charged, assigned, pledged or otherwise disposed of, unless with the prior approval of the Committee. 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 without the prior approval of the Committee, that Award shall immediately lapse.
- 6.6 The Company will make an immediate announcement upon any grant of Awards and including therein such information as required under Rule 704(32) of the Catalist Rules.
- 6.7 Participants are not required to pay for the grant of Awards. Award(s) represent the right of a Participant to whom the Award is granted to receive fully paid Shares free of charge, upon him achieving the Performance Target, if any, or upon the fulfilment of the conditions specified for the vesting of, and release of the Shares comprised in the Awards.

7. VESTING OF AWARDS

- 7.1 Subject to Rule 7 and Rule 9 herein, Awards shall vest and the Committee shall release to the Participant, Shares comprised in the Award upon the fulfilment of the conditions specified for the vesting of, and release of the Shares comprised in the Award.
- 7.2 Awards which are subject to the Participant achieving specified Performance Target may only be vested, and consequently any Shares comprised in such Awards shall only be delivered, upon the Committee being satisfied at its absolute discretion, that the Performance Target has been satisfied and the extent to which they have been satisfied (whether fully or partially), or upon the Committee waiving such Performance Target, as the case may be. In cases of partial satisfaction, the Committee may determine the extent to which an Award may vest and the number of Shares comprised in that Award to be released. If the Committee determines in its sole discretion that the Performance Target has not been satisfied in full, and that such Award should accordingly not vest in a Participant, in whole or in part, to the extent that such Award or part thereof has not vested, it shall lapse and be of no effect.
- 7.3 An Award shall, to the extent not yet released, immediately lapse without any claim whatsoever against the Company and/or the Group, in the event of:
- (a) the decision of the Committee, acting in good faith and on fair and reasonable grounds, to revoke or annul such Award;
 - (b) the cessation of employment of a Participant with the Group for any reason whatsoever, subject to Rule 7.4 and Rule 7.5;
 - (c) 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 an Award; or
 - (d) the misconduct of a Participant as determined by the Committee at its sole and absolute discretion.

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7.4 For the purpose of Rule 7.3(b), the Participant shall be deemed to have ceased employment as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date. Further, the transfer of employment of a Participant between the Group shall not be regarded as his employment having ceased by reason only of such transfer.

7.5 In any of the following events, namely:

(a) where the Participant ceases to be in the employment of the Group 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 subsidiary by which he is employed ceasing to be a company within the Group, or the undertaking or part of the undertaking of such subsidiary being transferred otherwise than to another company within the Group; or
- (vi) the termination of his employment by the Company or other relevant company in the Group for reason other than due to the Participant's act of gross or wilful misconduct or the Participant's material breach of his service or employment contract, confidentiality obligation, policies or code of business conduct or other written policies practices or procedures of the Group; or

(b) in any other event (including any other reason for the cessation of employment) approved in writing by the Committee,

then the Committee may, acting in good faith and on a fair and reasonable basis 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 PSP. 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 conditions specified for the vesting of, and release of the Shares comprised in the Award have been satisfied.

7.6 For the avoidance of doubt, the Shares comprised in an Award shall nevertheless be released to a Participant as long as he has fulfilled the conditions for the vesting of, and release of the Shares comprised in the Award.

7.7 If a Participant has fulfilled the conditions specified for the vesting of, and release of the Shares comprised in an Award but dies before the Shares under the Award are released, the Shares under the Award shall in such circumstances be given to the personal representatives of the Participant.

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8. RELEASE OF AWARDS

8.1 Subject to:

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

the Company shall as soon as practicable but in any event within 1 month (or such other period as may be permitted by the Catalist Rules) after the vesting of an Award in accordance with Rule 7, allot and issue the relevant Shares comprised in the Award and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit. Any proposed issue of new Shares will be subject to there being in force at the relevant time the requisite Shareholders' approval under the Companies Act for the issue of Shares. Any allotment of new Shares pursuant to an Award will take into account the rounding of odd lots.

- 8.2 Where new Shares are to be allotted upon the vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.
- 8.3 Shares which are the subject of an Award shall be issued in the name of CDP to the credit of the Securities Account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 8.4 Shares issued and allotted upon the vesting of an Award shall be subject to all the provisions of the Companies Act and the Constitution of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to such Shares, including those rights which arise from a liquidation of the Company), and shall rank *pari passu* in all respects with the then existing issued Shares except for any dividend, right, allotment or other distribution, the Record Date for which being prior to the relevant vesting date of the Award.
- 8.5 Except as set out in Rule 8.1 and subject to Rule 10, an Award does not confer on a Participant any right to participate in any new/further issue of Shares.
- 8.6 The Company shall keep available sufficient unissued Shares to satisfy the delivery of the Shares pursuant to vesting of the Awards.
- 8.7 Notwithstanding any other Rule of this PSP to the contrary, and notwithstanding references to subscription, issue and allotment of Shares or new Shares, the Company reserves to itself the right to deliver treasury shares in lieu of new Shares to Participants upon vesting of their Awards.

9. TAKE-OVER AND WINDING UP OF THE COMPANY

- 9.1 Notwithstanding Rule 7 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall (notwithstanding that the Vesting Period for the Award has not expired) be entitled to the Shares under the Awards if he has met the conditions

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specified for the vesting of, and release of Shares comprised in the Award which falls within the period commencing on the date on which such offer for a take-over of the Company is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of 6 months thereafter, unless prior to the expiry of such 6-month period, at the recommendation of the offeror and with the approvals of the Committee and (if so required) the SGX-ST and the Securities Industry Council, such expiry date is extended to a later date being a date falling not later than the expiry of the Vesting Period during which the conditions for the vesting of, and release of the Shares comprised in the Award are to be fulfilled; or
- (b) the date of expiry of the Vesting Period during which the conditions for the vesting of, and release of the Shares comprised in the Award are to be fulfilled.

Provided always that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under any relevant regulatory provisions or legislation and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Participant shall be obliged to fulfil the conditions for the vesting of, and release of the Shares comprised in the Award before the expiry of such specified date or the expiry date of the Vesting Period relating thereto, whichever is earlier, before an Award can be vested.

For the avoidance of doubt, the vesting of such Awards will not be affected by the take-over offer and the provisions of this Rule 9.1 shall not come into operation in the event that a take-over offer which is conditional does not or is not declared unconditional.

- 9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled the conditions specified for the vesting of, and release of Shares comprised in the Award shall be entitled, notwithstanding the provisions under this Rule 9 but subject to Rule 9.5, to any Shares under the Awards so determined by the Committee to be vested and released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

If under any relevant regulatory provisions or legislation, the relevant authority issues a notice of amalgamation, for the purposes of, or in connection with the amalgamation of the Company with another company or companies, each Participant who has fulfilled the conditions for the vesting of, and release of the Shares comprised in his Award shall be entitled, notwithstanding Rule 9 and the non-expiry of the Vesting Period for the Award but subject to Rule 9.5, to any Awards so determined by the Committee to be vested in him during the period commencing on the date upon which the notice of amalgamation is issued by the relevant authority and ending either on the expiry of 60 days thereafter or the date upon which the amalgamation becomes effective, whichever is later.

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

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- 9.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Shares under the Awards shall be released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the conditions specified for the vesting of, and release of Shares comprised in the Award 2 business days prior to the proposed general meeting of the Company.
- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.
- 9.6 Notwithstanding anything in these Rules, the Committee may waive the full compliance of the conditions for the vesting of, and release of the Shares comprised in the Award on the part of the Participant upon the occurrence of any of the events provided in this Rule 9. As soon as reasonably practicable following any such event, the Committee may, acting in good faith and on fair and reasonable grounds, decide to vest some or all of the Shares which are the subject of any Award. 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 conditions specified for the vesting of, and release of the Shares comprised in the Award, have been satisfied.

10. ADJUSTMENT EVENTS

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

- (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,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the vesting date of an Award provided that the Record Date relating to such variation precedes such date of vesting and, except in relation to a capitalisation issue, the Auditors (acting as experts and not as arbitrators) provide written confirmation that in their opinion, such adjustment (or absence of adjustment) is fair and reasonable.

- 10.2 Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

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

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- (c) an issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees (including Group Executive Directors and Group Employees) or Non-Executive Directors pursuant to a purchase or an option scheme approved by Shareholders in general meeting of the Company, including the PSP or any other share-based incentive schemes implemented by the Company;
- (d) an issue of Shares or securities convertible into, or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business; and
- (e) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

10.3 Notwithstanding the provisions of Rule 10.1 above:

- (a) no such adjustment shall be made:
 - (i) if as a result, the Participant receives a benefit that a Shareholder does not receive;
 - (ii) if as a result, such adjustment will result in the number of Shares comprised in an Award, together with new Shares to be issued or issuable under the PSP and any other share-based incentive schemes, to exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) for the time being; and
 - (iii) unless the Committee after considering all relevant circumstances considers it equitable to do so; and
- (b) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalization issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

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

10.5 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify the Participant (or his duly appointed personal representatives as the case may be) in writing and deliver to him (or his duly appointed personal representatives as the case may be) a statement setting forth the class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

11. ADMINISTRATION OF THE PSP

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

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11.2 All determinations or actions of the Committee with respect to the interpretation and/or implementation of the PSP shall be decided by the affirmative vote of the majority of the members of the Committee who are not disqualified from participating by virtue of Rule 11.1 or by way of a written instrument signed by the majority of the members of the Committee who are not disqualified from participating by virtue of Rule 11.1. In the event of a tie, the chairman of the Committee shall have a second or casting vote.

11.3 The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the PSP) for the implementation and administration of the PSP to give effect to the provisions of the PSP and/or to enhance the benefit of the Awards to the Participants, as they may, in their absolute discretion, think fit including, but not limited to:

- (a) imposing restrictions on the number of Awards that may be vested within each Financial Year;
- (b) amending Performance Target(s) if by so doing, it would be a fairer measure of performance for a Participant or for the PSP as a whole.

Any matter pertaining or pursuant to the PSP and any dispute and uncertainty as to the interpretation of the PSP, any rule, regulation or procedure thereunder or any rights under the PSP shall be determined by the Committee. The decision of the Committee in relation to the same shall be final, binding and conclusive.

11.4 Neither the PSP nor the grant of Awards under the PSP shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:

- (a) the lapsing or early expiry of any Awards pursuant to any provision of the PSP;
- (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of any discretion under the PSP; and/or
- (c) any decision or determination of the Committee made pursuant to any provision of the PSP.

11.5 Any decision of the Committee made pursuant to any provision of the PSP (other than a matter to be certified by the Auditors) shall be final, binding and conclusive, including but not limited to any decisions pertaining to the number of Shares to be vested, or to disputes as to the interpretation of the PSP or any rule, regulation, procedure thereunder or as to any rights under the PSP. The Committee shall not be required to furnish any reason for any decision or determination made by it.

12. NOTICES AND DISCLOSURE IN ANNUAL REPORT

12.1 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 address or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.

12.2 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

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address or facsimile number according to the records of the Company or at the last known address, electronic mail address or facsimile number of the Participant or the address and place of business at which he performs the whole or substantially the whole of the duties of his office or employment and if sent by post, shall be deemed to have been given on the day following the date of posting.

- 12.3 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 12.2 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.
- 12.4 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the PSP continues in operation:
- (a) the names of the members of the Committee administering the PSP;
 - (b) the information required in the table below for the following Participants of the PSP:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in paragraph (b)(i) and (ii) above) who have received Shares pursuant to the vesting of Awards granted under the PSP which, represent 5% or more of the total number of Shares available under the PSP:

Name of Participant	Total number of Shares comprised in Awards granted during the Financial Year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of PSP to the end of the Financial Year under review	Aggregate number of Shares comprised in Awards released since the commencement of PSP to the end of the Financial Year under review	Aggregate number of Shares comprised in Awards which have not been released as at the end of the Financial Year under review

- (c) any other information required to be so disclosed pursuant to the Catalist Rules and all other applicable laws and requirements,

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

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13. MODIFICATIONS AND ALTERATIONS OF THE PSP

13.1 Subject to the Rules, any or all the provisions of the PSP may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (a) any modification or alteration which shall alter adversely the rights attached to any Awards granted prior to such modification or alteration and which in the opinion of the Committee, materially alter the rights attaching to any Award(s) granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if their Awards were released to them in full, would thereby become entitled to not less than three-quarters in number of all the Shares which would be issued and allotted, as the case may be, upon the release of in full of all outstanding Awards;
- (b) any modification or alteration which would be to the advantage of Participants shall not be made except with the prior approval of the Shareholders in general meeting of the Company; and
- (c) no modification or alteration shall be made except in compliance with the Catalist Rules or the rules of such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(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 13.1 shall affect the right of the Committee under any other provision of the PSP to adjust any Award.

13.2 Notwithstanding Rule 13.1, 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 rules or provisions of the PSP in any way to the extent necessary in the opinion of the Committee, to cause the PSP to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Participants.

14. TERMS OF EMPLOYMENT UNAFFECTED

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

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15. DURATION OF THE PSP

- 15.1 The PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years from the date the PSP is adopted by Shareholders at a general meeting of the Company. Subject to compliance with any applicable laws and regulations in Singapore, the PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution at a general meeting of the Company and any relevant authorities which may then be required.
- 15.2 The PSP may be terminated at any time by and at the discretion of the Committee or by ordinary resolution of Shareholders at a in general meeting of the Company subject to all relevant approvals which may be required, and if the PSP is so terminated, no further Awards shall be offered by the Company hereunder.
- 15.3 The termination, discontinuance or expiry of the PSP shall not affect the validity of any Award(s) which have been made to Participants whether such Awards have been vested (fully or partially) or not.

16. TAXES

All taxes (including income tax) arising from the grant and/or release of any Awards to any Participant under the PSP shall be borne by that Participant.

17. COSTS AND EXPENSES

- 17.1 Each Participant shall be responsible for all fees of CDP (if any) relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the release of any Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 16 which shall be payable by the relevant Participant.
- 17.2 Save for the taxes referred to in Rule 16 and such other costs and expenses expressly provided in the PSP to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the PSP, including but not limited to, the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

18. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages (including any interest arising thereof), whatsoever and howsoever arising in any matter under or in connection with the PSP, including but not limited to, the Company's delay or failure in allotting and issuing the Shares or procuring the transfer of the Shares or in applying for or procuring the listing of and quotation for the Shares allotted pursuant to the vesting of any Award on the SGX-ST or, if applicable, any other stock exchanges on which the Shares are quoted or listed.

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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. CONDITION OF AWARD

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

21. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the PSP must abstain from voting on any resolution relating to the PSP (including, where applicable, implementation of the PSP and participation by and grant of Awards to Controlling Shareholders and their Associates) and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

22. GOVERNING LAW

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

23. 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 PSP or any Award by the virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.