

SUTL ENTERPRISE LIMITED

(Company No: 199307251M)
(Incorporated in the Republic of Singapore)

Directors:

Lew Syn Pau, *Chairman (Non-Executive) and Independent Director*
Tay Teng Guan Arthur, *Executive Director and Chief Executive Officer*
Tay Teng Hock, *Non-Executive Director*
Chan Kum Tao, *Non-Executive Director*
Ng Teck Sim Colin, *Independent Director*

Registered Office:

#05-00 SUTL House,
100J Pasir Panjang Road
Singapore 118525

10th April 2019

To: The Shareholders of SUTL Enterprise Limited

Dear Sir/Madam

ADDENDUM RELATING TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE, THE PROPOSED RENEWAL OF THE MANDATE FOR RECURRING INTERESTED PERSON TRANSACTIONS, AND THE PROPOSED GRANT OF OPTIONS TO MR TAY TENG GUAN ARTHUR, A CONTROLLING SHAREHOLDER AND MR TAY TENG HOCK, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER

1. INTRODUCTION

- 1.1 SUTL Enterprise Limited (the “**Company**”) has on 10th April 2019 issued a Notice convening the Twenty-Fifth Annual General Meeting of the shareholders of the Company (the “**Shareholders**”) to be held on 25th April 2019 (the “**Twenty-Fifth AGM**”).
- 1.2 The proposed Resolution 9 in the Notice of the Twenty-Fifth AGM relates to the renewal of a general mandate (the “**Share Purchase Mandate**”) to authorise the directors of the Company (the “**Directors**”) to make purchases of ordinary shares in the capital of the Company (the “**Shares**”) representing up to a maximum of ten (10) per cent. of the total number of issued Shares (excluding any Shares held as treasury shares or which comprise subsidiary holdings (as defined in the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)¹)) as at the date on which the resolution authorising the same is passed, unless the Company has effected a reduction of the share capital of the Company in which event the number of issued ordinary shares of the Company shall be taken to be the number of the issued ordinary shares of the Company as altered (excluding any Shares held as treasury shares or which comprise subsidiary holdings), at a price of up to but not exceeding the Maximum Price (as defined in Section 2.1 below), in accordance with the “**Guidelines on Share Purchases**” as set out in Appendix A hereto (the “**Guidelines on Share Purchases**”). Details pertaining to the Share Purchase Mandate are set out in Section 2 below.
- 1.3 The proposed Resolution 10 in the Notice of the Twenty-Fifth AGM relates to the renewal of the general mandate (the “**IPT Mandate**”) to authorise the Company and its Subsidiaries or any of them to enter into any of the transactions falling within the categories of interested person transactions described within this Addendum, provided that such transactions are made on normal commercial terms in accordance with the guidelines and procedures for review and administration of the interested persons transactions as described in this Addendum. Details pertaining to the IPT Mandate are set out in Section 3 below.

¹ “Subsidiary holdings” is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

- 1.4 The proposed Resolutions 11 and 12 in the Notice of the Twenty-Fifth AGM relate to the proposed grant of Options (as defined Section 4.1 below) pursuant to the Company's share option scheme 2011, as may be amended or modified from time to time, adopted by the Company on 29 April 2011 (the "**Option Scheme**") to Mr Tay Teng Guan Arthur (Chief Executive Officer and executive Director of the Company), and Mr Tay Teng Hock (non-executive Director of the Company). Mr Tay Teng Guan Arthur is considered a controlling shareholder of the Company, and Mr Tay Teng Hock is a sibling of Mr Tay Teng Guan Arthur, and is therefore considered to be an associate of Mr Tay Teng Guan Arthur. Details pertaining to these Resolutions 11 and 12 are set out in Sections 4.5 and 4.6 below.
- 1.5 The purpose of this Addendum is to provide information relating to and to explain the rationale for the proposed renewal of the Share Purchase Mandate, the proposed renewal of the IPT Mandate, and the proposed grant of Options to Mr Tay Teng Guan Arthur and Mr Tay Teng Hock.
- 1.6 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Addendum. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Authority and Limits of the Share Purchase Mandate

The Share Purchase Mandate, when granted, will authorise the Directors, from time to time, to purchase Shares either through market purchases (the "**Market Purchases**") or off-market purchases on an equal access scheme as defined in Section 76C of the Companies Act (the "**Off-Market Purchases**") of up to a maximum of ten (10) per cent. of the total number of issued Shares (excluding any Shares held as treasury shares or which comprise subsidiary holdings) as at the date on which the resolution authorising the same is passed, unless the Company has effected a reduction of the share capital of the Company in which event the number of issued ordinary shares of the Company shall be taken to be the number of the issued ordinary shares of the Company as altered (excluding any Shares held as treasury shares or which comprise subsidiary holdings), and at a price up to but not exceeding the Maximum Price as defined below.

The purchase price (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees) to be paid for the Shares shall be determined by the Directors, provided that such price must not exceed the maximum price (the "**Maximum Price**") of five (5) per cent. above the average of the closing market prices of the Shares over the last five (5) market days on which transactions in the Shares were recorded, before the day on which the Market Purchase was made by the Company or the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme (as the case may be), and deemed to be adjusted for any corporate action that occurs after the relevant period of five (5) market days.

The Share Purchase Mandate will expire at the earliest of:

- (a) the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier;
- (b) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent authorised under the Share Purchase Mandate; or
- (c) the effective date on which the authority conferred in the Share Purchase Mandate is varied (as to the duration of the Share Purchase Mandate) or revoked by the Shareholders in general meeting.

2.2 Rationale for the Share Purchase Mandate

The Share Purchase Mandate will give the Directors the flexibility to purchase Shares when circumstances permit, with the objective of enhancing the earnings per share and/or net asset value per share of the Company and its subsidiaries (collectively, the “**Group**”). Such flexibility will also allow the Directors to better manage the Company’s capital structure, dividend payout and cash reserves, and to return surplus cash over and above its capital requirements in an expedient and cost-effective manner.

The Share Purchase Mandate will thus provide the Company with an efficient mechanism to enhance returns to Shareholders when circumstances permit. Share purchases will only be effected when the Directors are of the view that such Share purchases will benefit the Company and its Shareholders.

2.3 Source of Funds

The Company may only apply funds for the purchase of Shares as provided in the constitution of the Company (the “**Constitution**”), the Guidelines on Share Purchases and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with SGX-ST’s trading rules. The Company intends to use its internal sources of funds to finance its purchase or acquisition of Shares. The Company does not intend to obtain or incur any borrowings to finance the purchase of its Shares.

The Company may purchase or acquire its Shares out of the Company’s capital or distributable profits so long as the Company is solvent. This means that there must be no ground on which the Company could be found to be unable to pay its debts and the Company must be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately after purchasing its Shares. In addition, the value of the Company’s assets must not be less than the value of its liabilities (including contingent liabilities) before and after it purchases or acquires its Shares.

2.4 Financial Impact of the Share Purchase Mandate

The impact of the Share Purchase Mandate on the Company’s financial position is set out below:

The total number of issued Shares in the Company as at 28th March 2019, being the latest practicable date prior to the printing of this Addendum (the “**Latest Practicable Date**”), is 86,460,602 Shares and the exercise in full of the Share Purchase Mandate would result in the purchase of up to 8,646,060 Shares. As at the Latest Practicable Date, the Company had no treasury shares and no subsidiary holdings, and the Shares, being the ordinary shares in the capital of the Company, were the only class of shares issued by the Company.

All Shares which are purchased or acquired by the Company shall be held by the Company as treasury shares which may be used for the purpose stated in the Companies Act, unless the Company elects that such Shares shall be cancelled immediately on the purchase or acquisition.

Treasury shares are ordinary shares or stocks purchased or otherwise acquired by a company in accordance with Sections 76B to 76G of the Companies Act and which have been held by the Company continuously since the treasury shares were so purchased, and the Company shall be entered in the Register of Members as the member holding those Shares. The number of Shares held as treasury shares cannot at any time exceed ten (10) per cent. of the total number of issued ordinary shares in the capital of the Company.

The treasury shares shall be treated as having no voting rights and shall not be entitled to any dividend or other distribution (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to members on a winding up). However, an allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed if the total value of the treasury shares after the subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be.

Treasury shares may be held by the Company or may be sold, transferred or cancelled in accordance with Section 76K of the Companies Act. Under Section 76K of the Companies Act, where the purchased or acquired Shares are held as treasury shares, the Company may at any time:

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

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

If the purchased Shares will be cancelled, the issued share capital of the Company will be reduced by the corresponding purchase price of the purchased Shares. Accordingly, the net tangible assets of the Company and the Group will be reduced by the dollar value of the Shares purchased.

The financial impact on the Group arising from purchases or acquisition of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

Based on the issued and paid-up share capital of the Company as at the Latest Practicable Date, assuming that the Company purchases 8,646,060 Shares at the Maximum Price of S\$0.6258 per Share (being the price equivalent of five (5) per cent. above the average of the closing market prices of the Shares for the five (5) consecutive market days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 8,646,060 Shares (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees) is approximately S\$5,411,000.

For illustrative purposes only and on the basis of the assumption above, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and Company for the financial year ended 31 December 2018 is set out below and assuming the following:

- (a) the purchase or acquisition of 8,646,060 Shares by the Company pursuant to the Share Purchase Mandate by way of purchases (whether Market Purchases or Off-Market Purchases) made entirely out of profits and/or capital and held in treasury; and
- (b) the purchase or acquisition of 8,646,060 Shares by the Company pursuant to the Share Purchase Mandate by way of purchases (whether Market Purchases or Off-Market Purchases) made entirely out of profits and/or capital and cancelled.

Scenario (a)

(i) Purchases of up to a maximum of 10% out of profits and/or capital and held in treasury.

Treasury	Group		Company	
	Before share purchase	After share purchase	Before share purchase	After share purchase
Issued capital and reserves (S\$'000)	57,341	57,341	57,882	57,882
Treasury Shares (S\$'000)	–	(5,411)	–	(5,411)
Net Tangible Assets(S\$'000)	57,341	51,930	57,882	52,471
Current Assets(S\$'000)	49,547	44,136	43,165	37,754
Current Liabilities(S\$'000)	10,948	10,948	2,876	2,876
Net Borrowings/(Cash)(S\$'000)	(45,405)	(39,994)	(34,355)	(28,944)
Number of Shares (as at the Latest Practicable Date)	86,460,602	77,814,542	86,460,602	77,814,542
NTA / Share (cents)	66.32	66.74	66.95	67.43
Profit/(loss) per share (cents)	6.71	7.46	8.08	8.97
Gearing ratio (times)	–	–	–	–
Current ratio (times)	4.53	4.03	15.01	13.13

Scenario (b)

(i) Purchases of up to a maximum of 10% out of profits and/or capital and cancelled.

Cancelled	Group		Company	
	Before share purchase	After share purchase	Before share purchase	After share purchase
Issued capital and reserves (S\$'000)	57,341	51,930	57,882	52,471
Treasury Shares (S\$'000)	–	–	–	–
Net Tangible Assets(S\$'000)	57,341	51,930	57,882	52,471
Current Assets(S\$'000)	49,547	44,136	43,165	37,754
Current Liabilities(S\$'000)	10,948	10,948	2,876	2,876
Net Borrowings/(Cash) (S\$'000)	(45,405)	(39,994)	(34,355)	(28,944)
Number of Shares (as at the Latest Practicable Date)	86,460,602	77,814,542	86,460,602	77,814,542
NTA / Share (cents)	66.32	66.74	66.95	67.43
Profit/(loss) per share (cents)	6.71	7.46	8.08	8.97
Gearing ratio (times)	–	–	–	–
Current ratio (times)	4.53	4.03	15.01	13.13

Notes:

1. Net Tangible Assets equals Total assets less goodwill, intangible assets and net assets attributable to non-controlling interest
2. Net Borrowings equals loan from financial institution and convertible bonds less cash
3. Net Gearing Ratio equals Net Borrowings divided by Shareholders' Fund
4. Current Ratio equals Current Assets divided by Current Liabilities
5. Profit Per Share equals profit from continuing operation net of tax attributable to the Company's shareholders divided by Number of shares

Shareholders should note that the financial effects set out above, based on the respective aforesaid assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical audited numbers for the financial year ended 31 December 2018, and are not necessarily representative of future financial performance.

The Directors emphasise that they do not propose to exercise the Share Purchase Mandate to the extent that it will have a material adverse impact on the working capital requirements of the Group or the gearing levels which are from time to time, in the opinion of the Directors, appropriate for the Group. The Share Purchase Mandate will be exercised in accordance with the Guidelines on Share Purchases and the Directors will be prudent in exercising the Share Purchase Mandate and only to such extent which the Directors believe will be beneficial to the Group and the Shareholders from time to time giving consideration to the prevailing market conditions, the financial position of the Group and other relevant factors. Further, in accordance with the Guidelines on Share Purchases, Share purchases are prohibited after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced. In particular, the Company may not purchase its Shares on the SGX-ST during the period commencing two (2) weeks before the announcement of the Company's quarterly results for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year results, as the case may be, and ending on the date of announcement of the relevant results.

2.5 **Take-over Code Implications Arising from Share Purchases**

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

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert, namely (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, companies of which such companies are associated companies, all with one another, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights. For this purpose, ownership or control of at least twenty (20) per cent., but not more than fifty (50) per cent., of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders of the Company including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty (30) per cent. or more, or if the voting rights of such Directors and their concert parties fall between thirty (30) per cent. and fifty (50) per cent. of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one (1) per cent., in any period of six (6) months. Where the concert party group holds over fifty (50) per cent. of the Company's voting rights, no obligation to make a take-over offer under Rule 14 normally arises from acquisitions by any member of the concert party group.

Based on the Register of Directors of the Company, as at the Latest Practicable Date, the shareholdings of the Directors of the Company before and (assuming (a) the Company purchases the maximum amount of ten (10) per cent. of the total number of issued Shares (excluding any Shares held as treasury shares or which comprise subsidiary holdings), and (b) there is no change in the number of Shares held or deemed to be held by the Directors) after the purchase by the Company of ten (10) per cent. of the total number of issued Shares (excluding any Shares held as treasury shares or which comprise subsidiary holdings) pursuant to the Share Purchase Mandate were/will be as follows:

Name of Director	Before Share Purchase			After Share Purchase		
	Direct Interest %	Deemed Interest %	Total Interest %	Direct Interest %	Deemed Interest %	Total Interest %
Lew Syn Pau	0.12	0.05	0.17	0.13	0.06	0.19
Tay Teng Guan Arthur	–	54.81	54.81	–	60.90	60.90
Ng Teck Sim Colin	–	–	–	–	–	–
Tay Teng Hock	–	–	–	–	–	–
Chan Kum Tao	–	–	–	–	–	–

Based on the above information and at the Latest Practicable Date, as Tay Teng Guan Arthur (together with persons acting in concert with him) has aggregate voting rights of the Company of more than 50%, the increase in his shareholdings and voting rights in the event the Company purchases the maximum amount of ten (10) per cent. of the total number of issued Shares (excluding Shares held as treasury shares or which comprise subsidiary holdings) of the Company under the Share Purchase Mandate, will not result in him and persons acting in concert with him being obligated to make a mandatory offer under Rule 14 of the Take-over Code. None of the Directors (together with persons acting in concert with them) will become obliged to make a take-over offer under Rule 14 and Appendix 2 of the Take-over Code in the event that the Company purchases the maximum amount of ten (10) per cent. of the total number of issued Shares (excluding Shares held as treasury shares or which comprise subsidiary holdings) of the Company under the Share Purchase Mandate.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to thirty (30) per cent. or more, or, if such Shareholder holds between thirty (30) per cent. and fifty (50) per cent. of the Company's voting rights, the voting rights of such Shareholder would increase by more than one (1) per cent. in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Company to purchase or acquire its Shares, unless so required under the Companies Act.

Under Appendix 2 of the Take-over Code, in general, Shareholders will be subject to the provisions of Rule 14 if they acquire voting shares after the Company's share buy-back.

Based on the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date, the shareholdings of the substantial shareholders of the Company before and (assuming (a) the Company purchases the maximum amount of ten (10) per cent. of the total number of issued shares (excluding Shares held as treasury shares or which comprise subsidiary holdings) of the Company, and (b) there is no change in the number of Shares held or deemed to be held by the substantial shareholders) after the purchase by the Company of ten (10) per cent. of the total number of issued Shares (excluding Shares held as treasury shares or which comprise subsidiary holdings) of the Company pursuant to the Share Purchase Mandate were/will be as follows:

Name of substantial shareholder	Before Share Purchase			After Share Purchase		
	Direct Interest %	Deemed Interest %	Total Interest %	Direct Interest %	Deemed Interest %	Total Interest %
SUTL Global Pte. Ltd.	54.81	–	54.81	60.90	–	60.90
Tay Teng Guan Arthur ^(a)	–	54.81	54.81	–	60.90	60.90

Note:-

- (a) The deemed interest of Mr Tay Teng Guan Arthur of 54.81% of the issued shares of the Company arises out of the shares in which SUTL Global Pte. Ltd. has an interest in.

Based on the above information and at the Latest Practicable Date, as SUTL Global Pte. Ltd. (together with persons acting in concert with it, including Tay Teng Guan Arthur) has aggregate voting rights of the Company of more than 50%, the increase in their shareholdings and voting rights in the event the Company purchases the maximum amount of ten (10) per cent. of the total number of issued Shares (excluding Shares held as treasury shares or which comprise subsidiary holdings) of the Company under the Share Purchase Mandate, will not result in them and persons acting in concert with them being obligated to make a mandatory offer under Rule 14 of the Take-over Code. None of the substantial shareholders of the Company would become obliged to make a take-over offer for the Company under Rule 14 and Appendix 2 of the Take-over Code in the event the Company purchases the maximum amount of ten (10) per cent. of the total number of issued Shares (excluding Shares held as treasury shares or which comprise subsidiary holdings) of the Company under the Share Purchase Mandate.

The Directors are also not aware of any Shareholder or group of Shareholders acting in concert who may become obliged to make a mandatory offer in the event that the Directors exercise the Share Purchase Mandate.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or the relevant authorities at the earliest opportunity as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

2.6 Disclosure Requirements For Substantial Shareholders

The disclosure of interests requirements in listed entities by a substantial shareholder are set out in Part VII of the Securities and Futures Act.

Under the Securities and Futures Act, a substantial shareholder in a company is defined as a person who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than five (5) per cent. of the total votes attached to all the voting shares (excluding treasury shares) in the company.

Shareholders should note that a purchase of Shares by the Company may inadvertently cause the percentage shareholding of Shareholders, particularly Shareholders whose current holding of Shares is close to five (5) per cent. to become a substantial shareholder in the Company for the purposes of the Securities and Futures Act.

2.7 Listing Status on SGX-ST

The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares if the purchase of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

Under Rule 723 of the Listing Manual, a company should ensure that at least ten (10) per cent. of a class of its listed securities is at all times held by the public (as defined in the Listing Manual).

As at the Latest Practicable Date, 45.19 per cent. of the issued share capital of the Company is held by the public. The Company is as such of the view that there is currently a sufficient number of Shares in issue held by public Shareholders which would permit the Company to effect a purchase of up to ten (10) per cent. of the total number of issued Shares (excluding Shares held as treasury shares or which comprise subsidiary holdings) of the Company pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. Before deciding to effect a purchase of Shares, the Directors will also ensure that, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

2.8 Shares Purchased in the Previous 12 Months

The Company did not purchase any Shares in the twelve (12) months preceding the Latest Practicable Date.

3. THE PROPOSED RENEWAL OF THE IPT MANDATE FOR RECURRING INTERESTED PERSON TRANSACTIONS

3.1 Background

At the extraordinary general meeting of the Company held on 29 April 2011, approval of the shareholders of the Company (the “**Original IPT Mandate**”) was obtained for, *inter alia*, authorising the ListCo EAR Group (as defined in Section 3.6 of this Addendum) to enter into certain interested person transactions with the SUTL Group (as defined in Section 3.4 of this Addendum), as more particularly set out in Sections 3.5 and 3.9 of this Addendum. At the annual general meeting of the Company held on 26 April 2018 (the “**Previous AGM**”), the Original IPT Mandate was last renewed (the “**Previous IPT Mandate**”).

The Previous IPT Mandate was expressed to take effect until the conclusion of the next annual general meeting of the Company, and was to apply in respect of the interested person transactions entered or to be entered into from the date of the Previous AGM until the next annual general meeting of the Company, unless revoked or varied by the Company in general meeting. Therefore, the Directors are seeking approval from Shareholders for the proposed renewal of the IPT Mandate at the Twenty-Fifth AGM of the Company.

SUTL Global Pte. Ltd. became a controlling shareholder (as defined in the Listing Manual, see Section 3.3 of this Addendum) of the Company on 9 December 2009. As at the Latest Practicable Date, SUTL Global Pte. Ltd. is directly interested in an aggregate of 47,389,942 Shares, representing approximately 54.81% of the issued share capital of the Company. Accordingly, transactions entered into between the ListCo EAR Group and SUTL Group (as defined in Section 3.4 of this Addendum), are considered to be interested person transactions within the meaning of Chapter 9 of the Listing Manual.

The rationale and benefits for, the scope, the review procedures and the classes of interested persons in respect of the IPT Mandate are set out below. The proposed IPT Mandate, if adopted, will be subject to the validity period as set out in Section 3.7.

3.2 Overview of the Group and SUTL Global Pte. Ltd.

(a) Overview of the Group

The Company was incorporated in Singapore on 3 November 1993 and was listed on the main board of the SGX-ST in June 2000. The core business of the Group previously included the marketing and distribution of IT Peripherals, including internal & external hard disk drives, memory chips and PC motherboard. Following the completion of the acquisition of the entire issued and paid-up share capital of SUTL Marina Development Pte. Ltd. and ONE15 Luxury Yachting Pte. Ltd. by the Company on 10 June 2015, and the completion of the disposal of all of the shares of Achieva Technology Pte Ltd held by the Company to SCE Enterprise Pte. Ltd. on 27 January 2016, the Group has diversified into the marina and yacht chartering business as its core business.

(b) Overview of SUTL Group (as defined in Section 3.4 of this Addendum),

SUTL Global Pte. Ltd. was incorporated in Singapore on 2 October 2002. The SUTL Global Pte. Ltd.’s principal activities are those relating to investment holding while the core business of the SUTL Group comprises 2 distinctive segments: (i) consumer goods and travel retail supply; and (ii) leisure and lifestyle products and services. SUTL Group’s business traverses across Asia, including Cambodia, China, Hong Kong, Indian Sub-Continent, Myanmar, Vietnam, Mongolia and Singapore.

3.3 General information on Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, where a listed company or any of its subsidiary or associated companies is an “entity at risk” (as defined below) and proposes to enter into a transaction (as defined below) with the listed company’s “interested persons” (as defined below), an immediate announcement, or an immediate announcement and shareholders’ approval, will be required in respect of the transaction if the value of the transaction is equal to or exceeds the thresholds set out in Chapter 9 of the Listing Manual.

In particular, an immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, three per cent. (3%) of the latest audited consolidated net tangible assets (“NTA”) of the listed company and its subsidiary companies; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to three per cent. (3%) or more of the latest audited consolidated NTA of the listed company and its subsidiary companies. An announcement will also have to be made immediately of the latest transaction and all future transactions entered into with the same interested person during the financial year; and

Shareholders’ approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, five per cent. (5%) of the latest audited consolidated NTA of the listed company and its subsidiary companies; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, five per cent. (5%) of the latest audited consolidated NTA of the listed company and its subsidiary companies. The aggregation will exclude any transaction that has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders.

For the purposes of aggregation, any interested person transaction which is below S\$100,000 is to be excluded.

For illustration purposes, based on the audited consolidated accounts of the Group for FY2018, the audited consolidated NTA of the Group attributable to the shareholders as at 31 December 2018 was about S\$57.3 million. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual in the current financial year, Shareholders’ approval will be required where:

- (a) the transaction is of a value equal to, or more than, S\$2.87 million, being five per cent. (5%) of the latest audited consolidated NTA of the Group; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, S\$2.87 million, being five per cent. (5%) of the latest audited consolidated NTA of the Group.

Chapter 9 of the Listing Manual also provides that a listed company may seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials which may be carried out with the listed company’s interested persons, but not in respect of the purchase or sale of assets, undertakings or businesses.

For the purposes of Chapter 9 of the Listing Manual:

- (a) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (b) an “**associate**” means:
 - (i) in relation to any director, chief executive officer or controlling shareholder (being an individual):
 - (1) his immediate family member (that is, the person’s spouse, child, adopted child, step-child, sibling and parent);

- (2) 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
- (3) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
- (ii) in relation to a controlling shareholder (being a company), its subsidiary or holding company or a subsidiary company of such holding company or a company in which it and/or they taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
- (c) “**control**” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
- (d) a “**controlling shareholder**” in relation to a listed company means a person who:
 - (i) holds directly or indirectly fifteen per cent. (15%) or more of the total voting rights in the company (unless the SGX-ST has determined such a person not to be a controlling shareholder of the company); or
 - (ii) in fact exercises control over the company,

or such other definition as the SGX-ST may from time to time determine;
- (e) an “**entity at risk**” means:
 - (i) the listed company;
 - (ii) a subsidiary company of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (f) an “**interested person**” means:
 - (i) a director, chief executive officer or controlling shareholder of the listed company; or
 - (ii) an associate of such director, chief executive officer or controlling shareholder;
- (g) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (h) a “**transaction**” includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

3.4 Details of interested persons

The IPT Mandate will apply to the interested person transactions which are carried out with the following classes of interested persons:-

- (a) SUTL Global Pte. Ltd.; and
- (b) SUTL Global Pte. Ltd.’s associates (as defined in the Listing Manual, see Section 3.3 of this Addendum),

(together, the “**SUTL Group**”).

SUTL Global Pte. Ltd. is (i) a controlling shareholder of the Company; and (ii) an associate of Mr. Tay Teng Guan Arthur and Mr. Tay Teng Hock (who are the Directors of the Company).

3.5 Rationale for, and benefits of, the proposed IPT Mandate

It is anticipated that the ListCo EAR Group would, in the ordinary course of its business, enter into certain transactions with its interested persons. It is likely that such transactions will occur with some degree of frequency and could arise at any time. The ListCo EAR Group has been engaging in interested person transactions with the SUTL Group from time to time. Such transactions are described in Section 3.8 below.

Owing to the time-sensitive nature of commercial transactions, the obtaining of the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable the ListCo EAR Group or any entities within the ListCo EAR Group, in the ordinary course of their businesses, to enter into the categories of interested person transactions set out in Section 3.8 below with the specified classes of interested persons set out in Section 3.4 above, provided such transactions are made at arm’s length and on the ListCo EAR Group’s normal commercial terms.

The IPT Mandate will give the ListCo EAR Group the flexibility to conduct such recurrent interested person transactions, thereby enhancing the Group’s ability to pursue business opportunities which are time-sensitive in nature.

The obtaining of the IPT Mandate, if approved by the Shareholders, will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek Shareholders’ approval for each separate interested person transactions to be entered into between the ListCo EAR Group and the interested persons of a revenue or trading nature or those necessary for its day-to-day operations. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents), improve administrative efficacy and allow manpower resources and time to be channelled towards attaining other business objectives.

The IPT Mandate is intended to facilitate transactions in the normal course of business of the ListCo EAR Group which are transacted from time to time with the interested persons, provided that they are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3.6 Scope of the IPT Mandate

The IPT Mandate will cover a wide range of transactions arising in the ordinary course of business operations between members of the ListCo EAR Group and the interested persons.

The obtaining of the IPT Mandate pursuant to Chapter 9 will enable:-

- (a) the Company;
- (b) subsidiaries of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange);
- (c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group or the Group and its interested person(s) has or have control;

(together the “**ListCo Entities at Risk Group**” or the “**ListCo EAR Group**”), or any of them, in the ordinary course of their businesses, to enter into the categories of interested person transactions set out in Section 3.8 with the interested persons set out in Section 3.4.

The IPT Mandate will not apply to any interested person transaction which has a value below S\$100,000, as the threshold and aggregation requirements of Chapter 9 do not apply to such transactions.

Interested person transactions which do not come within the ambit of the IPT Mandate (including any renewal thereof) will be subject to applicable provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

3.7 **Validity period of the IPT Mandate**

If approved by Shareholders at the Twenty-Fifth AGM, the IPT Mandate will take effect from the date of receipt of Shareholders' approval at the Twenty-Fifth AGM until the next annual general meeting of the Company, and shall apply in respect of interested person transactions entered or to be entered into from the date of the Twenty-Fifth AGM until the next annual general meeting of the Company, unless revoked or varied by the Company in general meeting. Thereafter, approval from Shareholders for the renewal of the IPT Mandate will continue to be sought at each subsequent annual general meeting of the Company, subject to the satisfactory review by the Audit Committee.

3.8 **Categories of interested person transactions**

The following interested person transactions with the interested persons (as described in Section 3.4 above) which will be covered by the IPT Mandate are those recurrent transactions arising in the ordinary course of business of revenue or trading nature or necessary for day-to-day operations:-

- (a) sale or purchase (including the appointment of distributor and commission agents) of IT peripheral products, components and software and related products (such as data storage devices such as hard disk drives, modems, graphics/sound cards and flat displays) and lifestyle consumer products and related products;
- (b) provision or obtaining of after-sale repair and customer services for IT peripheral products, components and software and related products;
- (c) provision or obtaining of technical and information technology services, computer maintenance services and systems, development, licensing and acquisition of computer software programmes, and other information technology-related equipment, goods and services;
- (d) provision or obtaining of central purchasing and logistics services;
- (e) provision or obtaining of transportation, despatching and conveyance services (including air, sea and land) and freight services;
- (f) leasing or rental of vehicles, equipment, parts, components, repair and maintenance services;
- (g) leasing or licensing of storage facilities and office premises;
- (h) obtaining of property management, property security, building maintenance services and consultancy services;
- (i) provision of utilities including communication, water, electricity supplies and related service;
- (j) provision or obtaining of licence for the use of trade names, trademarks, and/or logos; and
- (k) provision or obtaining of advertising, publicity, marketing, consultancy, management, administrative, financial, auditing or accounting services.

At the time the Original IPT Mandate was obtained, it was contemplated that the SUTL Group may engage in the sale and/or distribution of IT peripheral products, components and software and related products and may procure such products from the ListCo EAR Group. In connection thereto, it was also contemplated that the SUTL Group may also obtain services as set out in Section 3.8(b) and (c) from the ListCo EAR Group and may obtain the licences from the ListCo EAR Group as set out in Section 3.8(j). Conversely, in the event that SUTL Global Pte. Ltd. becomes a distributor of certain IT peripheral products, components and software and related

products, which the ListCo EAR Group would like to sub-distribute or resell, it was contemplated that the ListCo EAR Group may also procure such products and the services set out in Sections 3.8(b) and (c) from the SUTL Group. As described at Section 3.2(a) above, the core business of the Group includes the operation of the ONE°15 Marina Club located at Sentosa Cove and the operation of third party yachts chartering services at the ONE°15 Marina Club.

It is contemplated that the ListCo EAR Group may, in the future, engage in the sale and/or distribution of lifestyle consumer products and related products and may procure such products from SUTL Group. In connection thereto, the ListCo EAR Group may obtain the licences from the SUTL Group as set out in Section 3.8(j).

As the SUTL Group is in the business of distributing products, it is contemplated that the SUTL Group may share and/or provide the services as set out in Section 3.8(d), (e) and (k) to the ListCo EAR Group.

At the time the Original IPT Mandate was obtained, the Company had leased premises from the SUTL Group. It is contemplated that the SUTL Group may provide the services as set out in Section 3.8(f), (g), (h) and (i).

3.9 Procedures and review of the IPT Mandate

To ensure that interested person transactions are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties, and will not be prejudicial to the interests of the Company and its minority Shareholders, the Group has adopted the following procedures for the review and approval of interested person transactions in respect of the IPT Mandate.

(a) Review procedures

(i) Provision of Services or the Sale of Products

- (A)** all contracts entered into or transactions with interested persons are to be carried out at the prevailing market rates or prices of the service or product providers on terms which are no more favourable to the interested person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms. In particular, prior to such sales to an interested person, the terms of at least 2 other contemporaneous sale transactions to the ListCo EAR Group's unrelated third party customers for similar products and/or services will be used as comparison, where possible and practicable, to determine whether the price and terms offered to the interested person are fair and reasonable and comparable to those offered to other unrelated third parties for the same or substantially similar type of products and/or services. In determining whether the price and terms offered to the interested person are fair and reasonable, where applicable, factors such as (but not limited to) delivery schedules, strategic purposes of the transaction, creditworthiness, payment terms and where applicable, preferential rates, rebates or discounts accorded for bulk purchases will be taken into account; and
- (B)** where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold or other reasons, the ListCo EAR Group's pricing for such services to be provided or products to be sold to interested persons is determined in accordance with the ListCo EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the ListCo EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties taking into consideration factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction.

(ii) Obtaining of Services or the Purchasing of Products

All purchases made by the ListCo EAR Group, including purchases from interested persons are governed by internal control procedures which detail matters such as the constitution of internal approving authorities, their monetary jurisdictions, the number of vendors from whom bids are to be obtained and the review procedures. The guiding principle is to objectively obtain the best goods and/or services on the best terms.

- (A) all contracts entered into or transactions with interested persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to contracting or transacting with the interested person, as a basis for comparison to determine whether the price and terms offered by the interested person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the interested persons are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and
- (B) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the ListCo EAR Group (with no interest, direct or indirect in the transaction), will (a) determine whether the price and terms offered by the interested persons are fair and reasonable by using their business experience and taking into account (including but not limited to), where possible and applicable, factors such as, the prices of the closest possible substitute products or services after considering the additional specification or features if any, quality and nature of the products or services, the profit margins that may be generated from the sale or provision of such products or services and the prevailing market conditions; (b) ensure that the terms of supply will, where applicable, be in accordance with, or not more adverse to the ListCo EAR Group than industry norms; and (c) consider whether the terms are in their opinion in the commercial interest of the ListCo EAR Group and not prejudicial to the minority Shareholders.

(iii) Rental of office premises and storage facilities

When renting office premises and storage facilities from or to an interested person, the Audit Committee shall take appropriate steps to ensure that such rent commensurates with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties (in terms of area and location) and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). When it is not possible to obtain or establish the prevailing market rates through the methods described above, the matter will be referred to the Board of Directors and the Board of Directors will determine whether the rental fees to be paid or received are fair and reasonable and consistent with the Group's usual business practices. In the event that a director of the Company is interested in any such transaction, that director will abstain from approving that particular transaction.

(iv) Shared services

For shared services, a fee shall be charged to the interested person based on the time cost charges of the employees involved and an agreed mark up, in accordance with the terms of the agreement. Where the time spent exceeds that set out in the agreement, additional charges would be applicable, based on the actual excess time spent.

(b) Threshold limits and approvals

In addition to the review procedures, the following approval procedures will be implemented to supplement existing internal control procedures for interested person transactions to ensure that such transactions are undertaken on an arm's length basis and on normal commercial terms:-

(i) Category 1 transaction

A Category 1 transaction is one where the interested person transaction is equal to or exceeding S\$2.0 million in value. Such transaction must be reviewed and approved by the Audit Committee prior to being contracted.

(ii) Category 2 transaction

A Category 2 transaction is one where the interested person transaction is equal to or exceeding S\$100,000 but less than S\$2.0 million. Such transaction does not require the prior approval of the Audit Committee but shall be reviewed on a quarterly basis by the Audit Committee.

The threshold limits set out above are adopted by the Company taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the transactions as well as the Company's day-to-day operations, administration and businesses. The threshold limits are arrived at as a result of the balancing exercise after considering the operational efficiency for the day-to-day business operations of the ListCo EAR Group and the internal control for interested person transactions. The threshold limits act as an additional safeguard to supplement the review procedures which will be implemented by the Company for interested person transactions.

All interested person transactions entered into pursuant to the IPT Mandate shall be tabled to the Audit Committee for information on a quarterly basis. Individual transactions of a value less than S\$100,000 do not require review and approval and will not be taken into account in the aggregation. If any person has an interest in a transaction falling within a category of transactions to be reviewed or approved by him, he will abstain from any decision making in respect of that transaction.

(c) General review procedures

In addition to the review procedures and threshold limits set out in Sections 3.9(a) and 3.9(b) above, the following procedures will also be implemented:

- (i) the Company will maintain a register of interested person transactions carried out pursuant to the IPT Mandate (recording the basis, including quotations and/or offers obtained, if any, where applicable to support such basis, on which they are entered into);
- (ii) the annual internal audit plan shall incorporate a review of all interested person transactions entered into pursuant to the IPT Mandate including a report to be submitted to the Audit Committee for its review;
- (iii) the Audit Committee may, as it deems fit, request for additional information pertaining to the interested person transaction under review from independent sources or advisers;
- (iv) further to the above, where any Director has an interest (direct or indirect) in any interested person transaction, such Director (or, his alternate, where appropriate) and his associates shall abstain from voting on the matter. Where any member of the Audit Committee has an interest in any interested person transaction, that member shall abstain from participating in the review and approval process in relation to that transaction;

- (v) the Audit Committee will carry out periodic reviews (not fewer than twice a year) to ascertain that the established review procedures as set out above in respect of the IPT Mandate have been complied with, and whether the review procedures remain appropriate and continue to be able to ensure that the transactions will be carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders;
- (vi) the Company will report all interested person transactions to the Audit Committee. The Audit Committee will review and ratify all interested person transactions on a quarterly basis. In the event of ambiguity as to whether a transaction or transactions would fall within the IPT Mandate, the Company will consult the Audit Committee prior to entering into such transactions; and
- (vii) if a member of the Audit Committee has an interest in an interested person transaction to be reviewed by the Audit Committee, he will abstain from making any recommendation and any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

3.10 Disclosure in the annual report

If the IPT Mandate is approved by the Shareholders at the Twenty-Fifth AGM, in accordance with Chapter 9 of the Listing Manual, the Company will disclose the IPT Mandate and the aggregate value of the interested person transactions conducted with the SUTL Group, in the annual report of the Company for the current financial year, and in the annual reports for subsequent financial years during which the IPT Mandate is in force.

In addition, the Company will announce the aggregate value of the interested person transactions conducted pursuant to the IPT Mandate for each relevant financial period which it is required to report on pursuant to the Listing Manual within the time required for the announcement of such report. These disclosures will be made in the form required under Chapter 9 of the Listing Manual.

3.11 Statement from the Audit Committee

The Audit Committee having considered, *inter alia*, the review procedures for the interested person transactions and the reviews to be made periodically by the Audit Committee in relation thereto, has confirmed that the methods or review procedures set out in Section 3.9 above for determining transaction prices in respect of the interested person transactions have not changed since the Previous AGM. It is of the view that the current methods or review procedure are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If the Audit Committee is of the view that the established guidelines, method, procedures and/or review procedures in Section 3.9 become inappropriate or insufficient to ensure that the interested person transactions are carried out on normal commercial terms and may be prejudicial to the Company and its minority Shareholders, the Company will obtain a fresh mandate from Shareholders based on new methods or procedures for interested person transactions. In the meantime, all interested person transactions are to be approved by the Audit Committee.

As such, an independent financial adviser's opinion is not required for the renewal of the IPT Mandate under Rule 920(1)(c) of the Listing Manual.

4. THE PROPOSED GRANT OF OPTIONS TO MR TAY TENG GUAN ARTHUR, A CONTROLLING SHAREHOLDER AND MR TAY TENG HOCK, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER

4.1 Adoption of the Option Scheme

At the extraordinary general meeting of the Company held on 29 April 2011, approval of the Shareholders of the Company was obtained for, *inter alia*, the adoption of the Option Scheme. The detailed rules ("Rules") of the Option Scheme are set out in the circular of the Company dated 4 April 2011 ("ESOS Circular").

Pursuant to the Rules:

“Associate” means (a) In relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means:

- (i) his Immediate Family;
- (ii) the trustee 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; and

(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;

“Committee” means the committee comprising all the members of the Remuneration Committee of the Company from time to time, and duly authorised and appointed by the Board pursuant to Rule 16 of the Option Scheme to administer the Option Scheme;

“Controlling Shareholder” means a person who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares) in the Company (unless the SGX-ST determines otherwise); or (b) a person who in fact exercises control over the Company, as defined under the Listing Manual;

“Date of Grant” means in relation to an Option, the date on which the option is granted to a Participant pursuant to the Rules;

“Director” means a person holding office as a director for the time being of the Company;

“Executive Director” means a Director of the Company who performs an executive function within the Company;

“Executive Employee” means a confirmed employee of a Group Company fulfilling an executive role (including any Executive Director) selected by the Committee to participate in the Option Scheme, in accordance with Rule 4;

“Exercise Period” means the period during which an Option is exercisable in accordance with the Rules;

“Exercise Price” means the price at which an Option Holder shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 9, as adjusted in accordance with Rule 10;

“Group” means the Company and its Subsidiaries;

“Group Company” means a company within the Group;

“Group Executive Director” means a Director of a Group Company who performs an executive function;

“Group Non-Executive Director” means a Director of a Group Company who does not perform an executive function, including an independent director;

“Immediate Family” means a person’s spouse, child, adopted child, step-child, sibling and parent, or such other definition as the SGX-ST may from time to time require;

“Listing Manual” means the Listing Manual of the SGX-ST, as amended or modified from time to time;

“Market Day” means a day on which the SGX-ST is open for trading in securities;

“Market Price” means the average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Date of Grant, provided always that in the case of a Market Day on which the Shares of the Company were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices;

“New Shares” means the new Shares which may be allotted and issued from time to time pursuant to the exercise of the Option(s);

“Option” means the right to subscribe for Shares granted or to be granted to an Executive Employee or Group Non-Executive Director pursuant to the Option Scheme and for the time being subsisting;

“Option Holder” means the holder of an Option;

“Participant” means any Executive Employee or Group Non-Executive Director of a Group Company selected by the Committee to participate in the Option Scheme in accordance with Rule 4;

“Record Date” means the date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions;

“Subsidiary” means a company which is for the time being a subsidiary of the Company as defined by Section 5 of the Companies Act; and

“Treasury Shares” Has the meaning ascribed to it in Section 4 of the Companies Act.

4.2 Summary of the Option Scheme

(a) Eligibility

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

- (i) confirmed Executive Employees (including Group Executive Directors);
- (ii) employees who qualify under sub-paragraph (a)(i) above and are seconded to a Subsidiary; and
- (iii) Group Non-Executive Directors (including Independent Directors),

provided that, as at the Date of Grant, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into any composition(s) with their respective creditors.

(b) Entitlements

Subject to Rule 4 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Participant for subscription in accordance with the Option Scheme shall be determined at the discretion of the Committee who shall take into account, where applicable, criteria such as rank, past performance, years of service and potential contribution of the Participant to the Group as well as the limit imposed by Rule 6. In respect of Options to be granted to Controlling Shareholders and their Associates and the terms and conditions attached to such Options, all members of the Board who are not Controlling Shareholders or Associates of Controlling Shareholders (and not just members of the Committee) will be involved in deliberation.

(c) Size of the Option Scheme

The aggregate number of Shares (comprising New Shares issued and issuable in respect of the Option(s) granted under the Option Scheme and/or Treasury Shares delivered in respect of the Option(s)) over which the Committee may offer to grant Option(s) on any date, when added to:

- (i) the aggregate number of new Shares issued and issuable in respect of all other share-based incentive schemes of the Company (if any); and
- (ii) the number of Treasury Shares delivered in respect of the options granted under all other share-based incentive schemes of the Company (if any),

shall not exceed 15% of the total issued Shares (excluding Treasury Shares) of the Company on the date immediately preceding the Date of Grant.

The aggregate number of Shares over which the Committee may offer to grant Options to the Controlling Shareholders and their Associates under the Option Scheme, shall not exceed 25% of the Shares available under the Option Scheme, provided always that the number of Shares available to each Controlling Shareholder or each of his Associates shall not exceed 10% of the Shares available under the Option Scheme.

(d) Date of Grant

The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Participants as it may select in its absolute discretion at any time during the period when the Option Scheme is in force, except that no offer to grant Options shall be made during the period of one (1) month immediately preceding the date of announcement of the Company's full-year results and two (2) weeks before the announcement of the results of the Company for each of the first, second and third quarters of its FY (as the case may be).

In addition, in the event that an announcement of any matter of an exceptional nature involving unpublished price sensitive information is made, the Committee may offer to grant Options on or after the second Market Day on which such announcement has been released.

(e) Exercise Price

Subject to any adjustment pursuant to Rule 10 of the Option Scheme, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, on the Date of Grant, at:

- (i) a price equal to the Market Price; or
- (ii) a price which is set at a discount to the Market Price, provided that:
 - (a) the maximum discount shall not exceed 20.0 per cent (20%) of the Market Price (or such other percentage or amount as may be determined by the Committee and permitted by the SGX-ST); and

- (b) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Option Scheme at a discount not exceeding the maximum discount as aforesaid.

In the event that SGX-ST prescribes or permits a higher percentage of discount, the Company will seek Shareholders' approval for the increase in discount at a general meeting.

(f) Exercise Period

Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by an Option Holder after the first anniversary of the Date of Grant of that Option, provided always that the Options (other than Options granted to Group Non-Executive Directors) shall be exercised before the tenth (10th) anniversary of the relevant Date of Grant and Options granted to Group Non-Executive Directors before the fifth (5th) anniversary of the relevant Date of Grant or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and an Option Holder shall have no claim against the Company.

Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by an Option Holder after the second anniversary from the Date of Grant of that Option, provided always that the Options (other than Options granted to Group Non-Executive Directors) shall be exercised before the tenth (10th) anniversary of the relevant Date of Grant and Options granted to Group Non-Executive Directors before the fifth (5th) anniversary of the relevant Date of Grant, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and an Option Holder shall have no claim against the Company.

An Option shall, to the extent unexercised, immediately lapse and become null and void and the Option Holder shall have no claim against the Company:

- (i) subject to Rules 11.3, 11.4, 11.5 and 11.6 of the Option Scheme, upon the Option Holder ceasing to be an employee or a Director of the Company or any of the companies with the Group (as the case may be) for any reason whatsoever;
- (ii) upon the bankruptcy of the Option Holder or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or
- (iii) in the event of misconduct on the part of the Option Holder, as determined by the Committee in its absolute discretion.

If an Option Holder ceases to be employed by a Group Company or a Group Non-Executive Director ceases to be a Director of a Group Company by reason of his ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee, redundancy, retirement at or after a normal retirement age or retirement before that age with the consent of the Committee, or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee exercise any unexercised Options within the relevant period during which an Option is exercisable in accordance with the Rules ("**Exercise Period**") and upon the expiry of such period, the Options remaining unexercised shall immediately lapse and become null and void.

If an Option Holder dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Option Holder within the relevant Exercise Period and upon the expiry of such period, the Options remaining unexercised shall immediately lapse and become null and void.

(g) Administration of the Option Scheme

The Option Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.

A Director who is a member of the Committee shall not be involved in the deliberation in respect of Option(s) to be granted to him.

(h) Voting, dividends and other right

Shares allotted and issued or Treasury Shares which are transferred, upon the exercise of an Option shall be subject to all provisions of the constitution and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights (including voting rights), allotments or other distributions, the Record Date for which falls prior to the date of issue or transfer (as the case may be) of the said Shares.

4.3 Participation by Mr Tay Teng Guan Arthur, a Controlling Shareholder, and Mr Tay Teng Hock, an Associate of a Controlling Shareholder, in the Option Scheme

At the extraordinary general meeting of the Company held on 29 April 2011, approval of the Shareholders of the Company was obtained for, *inter alia*, the participation of Mr Tay Teng Guan Arthur as a Controlling Shareholder of the Company, and Mr Tay Teng Hock as an Associate of a Controlling Shareholder of the Company, in the Option Scheme.

Mr Tay Teng Guan Arthur is considered a Controlling Shareholder of the Company. He holds approximately 50.62% in the total issued shares of SUTL Global Pte. Ltd.. SUTL Global Pte. Ltd. is a Controlling Shareholder of the Company as it is directly interested in an aggregate of 47,389,942 Shares, representing approximately 54.81% of the total number of Shares issued by the Company.

Mr Tay Teng Hock is a sibling of Mr Tay Teng Guan Arthur, and is therefore considered to be an Associate of Mr Tay Teng Guan Arthur.

(a) Rationale for participation of Controlling Shareholders and their Associates in the Option Scheme

As stated in the ESOS Circular, the key objective of the Option Scheme is to motivate key Executive Employees and Group Non-Executive Directors to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that the Option Scheme may be effective in motivating Executive Employees and Group Non-Executive Directors to put in their best efforts whilst at the same time allowing the Company to offer attractive incentives and remuneration packages.

To this end, Executive Employees and Group Non-Executive Directors who are Controlling Shareholders and their Associates shall be treated equally as these Controlling Shareholders and their Associates are important to the development and success of the Group. As such, regardless of whether they are Controlling Shareholders or Associates of Controlling Shareholders, the Company's view is that all deserving and eligible Executive Employees and Group Non-Executive Directors should be similarly entitled to take part and benefit from the Company's fair and equitable system of remuneration.

Although the Controlling Shareholders and their Associates may already have shareholding interests in the Company, the extension of the Option Scheme to include them ensures that they are similarly entitled, with the other eligible Executive Employees and Group Non-Executive Directors of the Group who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. The Directors are of the view that the Company should have a fair and equitable system to reward the eligible Executive Employees and Group Non-Executive Directors who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or their Associates.

The terms of the Option Scheme do not differentiate between the Controlling Shareholders and their Associates from other Executive Employees and Group Non-Executive Directors in determining the eligibility of such persons to be granted Options. They should not unduly favour Controlling Shareholders and their Associates. Likewise, Controlling Shareholders and their Associates should not be excluded from participating in the Option Scheme solely for the reason that they are Controlling Shareholders or Associates of Controlling Shareholders. In addition, to deny participation by the Controlling Shareholders and their Associates may serve to de-motivate them and undermine the objectives of the Option Scheme.

(b) Safeguards

As a safeguard against abuse, all members of the Board who are not Controlling Shareholders or Associates of Controlling Shareholders (and not just members of the Committee) will be involved in deliberations in respect of Options to be granted to Controlling Shareholders and their Associates and the terms and conditions attached to such Option(s). The limits on the aggregate number of Shares comprised in Options that may be granted to Controlling Shareholders and/or their Associates are set out in Section 4.2(c) of this Addendum.

Specific approval of the independent Shareholders is required for the grant of Option(s) to Controlling Shareholders and their Associates as well as the actual number of and terms of such Options. In seeking such independent Shareholders' approval, clear justification as to their participation, the number of Options and the terms of Options to be granted to the Controlling Shareholders and their Associates will need to be provided.

The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of Controlling Shareholders and their Associates in the Option Scheme.

4.4 Limits on grant of Option(s) to Controlling Shareholders and their Associates

Details on the size of the Option Scheme and the limits of the aggregate number of Shares over which the Committee may offer to grant Options to the Controlling Shareholders and their Associates under the Option Scheme are set out at Section 4.2(c) above.

As at the Latest Practicable Date, the total number of issued Shares of the Company is 86,460,602 Shares. As at the Latest Practicable Date, the Company had no treasury shares.

As at the Latest Practicable Date, the aggregate number of Shares over which the Committee may offer to grant Option(s) under the Option Scheme and all other share-based incentive schemes of the Company shall not exceed 12,969,090 Shares, which represent 15% of the total number of issued Shares of the Company (excluding Treasury Shares).

As at the Latest Practicable Date, the aggregate number of Shares issued or issuable under all share-based incentive schemes of the Company, including the Option Scheme, is 2,979,600 Shares.

As at the Latest Practicable Date, the aggregate number of Shares available for which Options may be granted under the Option Scheme is 9,989,490 Shares.

4.5 The Proposed Grant of Options to Mr Tay Teng Guan Arthur, a Controlling Shareholder of the Company

It is proposed that Shareholders' approval be sought at the Twenty-Fifth AGM for Options to be granted to Mr Tay Teng Guan Arthur under the Option Scheme in respect of 250,000 Shares.

(a) Rationale for the grant of Options to Mr Tay Teng Guan Arthur under the Option Scheme

As the Chief Executive Officer and Executive Director, Mr Tay Teng Guan Arthur is in charge of overseeing the operation of the business and development of the Group. Mr Tay Teng Guan Arthur has been the Chief Executive Officer of the Company since 1 May 2010.

The Directors are of the view that the experience and contribution of Mr Tay Teng Guan Arthur, are invaluable to the growth of the Group and its continued success. Participation in the Option Scheme will serve as a means to motivate Mr Tay Teng Guan Arthur to continue to achieve and maintain a high level of performance, which is vital to the success of the Group, as well as enhance his long-term commitment to the Group. As the Option Scheme serves to recognise past contributions as well as to encourage future contributions, the Directors consider it important for Mr Tay Teng Guan Arthur to be allowed to participate in the Option Scheme by the grant of an Option to subscribe for 250,000 Shares at the Market Price.

(b) Terms of grant of Options to Mr Tay Teng Guan Arthur

The main terms of the proposed grant of the Option(s) to Mr Tay Teng Guan Arthur are as follows:

- (a) Date of Grant: Any time within three (3) months from the date of the Twenty-Fifth AGM;
- (b) Number of Shares: 250,000 Shares (comprising approximately 0.29% of the total number of issued Shares and approximately 2.50% of the aggregate number of Shares available under the Option Scheme as at the Latest Practicable Date);
- (c) Exercise Price per Share: Market Price (To give an indication, the Market Price of the Shares on the Latest Practicable Date is S\$0.60);
- (d) Vesting Period: Fifty per cent. (50%) of the Shares comprised in the Options will vest on the first anniversary of the Date of Grant, and the balance of the Shares comprised in the Options will vest on the second anniversary of the Date of Grant; and
- (e) Exercise Period: The Options in respect of: (i) Fifty per cent. (50%) of the Shares comprised in the Options will be exercisable after the first anniversary of the Date of Grant; and (ii) the balance of the Shares comprised in the Options will be exercisable after the second anniversary of the Date of Grant, provided always that the Options shall be exercised before the tenth (10th) anniversary of the Date of Grant.

(c) Limits on grant of Option(s) to Controlling Shareholder(s)

As at the Latest Practicable Date, no Options have been previously granted to Mr Tay Teng Guan Arthur under the Option Scheme. Assuming that the proposed grant of Option(s) under the Option Scheme to Mr Tay Teng Guan Arthur in respect of 250,000 Shares is approved, these Shares would represent approximately 2.50% of the aggregate number of Shares available under the Option Scheme as at the Latest Practicable Date, which is within the 10% limit prescribed under the Rule 845(3) of the Listing Manual.

Details on the size of the Shares comprised in the Options proposed to be granted to Mr Tay Teng Hock are set out in Section 4.6(c) below. Assuming that the proposed grant of Option(s) under the Option Scheme to Mr Tay Teng Guan Arthur in respect of 250,000 Shares and Mr Tay Teng Hock in respect of 100,000 Shares respectively are approved, these Shares would represent an aggregate of approximately 3.50% of the aggregate number of Shares available under the Option Scheme as at the Latest Practicable Date, which is within the 25% limit prescribed under the Rule 845(2) of the Listing Manual.

The grant of the Option(s) to Mr Tay Teng Guan Arthur is therefore within the limits of the Option Scheme and in compliance of Rules 845(2) and 845(3) of the Listing Manual.

4.6 **The Proposed Grant of Options to Mr Tay Teng Hock, an Associate of a Controlling Shareholder**

It is proposed that Shareholders' approval be sought at the Twenty-Fifth AGM for Options to be granted to Mr Tay Teng Hock under the Option Scheme in respect of 100,000 Shares.

(a) Rationale for the grant of Options to Mr Tay Teng Hock under the Option Scheme

As a non-executive Director, although Mr Tay Teng Hock is not involved in the day-to-day running of the Group, he shares his experience and insights and advises on the business of the Group.

The grant of the Option to Mr Tay Teng Hock would serve as an apt means of recognising and acknowledging his contributions to the Group. As the Option Scheme serves to recognise past contributions as well as to encourage future contributions, the Directors consider it is important that Mr Tay Teng Hock be allowed to participate in the Option Scheme by the grant of an Option to subscribe for 100,000 Shares at the Market Price.

(b) Terms of grant of Options to Mr Tay Teng Hock

The main terms of the proposed grant of the Option(s) to Mr Tay Teng Hock are as follows:

- (a) Date of Grant: Any time within three (3) months from the date of the Twenty-Fifth AGM;
- (b) Number of Shares: 100,000 Shares (comprising approximately 0.12% of the total number of issued Shares and approximately 1.00% of the aggregate number of Shares available under the Option Scheme as at the Latest Practicable Date);
- (c) Exercise Price per Share: Market Price (To give an indication, the Market Price of the Shares on the Latest Practicable Date is S\$0.60);
- (d) Vesting Period: Fifty per cent. (50%) of the Shares comprised in the Options will vest on the first anniversary of the Date of Grant, and the balance of the Shares comprised in the Options will vest on the second anniversary of the Date of Grant; and
- (e) Exercise Period: The Options in respect of: (i) Fifty per cent. (50%) of the Shares comprised in the Options will be exercisable after the first anniversary of the Date of Grant; and (ii) the balance of the Shares comprised in the Options will be exercisable after the second anniversary of the Date of Grant, provided always that the Options shall be exercised before the fifth (5th) anniversary of the Date of Grant.

(c) Limits on grant of Option(s) to Associate(s) of Controlling Shareholder(s)

As at the Latest Practicable Date, no Options have been previously granted to Mr Tay Teng Hock under the Option Scheme. Assuming that the proposed grant of Option(s) under the Option Scheme to Mr Tay Teng Hock in respect of 100,000 Shares is approved, these Shares would represent approximately 1.00% of the aggregate number of Shares available under the Option Scheme as at the Latest Practicable Date, which is within the 10% limit prescribed under the Rule 845(3) of the Listing Manual.

Details on the size of the Shares comprised in the Options proposed to be granted to Mr Tay Teng Guan Arthur are set out in Section 4.5(c) above. Assuming that the proposed grant of Option(s) under the Option Scheme to Mr Tay Teng Guan Arthur in respect of 250,000 Shares and Mr Tay Teng Hock in respect of 100,000 Shares respectively are approved, these Shares would represent an aggregate of approximately 3.50% of the aggregate number of Shares available under the Option Scheme as at the Latest Practicable Date, which is within the 25% limit prescribed under the Rule 845(2) of the Listing Manual.

The grant of the Option(s) to Mr Tay Teng Hock is therefore within the limits of the Option Scheme and in compliance of Rules 845(2) and 845(3) of the Listing Manual.

4.7 Take-over Code Implications

As at the Latest Practicable Date, Mr Tay Teng Guan Arthur has no direct interest in Shares of the Company and has a deemed interest in 47,389,942 Shares, representing approximately 54.81% of the Company's total number of issued Shares. The details of Mr Tay Teng Guan Arthur's deemed interest in the Shares of the Company are set out in Section 4.3 above.

As at the Latest Practicable Date, Mr Tay Teng Hock has no direct or deemed interest in Shares of the Company.

Should the proposed grant of Options in respect of 250,000 Shares be exercised in full by Mr Tay Teng Guan Arthur subsequent thereto, and assuming there are no other changes to Mr Tay Teng Guan Arthur's shareholding interests, Mr Tay Teng Guan Arthur's direct interest in Shares of the Company will increase from nil Shares to 250,000 Shares, representing 0.29% of the total number of issued Shares of the Company, and there will be no change to the number of Shares he is deemed interested in.

Should the proposed grant of Options in respect of 100,000 Shares be exercised in full by Mr Tay Teng Hock subsequent thereto, and assuming there are no other changes to Mr Tay Teng Hock's shareholding interests, Mr Tay Teng Hock's direct interest in Shares of the Company will increase from nil Shares to 100,000 Shares, representing 0.12% of the total number of issued Shares of the Company, and he will remain as having no deemed interest in Shares of the Company.

Please refer to Section 2.5 above for the shareholding interests of Mr Tay Teng Guan Arthur and Mr Tay Teng Hock as at the Latest Practicable Date. At the Latest Practicable Date, as Mr Tay Teng Guan Arthur and Mr Tay Teng Hock (together with persons acting in concert with them) have aggregate voting rights of the Company of more than 50%, the increase in their shareholdings and voting rights arising from the exercise of the Options in respect of 250,000 Shares granted to Mr Tay Teng Guan Arthur and the Options in respect of 100,000 Shares granted to Mr Tay Teng Hock will not result in them and persons acting in concert with them being obligated to make a mandatory offer under Rule 14 of the Take-over Code.

5. FINANCIAL EFFECTS OF THE OPTION SCHEME

Details of the costs to the Company of granting Options under the Option Scheme and the allotment and issue of the New Shares would be as follows:

5.1 Share Capital

The Option Scheme will result in an increase in the number of issued Shares of the Company to the extent that New Shares are allotted and issued upon the exercise of the Options. This number of New Shares issued will in turn depend on, *inter alia*, the number of Shares comprised in the Options granted, the number of Options that are vested, the prevailing Market Price of the Shares on the SGX-ST, and whether the Company chooses to deliver Treasury Shares to holders of Options in lieu of New Shares. As such, there would be no impact on the number of issued Shares of the Company if the relevant Options are not exercised or if Treasury Shares are delivered to Option Holders in lieu of New Shares.

5.2 Earnings Per Share ("EPS")

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

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

5.3 Net tangible assets of the Group (“NTA”)

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

5.4 Potential Cost of Options

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

- (a) the exercise of an Option at the Exercise Price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the prevailing market price of the Shares. Such reduction of the exercise proceeds would represent the monetary cost to the Company; and
- (b) the grant of Options under the Option Scheme will have an impact on the Company’s reported profit under Financial Reporting Standard as share-based payment requires the recognition of an expense in respect of Options granted under the Scheme. The expense will be based on the fair value of the Options at the Date of Grant (as determined by an option pricing model) and will be recognised over the vesting period.

It should be noted that the financial effects discussed in Section 5.4(a) above will materialise only upon the exercise of the relevant Options. The cost of granting Options discussed in Section 5.4(b) above will be recognised in the financial statements even if the Options are not exercised.

6. APPROVALS AND RESOLUTIONS

Shareholders’ approval for the proposed renewal of the Share Purchase Mandate, the IPT Mandate, and the proposed grant of Options to Mr Tay Teng Guan Arthur, a Controlling Shareholder, and Mr Tay Teng Hock, an Associate of a Controlling Shareholder, is sought at the Twenty-Fifth AGM, and the Resolutions relating to these matters are contained in the Notice of the Twenty-Fifth AGM as Resolutions 9, 10, 11 and 12 respectively.

7. DIRECTORS’ RECOMMENDATION

- 7.1 Save as provided below, having considered the rationale for and benefits of the proposed renewal of the Share Purchase Mandate and IPT Mandate, the Directors are of the opinion that the renewals are in the best interests of the Company. Accordingly, save as provided below, the Directors recommend that Shareholders vote in favour of the Resolutions 9 and 10 in the Notice of the Twenty-Fifth AGM.
- 7.2 Mr Tay Teng Guan Arthur and Mr Tay Teng Hock are directors and shareholders of SUTL Global Pte. Ltd. and are directors of SUTL Corporation Pte. Ltd. (which is a wholly-owned subsidiary of SUTL Global Pte. Ltd.), and are therefore interested in the IPT Mandate. Mr Tay Teng Guan Arthur and Mr Tay Teng Hock have accordingly abstained from making any recommendations on Resolution 10 relating to the IPT Mandate. Mr Chan Kum Tao is the Chief Financial Officer of the SUTL Group of Companies and a non-executive director who is a member of the Audit Committee and the Remuneration Committee. Although Mr Chan Kum Tao is not an “interested person” with respect to the interested person transactions covered by the IPT mandate, nevertheless, for good governance, Mr Chan Kum Tao has abstained from making any recommendations on Resolution 10 relating to the IPT Mandate.

7.3 The Directors are all eligible to participate in, and are therefore interested in the Option Scheme. They have, accordingly, abstained from making any recommendations in favour of Resolutions 11 and 12 in relation to the proposed grant of Options to Mr Tay Teng Guan Arthur, a Controlling Shareholder, and Mr Tay Teng Hock, an Associate of a Controlling Shareholder. Each Director shall also decline to accept appointment as proxy for Shareholders to vote in respect of each of Resolutions 11 and 12 in relation to the proposed grant of Options to Mr Tay Teng Guan Arthur, a Controlling Shareholder, and Mr Tay Teng Hock, an Associate of a Controlling Shareholder, unless the Shareholder concerned has given specific instructions in the relevant proxy forms on the manner in which his votes are to be cast in respect of the Resolutions set out in the Notice of Twenty-Fifth AGM.

8. ABSTENTION FROM VOTING

(a) IPT Mandate

Mr Tay Teng Guan Arthur, Mr Tay Teng Hock and Mr Chan Kum Tao and any of their associates (including SUTL Global Pte. Ltd.) shall not vote on Resolution 10, nor accept appointments as proxies for any Shareholder to vote in respect of each of the said Resolution 10, unless specific instructions as to voting are given. The Company will disregard any votes cast by the abovementioned Directors in respect of Resolution 10 relating to the IPT Mandate.

(b) Proposed grant of Options

Shareholders who are eligible to participate in the Option Scheme shall abstain from voting at the Twenty-Fifth AGM in respect of Resolutions 11 and 12 relating to the Option Scheme set out in the Notice of Twenty-Fifth AGM. They shall also decline to accept appointment as proxy for Shareholders to vote on Resolutions 11 and 12 set out in the Notice of Twenty-Fifth AGM unless the Shareholder concerned has given specific instructions in the relevant proxy forms on the manner in which his votes are to be cast in respect of the Resolutions 11 and 12 set out in the Notice of Twenty-Fifth AGM.

The Controlling Shareholder, Mr Tay Teng Guan Arthur, and his Associate, Mr Tay Teng Hock, who are proposed to receive Option(s) under the Option Scheme, and their associates (including SUTL Global Pte. Ltd.), will abstain from voting at the Twenty-Fifth AGM in respect of Resolutions 11 and 12 relating to the proposed grant of Options to Mr Tay Teng Guan Arthur and Mr Tay Teng Hock.

The Directors are all eligible to participate in, and are therefore interested in the Option Scheme. As such, the Directors shall also abstain from voting at the Twenty-Fifth AGM in respect of the Resolutions 11 and 12 relating to the proposed grant of Options to Mr Tay Teng Guan Arthur and Mr Tay Teng Hock.

The Company will disregard any votes cast by the abovementioned Shareholders and Directors in respect of the Resolutions 11 and 12 relating to the proposed grant of Options to Mr Tay Teng Guan Arthur and Mr Tay Teng Hock.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate and the IPT Mandate, the proposed grant of Options to Mr Tay Teng Guan Arthur and Mr Tay Teng Hock, and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Addendum in its proper form and context.

10. DOCUMENTS FOR INSPECTION

The Constitution of the Company and the ESOS Circular may be inspected at the registered office at #05-00 SUTL House, 100J Pasir Panjang Road, Singapore 118525 during normal business hours from the date of this Addendum to the date of the Twenty-Fifth AGM.

Yours faithfully,
for and on behalf of the Board of Directors of
SUTL ENTERPRISE LIMITED

Tay Teng Guan Arthur
Executive Director

APPENDIX A

GUIDELINES ON SHARE PURCHASES

1. SHAREHOLDERS' APPROVAL

- 1.1 Purchases of Shares by the Company must be approved in advance by the Shareholders in a general meeting of the Company, by way of a general mandate.
- 1.2 The Share Purchase Mandate authorising the purchase of Shares by the Company will expire on the earlier of:
 - (a) the date on which the next annual general meeting (the “**AGM**”) of the Company is held;
 - (b) the date on which the next AGM of the Company is required by law to be held; or
 - (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting.
- 1.3 The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed at each AGM or other general meeting of the Company. The Directors may delegate all or part of such authority (including the determination of the purchase price to be paid per Share) upon such terms and conditions as they may at their absolute discretion think fit, but at all times in accordance with the Constitution of the Company.
- 1.4 The number of Shares which can be purchased pursuant to the proposed Share Purchase Mandate is such number of Shares which represents up to a maximum of ten (10) per cent. of the total number of issued Shares (excluding any Shares held as treasury shares or which comprise subsidiary holdings) as at the date on which the resolution authorising the same is passed, unless the Company has effected a reduction of the share capital of the Company in which event the number of issued ordinary shares of the Company shall be taken to be the number of the issued ordinary shares of the Company as altered (excluding any Shares held as treasury shares or which comprise subsidiary holdings).
- 1.5 Purchases of Shares can be effected by the Company only in either one of the following two ways or both:-
 - (a) by way of Market Purchases. Market Purchases means purchase of Shares transacted through the SGX-ST trading system; or
 - (b) by way of Off-Market Purchases. The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Constitution of the Company and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an Off-Market Purchase scheme or schemes. The Off-Market Purchase scheme must, however, satisfy all the following conditions:
 - (i) the offers for the purchase or acquisition of Shares under the scheme shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
 - (ii) all of those persons shall be given a reasonable opportunity to accept the offer made to them; and
 - (iii) the terms of all the offers are the same (except that there shall be disregarded differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements and different amounts remaining unpaid, and differences in the offers introduced solely to ensure that each person is left with a whole number of Shares).

2. FUNDING OF SHARE PURCHASES

- 2.1 In purchasing Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore.
- 2.2 The Company may not purchase its Shares for a consideration other than cash or, in the case of Market Purchases, for settlement otherwise than in accordance with the trading rules of the SGX-ST.
- 2.3 The Company may purchase or acquire its Shares out of the Company's capital or distributable profits so long as the Company is solvent. This means that there must be no ground on which the Company could be found to be unable to pay its debts and the Company must be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately after purchasing its Shares. In addition, the value of the Company's assets must not be less than the value of its liabilities (including contingent liabilities) at the time of the purchase of Shares and will not after the proposed purchase of Shares become less than the value of its liabilities (including contingent liabilities).
- 2.4 The Directors shall not exercise the Share Purchase Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Group or the gearing levels which are from time to time, in the opinion of the Directors, appropriate for the Group.

3. TRADING RESTRICTIONS

- 3.1 The Company will not effect a Share purchase such that the continuing shareholding spread requirement prescribed by the Listing Manual of the SGX-ST which are in force at the time of the intended Share purchase cannot be maintained after the purchase.
- 3.2 The Directors will use their best efforts to ensure that any Share purchases will not affect the listing of the Shares on the SGX-ST.

4. OFF-MARKET PURCHASE SCHEME

For purchases of Shares to be made by way of an Off-Market Purchase scheme, the Company shall issue an offer document to all Shareholders. The offer document shall contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share purchase;
- (d) the consequences, if any, of the Share purchase by the Company that will arise under the Singapore Code on Take-overs and Mergers or any other applicable take-over rules;
- (e) whether the Share purchase, if made, will have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share purchases made by the Company in the previous twelve (12) months whether Market Purchases or Off-Market Purchase schemes, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases; and
- (g) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

5. PRICE RESTRICTIONS

The purchase price (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed the Maximum Price.

6. STATUS OF PURCHASED SHARES

- 6.1 All Shares which are purchased or acquired by the Company shall be held by the Company as treasury shares which may be used for the purpose stated in the Companies Act, unless the Company elects that such Shares shall be cancelled immediately on the purchase or acquisition.
- 6.2 Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST.
- 6.3 Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

7. REPORTING REQUIREMENTS

- 7.1 Within thirty (30) days of the passing of a Shareholders' resolution to approve purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority.
- 7.2 The Company shall notify the Accounting and Corporate Regulatory Authority within thirty (30) days of a purchase of Shares. Such notification shall include details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase of Shares, the Company's issued share capital after the purchase of Shares, the amount of consideration paid by the Company for the purchase of Shares, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required in the prescribed form.
- 7.3 The Company shall notify the SGX-ST of Market Purchases of Shares not later than 9.00 a.m. on the market day following the day on which the Market Purchases were effected, and shall notify the SGX-ST of Off-Market Purchases not later than 9.00 a.m. on the second market day after the close of acceptances of the offer for Off-Market Purchases. The notification of such purchases of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe.
- 7.4 The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the aforesaid notifications to the SGX-ST.
- 7.5 When seeking the approval of Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases of Shares made by the Company during the previous twelve (12) months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

8. SUSPENSION OF PURCHASES

- 8.1 Share purchases are prohibited after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced.
- 8.2 In particular, the Company may not purchase its Shares on the SGX-ST during the period commencing two (2) weeks before the announcement of the Company's quarterly results for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year results, as the case may be, and ending on the date of announcement of the relevant results.