

APPENDIX DATED 10 APRIL 2017

This Appendix is circulated to the Shareholders of Chip Eng Seng Corporation Ltd (the "Company") together with the Company's Annual Report.

Its purpose is to explain to Shareholders the rationale and provide information for the proposed renewal of the share purchase mandate and the proposed alteration and extension of the Rules of the Chip Eng Seng Performance Share Plan (the "Plan"), to be tabled at the Annual General Meeting of the Company to be held on 26 April 2017 at 10.00 a.m. at Sapphire Suite, Social Clubhouse – Level II, Orchid Country Club, No. 1 Orchid Club Road, Singapore 769162.

The Notice of AGM (as defined herein) and Proxy Form are enclosed with the Annual Report.

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

The Singapore Exchange Securities Trading Limited (the "SGX-ST") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Appendix.



CHIP ENG SENG CORPORATION LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199805196H)

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE AND THE PROPOSED ALTERATION AND EXTENSION OF THE RULES OF THE CHIP ENG SENG PERFORMANCE SHARE PLAN

LETTER TO SHAREHOLDERS

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"AGM"	The Annual General Meeting of the Company
"Annual Report"	Annual Report of the Company
"Associated Company"	A company in which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries, or a subsidiary of such company, and over whose management the Company has control
"Associated Company Employee"	Any employee of an Associated Company (including any Associated Company Executive Director) selected by the Committee to participate in the Plan in accordance with the rules of the Plan
"Auditors"	The auditors of the Company for the time being
"Award"	A contingent award of Shares granted under the rules of the Plan
"Award Date"	In relation to an Award, the date on which the Award is granted pursuant to the rules of the Plan
"Board"	The board of the directors of the Company for the time being
"CDP"	The Central Depository (Pte) Limited
"Constitution"	The Constitution of the Company, as amended from time to time. All references to "Articles" in the Plan shall be read and construed as references to "Constitution"
"Committee"	The remuneration committee of the Company which will be responsible for the administration of the Plan
"Company"	Chip Eng Seng Corporation Ltd
"Companies Act"	The Companies Act, Chapter 50 of Singapore
"control"	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"Controlling Shareholder"	A person who holds directly or indirectly 15% or more of the total votes attached to all voting shares of a company or a person who in fact exercises control over such company
"Director"	A director of the Company for the time being
"EGM"	The Extraordinary General Meeting of the Company
"Group"	The Company and its subsidiaries (as defined in Section 5 of the Companies Act)
"Group Employee"	Any full-time employee of the Group (including any Group Executive Director) selected by the Committee to participate in the Plan in accordance with the rules of the Plan
"Latest Practicable Date"	The latest practicable date prior to the printing of this Appendix being 15 March 2017
"Listing Manual"	The listing manual of the SGX-ST, as amended, modified, or supplemented from time to time
"Market Day"	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	A market purchase transacted on the SGX-ST's trading system, through one or more duly licensed dealers appointed by the Company for the purpose

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"Market Value"	In relation to a Share, on any day: (a) The average closing prices of the Share on the SGX-ST on each of the five (5) consecutive Trading Days on which transactions in Shares were recorded immediately preceding the date on which an Award is released in accordance with the rules of the Plan; or (b) If the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of the Share, such price as the Committee may determine, such determination to be confirmed in writing by any independent financial advisors appointed by the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable
"NAV"	Net asset value
"Notice of AGM"	The notice of the AGM enclosed with the Annual Report
"Off-Market Purchase"	An off-market purchase under an equal access scheme (as defined in Section 76C of the Companies Act) for the purchase or acquisition of Shares from Shareholders
"Participant"	A Group Employee or Associated Company Employee who has been granted an Award
"Performance-related Award"	An Award in relation to which a Performance Condition is specified
"Performance Condition"	In relation to a Performance-related Award, the condition specified on the Award Date in relation to that Award
"Performance Period"	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Committee on the Award Date during which the Performance Condition is to be satisfied
"Proxy Form"	The proxy form in respect of the AGM as enclosed together with the Annual Report
"Record Date"	The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares
"Release"	In relation to an Award, the release, at the end of each vesting Period, of the Shares to be released on such date and "Released" shall be construed accordingly
"Released Award"	An Award which has been released in accordance with the rules of the Plan
"Securities and Futures Act"	The Securities and Futures Act, Chapter 289 of Singapore
"Securities Account"	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
"Shareholders"	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors to whose securities accounts maintained with CDP are credited with the Shares
"Shares"	Ordinary shares in the capital of the Company
"Share Purchase Mandate"	The proposed mandate to enable the Company to purchase or otherwise acquire its Shares, the terms of which are set out in Section 2 of this Circular
"SIC"	Securities Industry Council
"Singapore"	Republic of Singapore
"Take-over Code"	The Singapore Code on Take-overs and Mergers

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"Vesting"	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and " Vest " and " Vested " shall be construed accordingly
"Vesting Date"	In relation to Shares which are the subject of a Release Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to the rules of the Plan
"\$" and "cents"	Singapore dollars and cents, respectively
"%" or "per cent."	Percentage or per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in this Appendix shall have the meaning assigned to it under the Companies Act.

Any reference in this Appendix to a time of day shall be a reference to Singapore time, unless otherwise stated.

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1. INTRODUCTION

1.1 The Directors of the Company wish to seek Shareholders' approval for the following matters:

- (a) proposed renewal of the Share Purchase Mandate (as defined in Paragraph 2.1 below); and
- (b) proposed alteration and extension of the Chip Eng Seng Performance Share Plan,

(collectively, the "**Proposals**"), at the AGM to be held on 26 April 2017.

1.2 The purpose of this Appendix, to be circulated to Shareholders together with the Company's Annual Report, is to provide Shareholders with relevant information pertaining to the Proposals.

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

2.1 Background and Shareholders' Approval

The Shareholders had approved the renewal of the mandate to enable the Company to purchase or otherwise acquire its issued Shares (the "**Share Purchase Mandate**") at the AGM of the Company held on 22 April 2016 (the "**2016 AGM**"). The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the Appendix to the 2015 Annual Report dated 4 April 2016 and Resolution 8 set out in the Notice of the 2016 AGM.

The Share Purchase Mandate will expire on the date of the forthcoming AGM, being 26 April 2017, and accordingly, the Directors propose that the Share Purchase Mandate be renewed at the forthcoming AGM.

2.2 Shares Purchased by the Company in the Previous Twelve Months

The Company has not bought back any Shares in the previous twelve (12) months by way of Market Purchases or Off-Market Purchases pursuant to the Share Purchase Mandate obtained at the 2016 AGM.

2.3 Rationale

The renewal of the Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares if and when circumstances permit. Share purchases or acquisitions provide the Company and its Directors with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The purchase or acquisition of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the earnings per Share and/or NAV per Share.

Share purchases or acquisitions also allow the Directors to exercise control over the Company's share capital structure with a view to enhance the earnings per Share and/or NAV per Share. The Share Purchase Mandate will further give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued and help to buffer short-term share price volatility and offset the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases or acquisitions via Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Purchase Mandate when they consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

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2.4 Authority and Limits on the Share Purchase Mandate

The authority and limits under the Share Purchase Mandate, if renewed at the forthcoming AGM, will be similar in terms to those previously approved by Shareholders and for the benefit of Shareholders, are summarised below:

2.4.1 Maximum Number of Shares

Only Shares which are issued and fully paid up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired under the Share Purchase Mandate will not exceed ten per cent. (10%) of the issued Shares of the Company as at the date of the forthcoming AGM at which the renewal of the Share Purchase Mandate is approved (the "**Approval Date**"), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the time period defined in Paragraph 2.4.2 below, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Company's Shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent. (10%) limit.

As at the Latest Practicable Date, the issued ordinary share capital of the Company (excluding Shares which are held as treasury shares by the Company) comprised 621,014,061 Shares. For illustration purposes only, on the basis of 621,014,061 Shares in issue as at the Latest Practicable Date, not more than 62,101,406 Shares (representing ten per cent. (10%) of the Shares in issue as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate. As at the Latest Practicable Date, the Company is holding 46,501,100 Shares as treasury shares.

2.4.2 Duration of Authority

Share purchases or acquisitions may be made, at any time and from time to time, on and from the Approval Date, up to:

- (i) the date on which the next AGM of the Company is held or required by law to be held;
- (ii) the date on which the Share purchases are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

whichever is the earliest.

2.4.3 Manner of Share Purchase

- (i) Share purchases or acquisitions may be made by way of a Market Purchase or an Off-Market Purchase.
- (ii) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, an equal access scheme must satisfy all of the following conditions:
 - (a) offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
 - (b) all of those persons must have a reasonable opportunity to accept the offers made to them; and
 - (c) the terms of all the offers must be the same except that there shall be disregarded (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.

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- (iii) If the Company wishes to make an Off-Market Purchase, the Company will issue an offer document to all Shareholders which 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 purchases by the Company that will arise under the Take-over Code or 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 Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.4.4 Maximum Purchase Price

The purchase price per Share (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for Shares purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors.

However, the purchase price to be paid for the Shares purchased or acquired pursuant to the Share Purchase Mandate must not exceed:

- (i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined below) of the Shares; and
- (ii) in the case of an Off-Market Purchase, one hundred and twenty per cent. (120%) of the Average Closing Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) consecutive Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period; and

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of the Shares to holders of Shares, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4.5 Status of Purchased Shares

Under the Companies Act, a company which acquires its own shares may choose to hold such shares as treasury shares or to cancel them. Accordingly, the Company has the discretion to hold the purchased Shares as treasury shares or to cancel them.

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2.4.6 Cancellation of Shares

Where Shares purchased or acquired by the Company are cancelled, the total number of Shares will be diminished by such number of Shares purchased or acquired.

Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

2.4.7 Treasury Shares

As explained in Paragraph 2.4.5 above, under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Companies Act. Some of the provisions on treasury shares under the Companies Act are summarised below.

(i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of Shares.

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of the treasury shares, i.e. the Company will have no right to vote at or attend meetings and the treasury shares will be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

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

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

Where the Company cancels or disposes the treasury shares in accordance with this paragraph 2.4.7(iii), the Company shall lodge with the Accounting & Corporate Regulatory Authority (the "**ACRA**") a prescribed notice of the cancellation or disposal of treasury shares together with the prescribed fee within thirty (30) days after the cancellation or disposal of treasury shares.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of shares outstanding in a class that is listed before and after the usage and the value of the treasury shares in relation to the usage.

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2.4.8 Reporting Requirements

- (i) Within thirty (30) days after the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the ACRA.
- (ii) The Company shall notify the ACRA within thirty (30) days after a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchase, whether Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.
- (iii) The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the date of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form and shall include such details as may be prescribed by the SGX-ST in the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion with the necessary information which will enable the Company to make the notifications to the SGX-ST.
- (iv) For an Off-Market Purchase, the Listing Manual requires that the listed company issue an offer document to all shareholders containing the information as set out in Paragraph 2.4.3(iii) above.

2.4.9 Sources of funds

In purchasing or acquiring Shares, the Company shall only apply funds legally available in accordance with its Constitution and any other applicable laws in Singapore. Furthermore, the Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Any purchases or acquisitions of Shares may be made only if the Company is solvent and out of the Company's capital or profits. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if at the date of the payment made by the company in consideration of acquiring any right with respect to the purchase or acquisition of its own shares:

- (i) there is no ground on which the company could be found to be unable to pay its debts;
- (ii) the company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and
- (iii) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Purchase Mandate. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

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2.5 Financial Impact

- 2.5.1 Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits.
- 2.5.2 Where the purchased Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:
- (i) the share capital of the Company where the Shares were purchased out of the capital of the Company;
 - (ii) the profits of the Company where the Shares were purchased out of the profits of the Company; or
 - (iii) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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

For the purposes of this paragraph 2.5.2, the total amount of the purchase price shall include any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares which is paid out of the Company's capital or profits.

- 2.5.3 The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchases of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend, inter alia, on the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.
- 2.5.4 The impact of purchases or acquisitions under the Share Purchase Mandate on NAV, earnings per Share and gearing of the Company and the Group will depend, inter alia, on the number of Shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to accurately calculate or quantify the impact at this point of time.
- 2.5.5 Based on the existing number of Shares of the Company as at the Latest Practicable Date, the proposed Share purchases or acquisitions by the Company of up to a maximum of ten per cent. (10%) of its Shares under the Share Purchase Mandate will result in the purchase of up to 62,101,406 Shares.
- 2.5.6 In the case of Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 62,101,406 Shares at the Maximum Price of \$0.7854 per Share (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 62,101,406 Shares (including brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately \$48,912,744.21.
- 2.5.7 In the case of Off-Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 62,101,406 Shares at the Maximum Price of \$0.8976 per Share (being the price equivalent to twenty per cent. (20%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 62,101,406 Shares (including brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately \$55,900,279.10.

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2.5.8 On the basis of the assumptions set out above and the following:

- (i) the Share Purchase Mandate had been effective on 31 December 2016 and 62,101,406 Shares (representing ten per cent. (10%) of the Shares in issue as at the Latest Practicable Date) were purchased and cancelled on 31 December 2016; and
- (ii) such Share purchase was financed solely by internal resources,

an illustration of the financial impact of Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate on the Group and the Company's audited financial statements for the financial year ended 31 December 2016 is set out below:

	Group			Company		
	Before purchase \$'000	After Market purchase \$'000	After Off-Market purchase \$'000	Before purchase \$'000	After Market purchase \$'000	After Off-Market purchase \$'000
As at 31 Dec 2016						
Shareholders' Funds ⁽¹⁾	776,613	727,700	720,713	143,842	94,929	87,942
NAV ⁽²⁾	765,874	716,961	709,974	143,842	94,929	87,942
Current Assets	1,704,288	1,655,375	1,648,388	129,415	80,502	24,602
Current Liabilities	402,224	402,224	402,224	156,654	156,654	156,654
Total Borrowings	1,170,918	1,170,918	1,170,918	270,000	270,000	270,000
Cash and Cash Equivalents ⁽³⁾	481,582	432,669	425,682	122,273	73,360	66,373
Number of Shares ('000)	621,014	558,913	558,913	621,014	558,913	558,913
Financial Ratios						
Earnings per Share (cents)	5.75	6.38	6.38	1.03	1.14	1.14
NAV per Share (cents)	123.33	128.28	127.03	23.16	16.98	15.73
Gearing (%) ⁽⁴⁾	88.76	101.45	103.40	102.70	207.14	231.55
Current Ratio (times)	4.24	4.12	4.10	0.83	0.51	0.16

Notes:-

- (1) Equity including non-controlling interest
- (2) Attributable to ordinary shareholders
- (3) Cash and short-term deposits
- (4) Total borrowings less cash and cash equivalent divided by shareholders' funds

Shareholders should note that the financial effects illustrated above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the latest audited financial statements of the Company and the Group as at 31 December 2016, and are not representative of the Group's future financial performance.

Although the Share Purchase Mandate would authorise the Company to buy back up to ten per cent. (10%) of the Company's issued Shares, the Company may not necessarily buy back all ten per cent. (10%) of the issued Shares in full.

In particular, the maximum number of Shares that the Company may purchase under the Companies Act is limited by the solvency requirements set out in the Companies Act, as described in Paragraph 2.4.9 of this Appendix.

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2.6 Taxation

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

2.7 Listing Status

- 2.7.1 The Company is required under Rule 723 of the Listing Manual to ensure that at least ten per cent. (10%) of its Shares are in the hands of the public. The "**public**", as defined under the Listing Manual, are persons other than (a) the Directors, chief executive officer and substantial shareholders, or controlling shareholders of the Company and its subsidiaries, and (b) the associates of such persons named in (a).
- 2.7.2 As at the Latest Practicable Date, there are 394,550,561 Shares in the hands of the public, representing 63.54% of the issued Shares of the Company. Assuming that the Company purchases its Shares up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 332,449,155 Shares, representing 59.47% of the remaining issued Shares of the Company (on the assumption that the purchased Shares are cancelled and not held as treasury shares). As such, the Company will continue to remain in compliance with Rule 723 of the Listing Manual even if the Company purchases its Shares up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate.
- 2.7.3 In undertaking any purchases of its Shares, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share purchase(s) will not:
- (i) affect the listing status of the Shares on the SGX-ST;
 - (ii) cause market illiquidity; or
 - (iii) affect the orderly trading of the Shares.
- 2.7.4 While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because a listed company would be regarded as an "**insider**" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after any matter of a price sensitive nature has occurred or has been the subject of a consideration and/or decision of the board of Directors of the Company until the price sensitive information has been publicly announced. In addition, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares during the period of:
- (i) two (2) weeks immediately preceding, and including the date of, the announcement of the Company's results for each of the first three quarters of its financial year; and
 - (ii) one (1) month immediately preceding, and including the date of, the announcement of the Company's results for the financial year.

2.8 Implications under the Take-over Code

- 2.8.1 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 of the Take-over Code ("**Rule 14**"). Consequently, depending on the number of Shares purchased by the Company and the total number of Shares issued by the Company at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate control of the Company and could become obliged to make an offer under Rule 14.
- 2.8.2 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 control of that company. Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert:
- (i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, and any company whose associated companies include any of the foregoing companies;
 - (ii) 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

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- (iii) an individual, his close relatives, his related trusts and any person who is accustomed to act in accordance with his instructions, companies controlled by any of foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid for the purchase of voting rights.

For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status.

- 2.8.3 The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a general 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 ("**Appendix 2**").
- 2.8.4 In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a general 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 per cent. (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.
- 2.8.5 Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorizing the proposed Share Purchase Mandate, unless so required under the Companies Act.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Share Purchase Mandate is in force.

2.9 Directors' and Substantial Shareholders' Interests

- 2.9.1 As at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders (as defined in the Companies Act) in the Company before and after the purchase of Shares (assuming that the purchased Shares are cancelled and not held as treasury shares) pursuant to the Share Purchase Mandate, based on the Register of Director's Shareholdings and the Register of Substantial Shareholders, are as follows:

	Before Share Purchase (No. of Shares)				
	Direct Interest	Deemed Interest	Total Interest	Before Share Purchase (%)	After Share Purchase (%)
Directors					
Chia Lee Meng Raymond ⁽¹⁾	6,125,000	19,702,000	25,827,000	4.16	4.63
Lim Tiang Chuan	44,177,000	0	44,177,000	7.11	7.90
Dawn Lim Sock Kiang	15,377,000	0	15,377,000	2.48	2.75
Hoon Tai Meng	1,625,500	0	1,625,500	0.26	0.29
Ang Mong Seng	146,000	0	146,000	0.02	0.03
Ung Gim Sei ⁽²⁾	0	153,000	153,000	0.02	0.03
Lui Tuck Yew	0	0	0	0	0
Cheng Heng Tan	0	0	0	0	0
Substantial Shareholders					
Lim Tiam Seng ⁽³⁾	60,499,000	17,198,000	77,697,000	12.51	13.90
Kwek Lee Keow ⁽⁴⁾	17,198,000	60,499,000	77,697,000	12.51	13.90
Lim Tiang Chuan	44,177,000	0	44,177,000	7.11	7.90

Notes:-

- (1) Mr Chia Lee Meng Raymond's deemed interest includes 19,702,000 Shares held by his wife, Mdm Lim Sock Joo.
(2) Mr Ung Gim Sei's deemed interest includes 153,000 Shares held by his wife, Mdm Mok Sock Tai.
(3) Mr Lim Tiam Seng's deemed interest includes 17,198,000 Shares held by his wife, Mdm Kwek Lee Keow.
(4) Mdm Kwek Lee Keow's deemed interest includes 60,499,000 Shares held by her husband, Mr Lim Tiam Seng.

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Shareholders should note the following:

- (i) the figures in the above table are set out for illustrative purposes only and calculated on the assumption that (a) the maximum amount of ten per cent. (10%) of the Shares of the Company purchased under the Share Purchase Mandate will be cancelled and not held as treasury shares and (b) there is no change in the number of Shares held or deemed to be held by the Directors; and
- (ii) if all the purchased Shares are held as treasury shares and not cancelled, there will be no changes in the interests of the Directors before and after such purchase.

2.9.2 For the purposes of the Take-over Code, the following persons are presumed to be acting in concert:

- (i) Mr Lim Tiam Seng, the honorary chairman and advisor of the Company (the "**Honorary Chairman**"), and a Shareholder;
 - (ii) Mr Lim Tiang Chuan, a Director, the brother of the Honorary Chairman and a Shareholder;
 - (iii) Mr Lim Tian Back, the brother of the Honorary Chairman and a Shareholder;
 - (iv) Mr Lim Tian Moh, the brother of the Honorary Chairman and a Shareholder;
 - (v) Mdm Kwek Lee Keow, the spouse of the Honorary Chairman and a Shareholder;
 - (vi) Mr Lim Ling Kwee, the son of the Honorary Chairman and a Shareholder;
 - (vii) Mr Chia Lee Meng Raymond, the executive chairman and the group chief executive officer, the son-in-law of the Honorary Chairman and a Shareholder;
 - (viii) Ms Lim Sock Joo, the daughter of the Honorary Chairman, the spouse of the executive chairman and the group chief executive officer and a Shareholder; and
 - (ix) Ms Dawn Lim Sock Kiang, a Director, the daughter of the Honorary Chairman and a Shareholder.
- (collectively, the "**Lim Family**").

2.9.3 As at the Latest Practicable Date, the combined shareholding of the Lim Family in the Company amounts to approximately 36.16% of the total issued ordinary share capital of the Company (excluding treasury shares held by the Company) (the "**Voting Rights**").

In the event that the Company purchases the maximum number of 62,101,406 Shares under the Share Purchase Mandate within a period of six (6) months, the combined Voting Rights of the Lim Family could potentially increase from approximately 36.16% to approximately 40.18% of the total Voting Rights of the Company. In such event, if the Lim Family is considered to be acting in concert for the purposes of the Take-over Code, the Lim Family (together with persons acting in concert with them) will, unless exempted, be obliged to make a mandatory offer for the Company under Rule 14.

2.9.4 Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, the Lim Family and persons acting in concert with them will be exempted from the requirement to make a general offer for the Company under Rule 14.1 of the Take-over Code subject to the following conditions:

- (i) the appendix on the resolution to approve the renewal of the Share Purchase Mandate contains advice to the effect that by voting to approve the renewal of the Share Purchase Mandate, Shareholders are waiving their rights to a general offer at the required price from the Lim Family and persons acting in concert with them who, as a result of the purchase of Shares pursuant to the Share Purchase Mandate, would increase their aggregate percentage of total voting rights in the Company by more than one per cent. (1%) in any six (6) month period; and the names of the members of the Lim Family and persons acting in concert with them, and their voting rights at the time of the resolution and after the proposed purchase of the Shares pursuant to the Share Purchase Mandate are disclosed in the same appendix;
- (ii) the resolution to approve the renewal of the Share Purchase Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the purchase of Shares pursuant to the Share Purchase Mandate;

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- (iii) the Lim Family and persons acting in concert with them abstain from voting for and recommending the Shareholders to vote in favour of the resolution to approve the renewal of the Share Purchase Mandate;
- (iv) within seven (7) days after the passing of the resolution to approve the renewal of the Share Purchase Mandate, each of Mr Chia Lee Meng Raymond, Mr Lim Tiang Chuan and Ms Dawn Lim Sock Kiang submits to the SIC a duly signed form as prescribed by the SIC; and
- (v) the Lim Family and persons acting in concert with them have not acquired and will not acquire any Shares between the date on which they know that the announcement of the renewal of the Share Purchase Mandate is imminent and the earlier of:
 - (a) the date on which authority of the renewed Share Purchase Mandate expires; and
 - (b) the date on which the Company announces it has bought back such number of Shares as authorised by the renewed Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,if such acquisitions, taken together with those repurchased by the Company under the renewed Share Purchase Mandate, would cause their aggregate voting rights in the Company to increase by more than one per cent. (1%) in the preceding six (6) months.

2.9.5 Shareholders should note that by voting in favour of the resolution relating to the renewal of the Share Purchase Mandate, they are waiving their rights to a general offer at the required price from the Lim Family and persons acting in concert with them who, as a result of the purchase of Shares pursuant to the Share Purchase Mandate, would increase their aggregate percentage of total voting rights in the Company by more than one per cent. (1%) in any period of six (6) months.

2.9.6 The Lim Family and persons acting in concert with them will abstain from voting in favour of the resolution to approve the proposed renewal of the Share Purchase Mandate.

2.9.7 One of the conditions for exemption from the requirement to make a general offer under Rule 14 of the Take-over Code is the submission by each of Mr Chia Lee Meng Raymond, Mr Lim Tiang Chuan and Ms Dawn Lim Sock Kiang to the SIC of a duly signed form as prescribed by the SIC ("**Form 2**"). As at the Latest Practicable Date, Mr Chia Lee Meng Raymond, Mr Lim Tiang Chuan and Ms Dawn Lim Sock Kiang have informed the Company that they will each be submitting a Form 2 to the SIC within seven (7) days after the passing of the resolution relating to the renewal of the Share Purchase Mandate.

2.9.8 The Company understands that the Lim Family and persons acting in concert with them have not acquired and will not acquire any Shares between the date on which they know that the announcement of the renewal of the Share Purchase Mandate is imminent and the earlier of:

- (i) the date on which the authority of the renewed Share Purchase Mandate expires; and
- (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the renewed Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with such Shares repurchased by the Company under the renewed Share Purchase Mandate, would cause their aggregate voting rights in the Company to increase by more than one per cent. (1%) in the preceding six (6) months.

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

2.9.10 Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchases by the Company.

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3. THE PROPOSED RENEWAL OF THE CHIP ENG SENG PERFORMANCE SHARE PLAN

3.1 Background

The Chip Eng Seng Performance Share Plan (the “**Plan**”) was approved by the Shareholders at an EGM on 27 April 2007 (the “**2007 EGM**”) for an initial duration of up to a maximum period of 10 years from the date of adoption. The Plan is accordingly due to expire on 26 April 2017.

Under the rules of the Plan, the Plan may be continued beyond the stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and any relevant authority which may then be required. The Plan will expire on the date of the forthcoming AGM, being 26 April 2017. Accordingly, the Directors propose that the Plan be extended for a further duration of ten (10) years, at the forthcoming AGM from (and including) 26 April 2017, up to (and including) 25 April 2027.

Since the commencement of the Plan in 2007, amendments have been made to the Listing Manual such that the adoption of all share plans now require the approval of shareholders and have to comply with the relevant rules under Part VIII of Chapter 8 of the Listing Manual.

In addition to the extension of the Plan, certain alterations are proposed to be made to the existing rules of the Plan (“**Existing Plan**”) so as to comply with the relevant rules under Part VIII of Chapter 8 of the Listing Manual and refine the language used in the Existing Plan.

[The SGX-ST has also granted in-principle approval for the listing and quotation of the new Shares to be issued pursuant to the Share Plans, as proposed to be extended and altered, subject to compliance with the SGX-ST’s listing requirements and guidelines and separate independent Shareholders’ approval being obtained from the proposed extension of the Plan. The SGX-ST’s in-principle approval is not to be taken as an indication of the merits of the Plan, the new Shares, the Company and/or its subsidiaries.]

The SGX-ST has approved the proposed extension of the duration of the Share Plans subject to approval by the Shareholders. Such approval by the SGX-ST is not indicative of the merits of the proposed extension of the duration of the Share Plans, the Company, its subsidiaries, or their securities.]

3.2 Other Existing Share Option Schemes or Share Plans

Currently, the Company also has in place a Share Option Scheme approved by the Shareholders at an extraordinary general meeting of the Company on 25 April 2013 (“Share Option Scheme”). The Share Option Scheme is primarily a share incentive scheme. Unlike the Plan, which contemplates the award of fully-paid Shares to participants of the Plan after performance targets have been met, the Share Option Scheme allows participants to obtain shares by paying the exercise price of the options. Other than the Share Option Scheme and the Plan, the Company does not have any other existing share plans or share option schemes.

3.3 Rationale

The Company proposes to renew the Plan in order to continue to achieve the following objectives: (a) motivate Participants to maintain a high level of performance and contribution; (b) attract and maintain a group of key Executives and Directors whose contributions are important to the long-term growth and profitability of the Group; (c) improve employer and employee relations; (d) give recognition to the contribution made or to be made by the Non-Executive Directors to the success of the Group.

As the Plan remains a key part of the Company’s compensation arrangements, the Directors propose that the Plan be extended for a further period of ten (10) years to (and including) 25 April 2027.

By extending the Plan, the Company hopes to continue to inculcate in all Participants, a stronger and more lasting sense of identification with the Group. The Plan will also operate to attract, retain and provide incentive to Participants to encourage greater dedication and loyalty by enabling the Company to give recognition for past contributions and services as well as motivating Participants generally to contribute towards the Group’s long-term prosperity.

The Plan is intended to give the Company greater flexibility to align the interests of employees, especially key executives, with those of Shareholders. It is also intended that the Plan complements the Share Option Scheme in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The Plan will further strengthen the Company’s competitiveness in attracting and retaining employees, especially employees who have the requisite knowledge, technical skills and experience whom the Company believes could contribute to the development and growth of the Group. The Company believes that with the Share Plan in place, it will strengthen and enhance the Company’s ability in attracting and retaining suitable talents.

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The Plan contemplates the award of fully paid Shares to Participants after Performance Conditions have been met. The Plan is targeted at employees who are in the best position to drive the growth of the Company through superior performance. The Company believes that with the Plan in place, it will be more effective than merely having pure cash bonuses in place to motivate Participants to work towards determined goals.

The Plan helps to fulfill the Company's primary long-term objective of motivating deserving and eligible participants to optimise their performance standards and efficiency and to maintain a high level of performance and contribution. The Plan also further motivate employees that the Company regards as integral to the Group to strive for superior performance and to deliver long-term shareholder value, to serve as a motivational tool to recruit and retain talented senior executives and reward for Company and individual performance, as well as enhance the Group's overall compensation packages to attract and retain high performing talent.

The Plan gives the Company greater flexibility in rewarding its executives as it gives the Company the flexibility to impose specific or medium-term performance targets or to impose time-based service conditions, or a combination of both.

For instance, the Company may grant awards under the Plan after the pre-determined performance condition(s) have been achieved. The performance conditions are stretched targets aimed at sustaining long-term growth. In determining the performance conditions, some of the factors that the Company takes into account are the market conditions, industry performance and the economic development of the region. Examples of performance conditions to be set include criteria such as total shareholders' return, economic value added, market share, market ranking or return on sales.

Alternatively, the Company may grant awards under the Plan after the satisfactory completion of time-based service conditions, that is, after the Participants have served the Group or Associated Company for a specified number of years or after a further period of service beyond the performance condition completion date. The Company may, also impose an extended vesting period beyond the performance condition completion date in order to encourage Participants to continue serving the Group or Associated Company. A performance-based award may be granted under the Plan, for example, with a performance condition based on the successful completion of a project, or on the Company meeting certain specified corporate target(s), and thereafter with a further vesting period to encourage the Participant to continue serving the Group or Associated Company for a further period of time following completion of the project.

The awards given to a particular Participant under the Plan and the proportion of Shares under the Plan will be determined at the discretion of the Committee, who will take into account factors such as the participant's capability, scope of responsibility, skill and vulnerability to leaving the employment of the Group. In deciding on an award to be granted to a Participant, the Committee will also consider the compensation and/or benefits to be given to the Participant under any other share-based incentive Plans of the Company, if any. The Committee may also set specific criteria and performance conditions for each of the Company's business units, taking into account factors such as (i) the Company's and the Group's business goals and directions for each financial year; (ii) the Participant's actual job scope and duties; and (iii) the prevailing economic conditions.

The number of Shares available under the Plan and Share Option scheme will be subject to the maximum limit of fifteen per cent. (15%) of the total number of Shares of the Company.

3.4 Rationale for Including Controlling Shareholders and their Associate

As at the Latest Practicable Date, there are no Controlling Shareholders in the Company but, in the event the Company does have any Controlling shareholders, specific approval of independent Shareholders will be sought for the participation of such Controlling Shareholders of the Company or their associates in the Plan. A Controlling Shareholder or its associates who has shareholding interests in the Company, shall be equally entitled, with other eligible directors and employees of the Group and Associated Companies who are not Controlling Shareholders of the Company or their associates, to take part and benefit from this system of remuneration. The Company is of the view that the Company should have a fair and equitable system to reward the eligible directors and employees who have made and continue to make important contributions to the long-term growth of the Group and Associated Companies notwithstanding that they are Controlling Shareholders of the Company or their associates. Under Rule 853 of the Listing Rules, specific approval of independent Shareholders is required for the participation of Controlling Shareholders of the Company or their associates.

3.5 Rationale for Including Non-Executive Directors

The non-executive directors of the Group and Associated Companies ("**Non-Executive Directors**") come from different professions and backgrounds and bring to the Group and Associated Companies a wealth of experience in corporate governance and business management. They also provide invaluable guidance in relation to the strategic issues and development of the Group and Associated Companies. The Non-Executive Directors therefore provide the Group and Associated Companies with a multi-disciplinary approach in evaluating and considering business issues and opportunities.

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Although they are not specifically involved in the day-to-day running of the Group and Associated Companies, the Non-Executive Directors are frequently consulted on various matters in relation to the business of the Group and Associated Companies. The Company therefore regards these persons as an additional resource pool and values their contributions greatly. The extension of the Plan to the Non-Executive Directors is therefore in recognition of their services and contributions to the growth and development of the Group and Associated Companies.

Before granting any Award to a Non-Executive Director, the Committee will take into consideration, inter alia, his performance and contributions to the success and development of the Group and Associated Companies. In assessing the performance of the Non-Executive Directors, the Company will take into account their attendance at meetings, their membership in various committees in the Group and Associated Companies as well as their contributions, which includes contributing their experience to the Group and Associated Companies in the areas of overall business strategies, risk management and investment decisions. The Non-Executive Directors may be appointed as members of the Committee. However, the rules of the Plan provide that no member of the Committee shall be involved in any deliberation in respect of Awards to be granted to him.

Although Non-Executive Directors are eligible to participate in the Amended Plan, Awards will not be granted to Non-Executive Directors, who are independent directors, to the extent that it may affect or compromise their independence.

3.6 Financial Effects of the Plan

3.6.1 Share Capital

The Plan will result in an increase in the Company's issued share capital only if New Shares are issued to Participants pursuant to the grant of the Awards. This will in turn depend on, inter alia, the number of Shares comprised in the Awards to be issued. If, instead of issuing New Shares to Participants, either existing Shares are purchased for delivery to Participants or treasury shares held pursuant to such purchase are delivered to Participants, the Plan will have no impact on the Company's issued share capital.

3.6.2 Net Tangible Assets

As described in Section 3.6.3 below, the Plan will result in a charge to the Company's profit and loss account equal to the fair value at each grant date. If New Shares are issued to Participants pursuant to the Vesting of the Awards, there will be no effect on the consolidated Net Tangible Assets ("**NTA**") of the Company. If, instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants, the consolidated NTA of the Company would decrease by the cost of the Shares purchased.

However, it should be noted that the delivery of Shares to Participants of the Plan is contingent upon the Participants meeting the criteria (e.g. any performance or time-based conditions) set out in the Plan. In meeting such criteria, the Participants would have added significant value to the Company's consolidated NTA before the Shares are delivered.

3.6.3 Costs to the Company

The Plan is considered a share-based payment that falls under the scope of the Financial Reporting Standard 102, Share-based payment. Under the Plan, Participants may receive Shares as determined by the Committee. The Company will account for the Awards in accordance with FRS 102, consistent with current practice.

The fair value of the grant of the Awards in exchange for employee service received would be recognized as a charge to the income statement over the vesting period of the Awards. The total amount of charge over the vesting period is determined by reference to the fair value of each Award granted at the Award Date and the number of Shares vested as the Vesting Date, with a corresponding credit to the reserve account. Before the end of the vesting period, at each balance sheet date, the estimate of the number of Awards that are expected to vest by the Vesting Date is revised, and the impact of the revised estimate is recognized in the income statement with the corresponding adjustment to equity. On the Vesting Date, the estimate will be revised to equal the number of Awards that ultimately vest. After the Vesting Date, no adjustment to the charge to the income statement is made. This accounting treatment has been referred to as the "**modified grant date method**".

The Plan is contingent upon the Participants meeting the prescribed Performance Conditions. Where the Performance is a market condition (i.e. a condition that makes reference to the market price of the Shares), the probability of the Performance Condition being met is taken into account in estimating the fair value of the Shares granted at the Award Date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met.

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Where the Performance Condition is not a market condition, the fair value per shares of the Shares granted at the Award Date is used to compute the amount to be charged to the income statement. At each accounting date, the estimate number of Shares granted under the Awards that are expected to vest by the Vesting Date is revised, and the impact of the revised estimate is recognized in the income statement with a corresponding adjustment to the reserve account. After the Vesting Date, no adjustment to the charge to the income statement is made. There would be no adjustment to the income statement if the Awards do not ultimately vest.

Although the Plan will have a dilutive impact on the Company's consolidated earnings per share when New Shares are issued, it should be noted that the delivery of Shares to Participants of the Plan is contingent upon the Participants meeting the criteria set out in the Plan.

3.7 Interests of Directors and Controlling Shareholder and Their Associates

The interests of the Directors in the capital of the Company as at the Latest Practicable Date are as follows:

Directors	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Chia Lee Meng Raymond	6,125,000	0.99	19,702,000	3.17
Lim Tiang Chuan	44,177,000	7.11	0	0
Hoon Tai Meng	1,625,500	0.26	0	0
Ang Mong Seng	146,000	0.02	0	0
Dawn Lim Sock Kiang	15,377,000	2.48	0	0
Cheng Heng Tan	0	0	0	0
Ung Gim Sei	0	0	153,000	0.02
Lui Tuck Yew	0	0	0	0

Based on the eligibility criteria set out in the Plan, all the Directors will be eligible to participate in the Plan. Accordingly, Mr Chia Lee Meng Raymond, Mr Lim Tiang Chuan, Mr Hoon Tai Meng, Mr Ang Mong Seng and Ms Dawn Lim Sock Kiang (the Directors who are Shareholders) will abstain from voting in respect of ordinary resolution 12 at the AGM.

Save as disclosed in this Section 3.7, none of the Directors of the Company has any interest, direct or indirect, in the Plan.

3.8 Proposed Alteration

The following is a summary of the principal proposed alterations to the existing rules of the Plan (the "**Existing Plan**"). Details of the proposed alterations are set out in this paragraph 3.8. The amended Plan with the proposed amendments ("**Amended Plan**") is attached to this Appendix and is available for inspection by Shareholders as set out in Section 7 of this Circular.

3.8.1 Definitions

The definition of "**Articles**" has been amended to "**Constitution**" in line with recent changes to the Companies Act. In addition, the definitions of "**Securities Account**" and "**Shareholders**" have also been inserted in the Plan.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall also have the meanings ascribed to them respectively in 81SF of the Securities and Futures Act 2006.

3.8.2 Eligibility of Participants

Rule 4.2 of the Existing Plan provides that Group Employees, Non-Executive employees and Associated Company Employees who are also Controlling Shareholders of the Company and their associates will be entitled to participate in the Plan. Rule 4.2 is proposed to be amended to provide that subject to the absolute discretion of the Committee, the aforementioned Group Employees, Non-Executive Directors, Associated Company Employees who are Controlling Shareholders of the Company and their associates will be entitled to participate in the Plan if: (a) they meet the prescribed eligibility requirements; (b) the necessary Shareholders' approvals pursuant to Rule 18A have been obtained; and (c) all conditions for their participation in the Plan as may be required by the regulation of the SGX-ST from time to time are satisfied.

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3.8.3 Grant of Awards

Rule 5.1 of the Existing Plan is proposed to be amended to comply with rule 1207(19) of the Listing Manual such that no grant of Awards shall be made during the period of two (2) weeks or one (1) month immediately preceding the date of announcement of the Company's interim or final results respectively. In addition, in the event that an announcement on any matter of an exceptional nature involving price sensitive information is made by the Company, grant of Awards may only be made on or after the second Market Day following the release of such announcement.

3.8.4 Vesting Period(s)

Rule 7.2 of the Existing Plan provides that subject to rule 7.2.1, upon expiry of each vesting Period in relation to an Award, the Company shall release to the relevant Participant the Shares to which his Award relates in accordance with the Release Schedule (if any) specified in respect of his Award on the Vesting Date subject to a few conditions. These conditions are proposed to be expanded to include (a) such consents (including any approvals required by the SGX-ST) as may be necessary; (b) compliance with the terms of the Award, the Plan, and the Constitution; (c) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and (d) where New Shares are to be allotted on the release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST.

3.8.5 Release of Award

Rule 7.3 of the Existing Plan is proposed to be amended such that shares which are allotted or transferred on the Release of an Award to a Participant shall be registered (instead of issued) in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a depository agent, in each case, as designated by that Participant.

3.8.6 Limitation of the Size of the Plan

Rule 8.1(a) of the Existing Plan is proposed to be amended such that the total number of Shares which may be issued and/or issuable pursuant to the Awards granted under the Plan on any date, when added to the number of Shares issued and/or issuable under such other share-based incentive scheme of the Company and all Awards granted under the Plan, shall not exceed fifteen per cent. (15%) of the total number of Shares of the Company (excluding treasury shares) on the day preceding that date.

3.8.7 Modifications to the Plan

Rule 12.1(c) of the Existing Plan is proposed to be amended such that no modification or alteration shall be made without due compliance with the Listing Rules and the prior approval of the Singapore Exchange, and such other applicable regulatory authorities as may be necessary.

3.8.8 Taxes

Rule 15 of the Existing Plan provides generally that all taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant. The proposed alteration provides that the Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant of Vesting of the relevant Award and that the Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the Plan.

3.8.9 Disclaimer of Liability

Rule 17 of the Existing Plan is proposed to be amended to provide that notwithstanding any provisions contained in the Plan, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay or failure in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the Singapore Exchange in accordance with Rule 7.2.4.

3.8.10 Disclosures in Annual Reports

Rule 852 of the Listing Manual sets out the disclosures that an issuer must make in its annual report, in relation to a share scheme. The Company has been observing this rule and will now formally provide for it in the Amended Plan.

LETTER TO SHAREHOLDERS

3.8.11 Shareholders Approval

Rule 853 of the Listing Manual provides that each Controlling Shareholder and each of his Associates must be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Award (including the actual number and the terms of the Award to be granted) to a Controlling Shareholder or his Associates must be specifically approved by independent Shareholders in separate resolutions. Further, rule 854 of the Listing Manual provides that any grant of Award to a director or employee of the Company's parent company and its subsidiaries that, together with Shares already granted to the person under the Plan, represents five per cent. (5%) or more of the total number of Shares available to such directors and employees, must be approved by independent shareholders. Similarly, a separate resolution must be passed for each such person and to approve the aggregate number of options to be made available for grant to all directors and employees of the parent company and its subsidiaries. The Company has been observing these rules and will now formally provide for it in the Amended Plan.

3.8.12 Abstention from Voting

Rule 859 of the Listing Manual provides that Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan. The Company has been observing this rule and will now formally provide for it in the Amended Plan.

3.8.13 Collection, Use and Disclosure of Personal Data

In general, under the Personal Data Protection Act 2012, an organization can only collect, use or disclose the personal data of an individual with the individual's consent, and for a reasonable purpose which the organization has made known to the individual. A new rule is proposed to be inserted to the Existing Plan to specify, implement and administer the Plan, and to comply with the applicable laws, listing rules, regulations and/or guidelines.

3.9 SUMMARY OF THE AMENDED PLAN

The following is a summary of the principal rules of the Amended Plan. The detailed rules of the Amended Plan are available for inspection by Shareholders as set out in Section 7 of this Circular. The Amended Plan complies with the relevant rules as set out in Chapter 8 of the Listing Manual.

3.9.1 Eligibility

The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:

- (i) Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time;
- (ii) Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and
- (iii) Associated Company Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

Subject to the absolute discretion of the Committee, Group Employees, Non-Executive Directors and Associated Company Employees who are Controlling Shareholders of the Company and their associates will be entitled to participate in the Plan if:

- (i) they meet the eligibility requirements as set out above;
- (ii) the necessary Shareholders' approvals pursuant to Rule 18A have been obtained; and
- (iii) all conditions for their participation in the Plan as may be required by the regulation of the SGX-ST from time to time are satisfied. Group Employees, Non-Executive Directors and Associated Company Employees who are also Controlling Shareholders of the Company and their associates will be entitled to participate in the Plan.

LETTER TO SHAREHOLDERS

3.9.2 Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant satisfying the criteria set out in the Plan. The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, level of responsibility, years of service and potential for future development, his contribution to the success and development of the Group and (in the case of a Performance-related Award) the extent of effort with which the Performance Condition may be achieved within the Performance Period.

The Committee shall decide in relation to an Award:

- (i) the Participant;
- (ii) the Award Date;
- (iii) the number of Shares which are the subject of the Award;
- (iv) in the case of a Performance-related Award:
 - (a) the Performance Period; and
 - (b) the Performance Condition;
- (v) the Vesting Period(s); and
- (vi) the Release Schedule (if any).

Awards may be granted at any time the Plan is in force. As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

- (i) the Award Date;
- (ii) the number of Shares which are the subject of the Award;
- (iii) in the case of a Performance-related Award:
 - (a) the Performance Period; and
 - (b) the Performance Condition;
- (iv) the Vesting Period(s); and
- (v) the Release Schedule (if any).

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

- (i) the termination of the employment of a Participant;
- (ii) the ill health, injury, disability or death of a Participant;
- (iii) the bankruptcy of a Participant;
- (iv) the misconduct of a Participant; and
- (v) a take-over, winding-up or reconstruction of the Company.

Participants are not required to pay for the grant of Awards.

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3.9.3 Size and Duration of the Plan

The total number of Shares which may be issued and/or issuable pursuant to Awards granted under the Plan on any date, when added to the number of Shares issued and/or issuable in respect of such other share-based incentive schemes of the Company and all Awards granted under the Plan, shall not exceed fifteen per cent. (15%) of the total number of Shares of the Company (excluding treasury shares) on the day preceding that date.

The total number of Shares available to Controlling Shareholders and their associates shall not exceed twenty-five per cent. (25%) of the number of Shares in respect of which the Company may grant Awards and the total number of Shares available to each Controlling Shareholder or his associate shall not exceed ten per cent. (10%) of the number of Shares in respect of which the Company may grant Awards.

The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. If approved by the Shareholders at the AGM, the Plan will continue to be in force, as amended, at the absolute discretion of the Committee, subject to a maximum duration of ten (10) years from the expiry of the Plan.

The termination of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

3.9.4 Operation of the Plan

Subject to prevailing legislation and SGX-ST Guidelines, the Company will have the flexibility to deliver Shares to Participants upon Vesting of their Awards by the following means as it deems fit in its sole and absolute discretion:

- (i) the allotment and issue to each Participant of the number of Shares so determined;
- (ii) delivering existing Shares to the Participant, whether such existing Shares are acquired pursuant to a share purchase mandate or (to the extent permitted by law) held as treasury shares or otherwise; and/or
- (iii) payment of the aggregate Market Value of the Shares in cash in lieu of allotment or transfer on Release.

In determining whether to issue new Shares, to deliver existing Shares and/or pay the aggregate Market Value in cash to Participants upon release of their Awards, the Company shall take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing Market Value of the Shares and the cost to the Company of the various modes of settlement.

The financial effects of the delivery of Shares to Participants by way of an allotment and issue of new Shares upon Vesting of their Awards are set out in Section 3.6 of this Circular.

New Shares allotted and issued, and existing Shares procured by the Company for transfer (or held as treasury shares upon such repurchase of Shares by the Company), on the Release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank pari passu with other existing Shares then in issue.

The "**aggregate Market Value**" of the Shares to be paid to a Participant in lieu of the Shares to be issued or transferred upon the Release of an Award, shall be calculated in accordance with the following formula:

$$A = B \times C$$

Where:

A is the aggregate Market Value of the Shares to be paid to the Participant in lieu of all or some of the Shares to be issued or transferred upon the Release of an Award;

B is the Market Value of each Share; and

C is such number of Shares (as determined by the Committee in its sole and absolute discretion) to be issued or transferred to a Participant upon the release of an Award in accordance with the rules of the Plan.

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The Committee has the right to make computational adjustments in relation to the set Performance Condition(s) based on the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the Performance Condition(s) if the Committee decides that a changed Performance Condition would be a fairer measure of performance.

3.9.5 Adjustment Events

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

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

shall be adjusted in such manner as the Committee may determine to be appropriate.

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

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable. Adjustments must be made in such a way as to ensure that a Participant will not receive a benefit that a shareholder of the Company does not receive.

3.9.6 Modifications or Alterations to the Plan

Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Committee subject to due compliance with the Listing Rules and the prior approval of the shareholders.

However, no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would become entitled to not less than three-quarters in number of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards.

3.9.7 Disclosures in Annual Reports

The following disclosures or the appropriate negative statements (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

- (i) the names of the members of the Committee; and
- (ii) information as required in the table below in respect of Awards granted to the following Participants:
 - (a) Directors of the Company;
 - (b) Participants who are Controlling Shareholders and their Associates; and
 - (c) Participants, other than those in (i) and (ii) above, who receive Awards comprising Shares representing five per cent or more of the aggregate of the Shares available under the Plan,

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Name of Participant	Number of Shares comprised in Awards granted during financial year under review (including terms)	Number of Shares comprised in Awards granted since commencement of Plan to end of financial year under review (including terms)	Aggregate number of new Shares allotted and existing Shares purchased for delivery pursuant to Released Awards since commencement of the Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review
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- (iii) the names of and number and terms of Awards granted to each director or employee of the Company's parent company and its subsidiaries who receives five per cent. (5%) or more of the total number of Awards available to all directors and employees of such parent company and its subsidiaries under the Plan, during the financial year under review;
- (iv) the aggregate number of Awards granted to the directors and employees of the Company's parent company and its subsidiaries for the financial year under review, and since the commencement of the Plan to the end of the financial year under review; and
- (v) any other information required to be disclosed pursuant to the Listing Rules and all other applicable laws and requirements.

If any of the disclosure above in Rule 15 of the Plan is not applicable, an appropriate negative statement will be included in the annual report.

3.9.8 Shareholders' Approval

The participation of each Controlling Shareholder and each of his Associates in the Plan must be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Award (including the actual number and the terms of the Award to be granted) to a Controlling Shareholder or his Associates must be specifically approved by independent Shareholders in separate resolutions.

Further, any grant of Award to a director or employee of the Company's parent company and its subsidiaries that, together with Shares already granted to the person under the Plan, represents five per cent. (5%) or more of the total number of Shares available to such directors and employees, must be approved by independent shareholders. A separate resolution must be passed for each such person and to approve the aggregate number of options to be made available for grant to all directors and employees of the parent company and its subsidiaries.

3.9.9 Abstention from Voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan, including any proposed amendments to the terms of the Plan. Participants may act as proxies of Shareholders in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

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3.9.10 Particulars of Awards

As at 15 March 2017, being the last practical date prior to the printing of this Circular, (the "**Latest Practicable Date**") a total of 40,000,000 Shares (representing approximately 6.44% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date) have been issued or are outstanding under the Plan and Share Option Scheme (the "**Share Plans**") details of which are as follows:

Number of Shares issued pursuant to the Share Plans	0
Number of Shares subject to outstanding awards granted under the Plan	0
Number of Shares subject to outstanding awards granted under the Share Option Scheme	40,000,000
Total	40,000,000

3.9.11 Role and Composition of the Committee

The remuneration committee of the Company will be designated as the Committee responsible for the administration of the Plan in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors of the Company, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards to be granted to or held by that member of the Committee.

4. ANNUAL GENERAL MEETING

The AGM, notice of which is enclosed with the Annual Report, will be held at 26 on April 2017 at 10 a.m. Shareholders' approvals for the proposed renewal of the Share Purchase Mandate and the alteration and extension of the Plan are being sought at the AGM. The resolutions relating to the renewal of the Share Purchase Mandate and alteration and extension of the duration of the Plan are contained in the Notice of AGM as Ordinary Resolutions 11 and 12 respectively.

Based on the eligibility criteria set out in the Plan, all the Directors, controlling shareholders and associates eligible to participate in the Plan will therefore refrain from making any recommendations to Shareholders and will abstain from voting on the Ordinary resolution relating to the Plan (Resolution 12). These Directors should not accept nomination as a proxy or otherwise vote at the AGM in respect of Resolution 12 unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for Resolution 12 as set out in the notice of the AGM.

5. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the proposed renewal of the Share Purchase Mandate as set out in Paragraph 2.3 of this Appendix the Directors, with the exception Mr Chia Lee Meng Raymond, Mr Lim Tiang Chuan and Ms Dawn Lim Sock Kiang who are abstaining from making any recommendation in relation to the Share Purchase Mandate believe that the renewal of the Share Purchase Mandate is in the interest of the Company and recommend that Shareholders vote in favour of Ordinary Resolution 11.

Having fully considered the rationale for the proposed alteration and extension of the Plan as set out in Paragraphs 3.3 to 3.5 of this Appendix, the Directors, with the exception of Mr Chia Lee Meng Raymond, Mr Lim Tiang Chuan, Mr Hoon Tai Meng, Mr Ang Mong Seng and Ms Dawn Lim Sock Kiang who are abstaining from making any recommendation in relation to the alteration and extension of the Plan, believe that the renewal the alteration and extension of the Plan are in the interest of the Company and recommend that Shareholders vote in favour of Ordinary Resolution 12.

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6. DIRECTORS' RESPONSIBILITY STATEMENT

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

7. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 171 Chin Swee Road, #12-01, CES Centre, Singapore 169877 during normal business hours from the date of this Circular up to the date of the AGM:

- (i) the Share Purchase Mandate; and
- (ii) the rules of the Amended Plan.

Yours faithfully

Chia Lee Meng Raymond
Executive Chairman and Group Chief Executive Officer
for and on behalf of the Board of Directors
of Chip Eng Seng Corporation Ltd

APPENDIX 1

The Amended Plan

APPENDIX 1

RULES OF THE CHIP ENG SENG PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

The Plan shall be called the "**Chip Eng Seng Performance Share Plan**".

2. DEFINITIONS

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

"Act"	:	The Companies Act, Chapter 50 of Singapore.
"Adoption Date"	:	The date on which the Plan is adopted by the Company in general meeting.
"Associated Company"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries, or a subsidiary of such company, and over whose management the Company has control.
"Associated Company Employee"	:	Any employee of an Associated Company (including any Associated Company Executive Director) selected by the Committee to participate in the Plan in accordance with Rule 4(1)(c).
"Associated Company Executive Director"	:	A director of an Associated Company who performs an executive function.
"Auditors"	:	The auditors of the Company for the time being.
"Award"	:	A contingent award of Shares granted under Rule 5.
"Award Date"	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5.
"Award Letter"	:	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee.
"CDP"	:	The Central Depository (Pte) Limited.
"Committee"	:	The remuneration committee of the Company which will be responsible for the administration of the Plan.
"Company"	:	Chip Eng Seng Corporation Ltd, a company incorporated in the Republic of Singapore.
"Constitution"	:	The Constitution of the Company, as amended from time to time. All references to "Articles" in this Plan shall refer to "Constitution".
"Controlling Shareholder"	:	A person who holds directly or indirectly fifteen per cent. (15%) or more of the total votes attached to all voting shares of a company or a person who in fact exercises control over such company
"Group"	:	The Company and its subsidiaries.
"Group Employee"	:	Any full-time employee of the Group (including any Group Executive Director) selected by the Committee to participate in the Plan in accordance with Rule 4(1)(a).
"Group Executive Director"	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.
"Listing Manual"	:	The Listing Manual of the Singapore Exchange.

"Market Value"	: In relation to a Share, on any day:
	(a) the average closing prices of the Share on the SGX-ST on each of the five (5) consecutive Trading Days on which transactions in Shares were recorded immediately preceding the date on which an Award is released in accordance with the rules of the Plan; or
	(b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by any independent financial advisors appointed by the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
"Participant"	: A Group Employee or an Associated Company Employee who has been granted an Award.
"Performance-related Award"	: An Award in relation to which a Performance Condition is specified.
"Performance Condition"	: In relation to a Performance-related Award, the condition specified on the Award Date in relation to that Award.
"Performance Period"	: In relation to a Performance-related Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition is to be satisfied.
"Plan"	: The Chip Eng Seng Performance Share Plan, as the same may be modified or altered from time to time.
"Release"	: In relation to an Award, the release, at the end of each Vesting Period, of the Shares to be released on such date and "Released" shall be construed accordingly.
"Release Schedule"	: In relation to an Award, a schedule, if any, in such form as the Committee shall approve, in accordance with which Shares which are the subject of that Award shall be Released at the end of each Vesting Period.
"Released Award"	: An Award which has been released in accordance with Rule 7.
"Securities Account"	A securities account maintained by a Depositor with CDP but does not include a securities sub-account.
"Shareholders"	The Registered holders of the Shares in the register of members of the Company except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, means the Depositors whose Securities Accounts are credited with such Shares.
"Shares"	: Ordinary shares in the capital of the Company.
"Singapore Exchange"	: The Singapore Exchange Securities Trading Limited.
"Trading Day"	: A day on which the Shares are traded on the Singapore Exchange.
"Vesting"	: In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and "Vest" and "Vested" shall be construed accordingly.
"Vesting Date"	: In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7.2.
"Vesting Period"	: In relation to an Award, a period or periods, the duration of which is to be determined by the Committee on the Award Date.
"\$"	: Singapore dollar.

- 2.2 For purposes of the Plan, the Company shall be deemed to have control over another company if it has the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company.
- 2.3 The term 'associate' shall have the meaning ascribed to it by the SGX-ST Listing Manual.
- 2.4 The terms 'Depositor', 'Depository Agent' and 'Depository Register' shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2006.
- 2.5 Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender. References to persons shall include corporations.
- 2.6 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in the Plan shall have the meaning assigned to it under the Act.
- 2.7 Any reference to a time of day in this Plan is made by reference to Singapore time unless otherwise stated.

3. OBJECTIVES OF THE PLAN

The Plan is a share incentive plan. The purpose of the Plan is to provide an opportunity for employees and directors of the Group and Associated Companies, who have met the criteria set out in this Plan, to be remunerated not just through cash bonuses but also by an equity stake in the Company.

The Group recognises that it is important to retain employees and directors whose contributions are essential to its well-being and prosperity. The Group also acknowledges that it is important to preserve financial resources for future business developments and to withstand difficult times. As such, one of the Group's strategies is to contain the remuneration of its employees and directors which is a major component of the Group's operating costs.

The Plan is formulated with these objectives in mind.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the Plan at the absolute discretion of the Committee:
 - (a) Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time; and
 - (b) Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and
 - (c) Associated Company Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.
- 4.2 Subject to the absolute discretion of the Committee, Group Employees, Non-Executive Directors and Associated Company Employees who are Controlling Shareholders of the Company and their associates will be entitled to participate in the Plan if:
 - (iv) they meet the eligibility requirements as set out above;
 - (v) the necessary Shareholders' approvals pursuant to Rule 18A have been obtained; and
 - (vi) all conditions for their participation in the Plan as may be required by the regulation of the SGX-ST from time to time are satisfied.

- 4.3 For the purposes of paragraph 4.1(a) above, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.4 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive plans implemented by the Company or any other company within the Group.
- 4.5 Subject to the Act and any requirement of the Singapore Exchange, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

5. GRANT OF AWARDS

- 5.1 Subject as provided in Rule 8, the Committee may grant Awards to Group Employees and/or Associated Company Employees, in each case, as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force except that no grant of Awards shall be made during the period of two (2) weeks or one (1) month immediately preceding the date of announcement of the Company's interim or final results respectively. In addition, in the event that an announcement on any matter of an exceptional nature involving price sensitive information is made by the Company, grant of Awards may only be made on or after the second Market Day following the release of such announcement.
- 5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, level of responsibility, years of service and potential for future development, his contribution to the success and development of the Group and (in the case of a Performance-related Award) the extent of effort with which the Performance Condition may be achieved within the Performance Period.
- 5.3 The Committee shall decide in relation to an Award:
 - (a) the Participant;
 - (b) the Award Date;
 - (c) the number of Shares which are the subject of the Award;
 - (d) in the case of a Performance-related Award:
 - (i) the Performance Period; and
 - (ii) the Performance Condition;
 - (e) the Vesting Period(s); and
 - (f) the Release Schedule (if any).
- 5.4 The Committee may amend or waive the Vesting Period(s) and the Release Schedule (if any) and, in the case of a Performance-related Award, the Performance Period and/or the Performance Condition in respect of any Award:
 - (a) in the event of a take-over offer being made for the Shares or if, under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a Plan for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
 - (b) in the case of a Performance-related Award, if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition should be waived,and shall notify the Participants of such change or waiver.

- 5.5 As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
- (a) the Award Date;
 - (b) the number of Shares which are the subject of the Award;
 - (c) in the case of a Performance-related Award:
 - (i) the Performance Period; and
 - (ii) the Performance Condition;
 - (d) the Vesting Period(s); and
 - (e) the Release Schedule (if any).
- 5.6 Participants are not required to pay for the grant of Awards.
- 5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer of the Shares to which the Released Award relates, shall not be transferred (other than to a Participant's personal representative on the death of that Participant) charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

- 6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:
- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion; or
 - (b) subject to Rule 6.2(b), where the Participant is a Group Employee or an Associated Company Employee, upon the Participant ceasing to be in the employment of the Group or the relevant Associated Company, as the case may be, for any reason whatsoever.
- For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.
- 6.2 In any of the following events, namely:
- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
 - (b) where the Participant being a Group Employee or an Associated Company Employee, ceases to be in the employment of the Group or the relevant Associated Company, as the case may be by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group or an Associated Company, as the case may be, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company, as the case may be;
 - (iv) (where applicable) his transfer of employment from the Group to an Associated Company or vice versa; or
 - (v) any other event approved by the Committee;

- (c) the death of a Participant; or
- (d) any other event approved by the Committee,

then the Committee may, in its absolute discretion, preserve all or any part of any Award or declare that an Award has lapsed without any claim whatsoever against the Company. If the Committee preserves all or any part of an Award, it shall decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of each Vesting Period and subject to the provisions of the Plan.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

- (a) a take-over offer for the Shares becomes or is declared unconditional;
- (b) the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a Plan for the reconstruction of the Company or its amalgamation with another company or companies under the Act; or
- (c) the shareholders of the Company pass a resolution for a members' solvent voluntary winding-up (other than for amalgamation or reconstruction).

the Committee will consider, at its discretion, whether or not to Release any Award. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Vesting Period(s) which has elapsed. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

7.1 Review of Performance Condition, in relation to Performance-related Awards

7.1.1 In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be a Group Employee or an Associated Company Employee, as the case may be, from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.5 shall be of no effect.

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

7.2 Vesting Period(s)

7.2.1 A Participant shall be entitled to renounce or surrender an Award by notifying the Company in writing no later than thirty (30) days immediately preceding the Vesting Date. Any Award so renounced or surrendered shall thereupon immediately lapse without any claim whatsoever against the Company.

7.2.2 Subject to Rule 7.2.1, upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Participant the Shares to which his Award relates in accordance with the Release Schedule (if any) specified in respect of his Award on the Vesting Date, subject to the following:

- (a) in relation to a Performance-related Award, the Committee having determined that the Performance Condition has been satisfied;

- (b) in relation to all Awards, that the relevant Participant has continued to be a Group Employee or an Associated Company Employee from the Award Date up to the end of the relevant Vesting Period;
- (c) in the opinion of the Committee, the job performance of the relevant Participant has been satisfactory;
- (d) such consents (including any approvals required by the SGX-ST) as may be necessary;
- (e) compliance with the terms of the Award, the Plan, and the Constitution;
- (f) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (g) where new Shares are to be allotted on the Release of an Award, the Company being satisfied that the new Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST.

7.2.3 Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the last day of the relevant Vesting Period and, on the Vesting Date, the Committee will procure either of the following in relation to such Vesting as it deems fit in its sole and absolute discretion:

- (a) the allotment and issue to each Participant of the number of Shares so determined; and/or
- (b) deliver existing Shares to the Participant, whether such existing Shares are acquired pursuant to a share purchase mandate or (to the extent permitted by law) held as treasury shares or otherwise.

7.2.4 Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the Singapore Exchange for permission to deal in and for quotation of such Shares.

7.3 Release of Award

Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a depository agent, in each case, as designated by that Participant.

7.4 Ranking of Shares

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

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

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

7.5 Cash Awards

The Committee may determine to make a Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date or in accordance with the Release Schedule (if any), in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date or the day the Shares would have otherwise been Released to him.

8. LIMITATION ON THE SIZE OF THE PLAN

8.1 The following limitations on the size of the Plan shall apply:

- (a) the total number of Shares which may be issued and/or issuable pursuant to Awards granted under the Plan on any date, when added to the number of Shares issued and/or issuable under such other share-based incentive schemes of the Company and all Awards granted under the Plan, shall not exceed fifteen per cent. (15%) of the total number of Shares of the Company (excluding treasury shares) on the day preceding that date;
- (b) the total number of Shares available to Controlling Shareholders and their associates shall not exceed twenty-five per cent. (25%) of the number of Shares in respect of which the Company may grant Awards; and
- (c) the total number of Shares available to each Controlling Shareholder or his associate shall not exceed ten per cent. (10%) of the number of Shares in respect of which the Company may grant Awards.

8.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.

9. ADJUSTMENT EVENTS

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

- (a) the value, class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or
 - (b) the value, class and/or number of Shares in respect of which future Awards may be granted under the Plan,
- shall be adjusted in such manner as the Committee may determine to be appropriate.

9.2 Notwithstanding Rule 9.1, no adjustment to the number of Shares comprised in an Award shall be required in the following circumstances:

- (a) an issue by the Company of shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees including directors or employees of the Company or any of its subsidiaries pursuant to purchase or option plans approved by shareholders of the Company in general meeting;
- (b) an issue by the Company of shares or securities convertible into or with rights to acquire or subscribe for shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
- (c) any issue of shares arising from a private placement or from the exercise of any warrants or the conversion of any convertible securities issued by the Company;
- (d) the acquisition by the Company of issued shares in the capital of the Company by way of a market purchase undertaken on the Singapore Exchange during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force; and
- (e) if such adjustment will result in the number of Shares comprised in an Award, together with Shares issued or issuable under the Plan exceeding in aggregate 15% (or such other percentage as may be specified by the Singapore Exchange from time to time) of the total number of Shares of the Company for the time being.

9.3 Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable. Adjustments must be made in such a way as to ensure that a Participant will not receive a benefit that a shareholder of the Company does not receive.

9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

10. ADMINISTRATION OF THE PLAN

- 10.1 The remuneration committee of the Company will be designated as the Committee responsible for the administration of the Plan in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors of the Company, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards to be granted to him or held by him.
- 10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as they may, in their absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Committee.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the Plan;
 - (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

11. NOTICES

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would become entitled to not less than three-quarters in number of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;

- (b) the definitions of "Associated Company", "Associated Company Employee", "Associated Company Executive Director", "Group Employee", "Group Executive Director", "Participant", "Performance Period" and "Vesting Period", the rules relating to the matters contained in Rules 844 to 849 and Rules 853 to 854 of the Listing Manual, and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company's shareholders in general meeting; and
 - (c) no modification or alteration shall be made without due compliance with the Listing Manual and the prior approval of the shareholders.
- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the Singapore Exchange) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the Singapore Exchange).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant (being a Group Employee or an Associated Company Employee, as the case may be) shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

14. DURATION OF THE PLAN

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

15. TAXES

The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant of Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the Plan.

16. COSTS AND EXPENSES OF THE PLAN

- 16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP depository agent.
- 16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay or failure in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the Singapore Exchange in accordance with Rule 7.2.4.

18. DISCLOSURES IN ANNUAL REPORTS

The Company shall make the following disclosures in its annual report to Shareholders for the duration of the Plan:

- (a) the names of the members of the Committee;
- (b) information as required in the table below in respect of Awards granted to the following Participants:
 - (i) Participants who are Directors of the Company;
 - (ii) Participants who are Controlling Shareholders of the Company and their associates; and
 - (iii) Participants, other than those in (i) and (ii) above, who receive Awards comprising Shares representing five per cent. (5%) or more of the aggregate of the Shares available under the Plan;

Name of Participant	Number of Shares comprised in Awards granted during financial year under review (including terms)	Number of Shares comprised in Awards granted since commencement of Plan to end of financial year under review (including terms)	Aggregate number of new Shares allotted and existing Shares purchased for delivery pursuant to Released Awards since commencement of the Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review

- (c) the names of and number and terms of Awards granted to each director or employee of the Company's parent company and its subsidiaries who receives five per cent. (5%) or more of the total number of Awards available to all directors and employees of such parent company and its subsidiaries under the Plan, during the financial year under review;
- (d) the aggregate number of Awards granted to the directors and employees of the Company's parent company and its subsidiaries for the financial year under review, and since the commencement of the Plan to the end of the financial year under review; and
- (e) any other information required to be disclosed pursuant to the Listing Manual and all other applicable laws and requirements.

If any of the disclosure above in the foregoing of this Rule 18 is not applicable, an appropriate negative statement will be included in the annual report.

18A. SHAREHOLDERS' APPROVAL

The participation of each Controlling Shareholder and each of his associates in the Plan must be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Award (including the actual number and the terms of the Award to be granted) to a Controlling Shareholder or his associates must be specifically approved by independent Shareholders in separate resolutions.

Further, any grant of Award to a director or employee of the Company's parent company and its subsidiaries that, together with Shares already granted to the person under the Plan, represents five per cent. (5%) or more of the total number of Shares available to such directors and employees, must be approved by independent shareholders. A separate resolution must be passed for each such person and to approve the aggregate number of options to be made available for grant to all directors and employees of the parent company and its subsidiaries.

18B. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan. Participants may act as proxies of Shareholders in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

18C. COLLECTION, USE AND DISCLOSURE OF PERSONAL DATA

For the purposes of implementing and administering the Plan, and in order to comply with any applicable laws, listing rules, regulations and/or guidelines, the Company will collect, use and disclose the personal data of the Participants, as contained in each Award Letter and/or any other communication, and/or which is otherwise collected from the Participants (or their authorised representatives). By participating in the Plan, each Participant consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the Company and/or third parties who provide services to the Company (whether within or outside Singapore), and to the collection, use and further disclosure by such parties for such purposes. Each Participant also warrants that where he discloses the personal data of third parties to the Company in connection with this Plan, he has obtained the prior consent of such third parties for the Company to collect, use and disclose their personal data for the abovementioned purposes, in accordance with any applicable laws, regulations and/or guidelines. Each Participant shall indemnify the Company and each member of the Committee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Participant's breach of this warranty.

19. DISPUTES

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

20. GOVERNING LAW

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

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

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