



OLAM INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 199504676H)

Directors:

R. Jayachandran (Non-Executive Chairman)
Kwa Chong Seng (Deputy Chairman & Non-Executive
and Independent Director)
Narain Girdhar Chanrai (Non-Executive Director)
Michael Lim Choo San (Non-Executive and Lead Independent Director)
Mark Haynes Daniell (Non-Executive and Independent Director)
Robert Michael Tomlin (Non-Executive and Independent Director)
Wong Heng Tew (Non-Executive and Independent Director)
Jean-Paul Pinard (Non-Executive and Independent Director)
Sanjiv Misra (Non-Executive and Independent Director)
Nihal Vijaya Devadas Kaviratne CBE (Non-Executive
and Independent Director)
Sunny George Verghese (Group Managing Director
and CEO/Executive Director)
Shekhar Anantharaman (Executive Director)

Registered Office:

50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

15 October 2014

To: The Shareholders of Olam International Limited

Dear Sir/Madam,

LETTER TO SHAREHOLDERS IN RELATION TO:

- (1) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE; AND**
- (2) THE PROPOSED ADOPTION OF THE SHARE GRANT PLAN**

All capitalised terms herein shall bear the meanings ascribed to them in the schedule titled "Definitions" to this Letter.

1. INTRODUCTION

1.1 The Directors wish to refer Shareholders to:

- (a) the Notice of 2014 AGM convening the 2014 AGM;
- (b) Ordinary Resolution 13 as set out in the Notice of 2014 AGM in relation to the proposed renewal of the Share Buyback Mandate; and
- (c) Ordinary Resolution 15 as set out in the Notice of 2014 AGM in relation to the proposed adoption of the Share Grant Plan.

- 1.2 The purpose of this Letter is to provide Shareholders with information relating to the Proposals to be tabled at the 2014 AGM, and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

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

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

The SGX-ST had on 22 September 2014 granted its in-principle approval for the listing and quotation of the new Shares to be allotted and issued pursuant to the Share Grant Plan, subject to:

- (a) Shareholders' approval for the Share Grant Plan being obtained; and
- (b) the Company's compliance with the SGX-ST's listing requirements and guidelines.

The SGX-ST's in-principle approval for the listing for and quotation of the new Shares is not to be taken as an indication of the merits of the Share Grant Plan, the Company, its subsidiaries or their securities.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 The Proposed Renewal of the Share Buyback Mandate

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. At the 2009 EGM, the Shareholders had approved a mandate to allow the Company to purchase or otherwise acquire Shares. The mandate was last renewed at the AGM held on 30 October 2013, and will, unless renewed again, expire on the date of the 2014 AGM.

In this regard, approval is now being sought from Shareholders for the proposed renewal of the Share Buyback Mandate at the 2014 AGM. Ordinary Resolution 13 as set out in the Notice of 2014 AGM will be proposed, pursuant to which authority will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its Shares on the terms of the Share Buyback Mandate.

2.2 Rationale for the Proposed Renewal of the Share Buyback Mandate

The approval of the proposed renewal of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares will give the Company the flexibility to undertake Share purchases or acquisitions up to the 10% limit described in paragraph 2.3.1 below at any time, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) in managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchase is one of the ways in which the return on equity of the Group may be enhanced;
- (b) the Company has at present a share option scheme for its employees, namely, the ESOS 2005 and is proposing to adopt the Share Grant Plan. Under the rules of the

ESOS 2005 and the Share Grant Plan (if approved), subject to prevailing legislation, the Memorandum, the Articles and the Listing Manual, the Company has the discretion to either issue new Shares, deemed fully paid upon issuance and allotment, or transfer existing Shares (whether held as treasury shares or otherwise) in satisfaction of the ESOS 2005 Options or Awards (as the case may be). Shares bought back under the Share Buyback Mandate can therefore be held by the Company as treasury shares for this purpose, thus giving the Company greater flexibility in this regard. The Company may also utilise the Shares held in treasury to remunerate Directors subject to compliance with the applicable laws and regulations;

- (c) the Share Buyback Mandate is an expedient, effective and cost-efficient way for the Company to return to Shareholders surplus cash/funds which is/are over and above its ordinary capital requirements and in excess of the financial and possible investment needs of the Group, if any. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy; and
- (d) share buyback mandates help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the duration referred to in paragraph 2.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will only be made as and when the Directors consider it to be in the best interests of the Company and/or Shareholders 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.

2.3 Authority and Limits on the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares as at the date of the 2014 AGM (excluding treasury shares) at which the renewal of the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by the special resolution of the Company or the order of the court, as the case may be. Any Shares which are held as treasury shares will be disregarded for the purposes of computing the 10% limit.

For illustrative purposes only, based on the general rule in the foregoing paragraph, on the basis of 2,440,721,869 Shares in issue (excluding treasury shares) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the date of the 2014 AGM, not more than 244,072,186 Shares (representing 10% of the

total number of issued Shares (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback during the Relevant Period.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may be made, at any time and from time to time, on and from the date of the 2014 AGM at which the renewal of the Share Buyback Mandate is approved, up to:

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting; or
- (c) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in any general meeting of the Company, such as at the next AGM or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 Manner of Purchase or Acquisition

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose, in accordance with Section 76E of the Companies Act; and/or
- (b) off-market purchases ("**Off-Market Purchases**") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Listing Manual, the Companies Act, the Memorandum and the Articles, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all of the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

- (iii) the terms of all the offers shall be the same, except that there shall be disregarded differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid and differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase, it will issue an offer document to all Shareholders containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions; and
- (7) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses ("**related expenses**")) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

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

For the above purposes:

"**Average Closing Price**" means the average of the closing Market Prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made,

or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days.

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3.5 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time. The total number of issued Shares will be diminished by the number of issued Shares purchased or acquired by the Company which are not held as treasury shares. It is presently intended by the Company that all or most of the Shares which are purchased or acquired by the Company under the Share Buyback Mandate will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

All Shares purchased or acquired by the Company (unless held as treasury shares by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition.

2.4 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.4.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.4.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall 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. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.4.3 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, an employees' share scheme;
- (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.

2.4.4 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve the purchases or acquisitions of Shares by the Company, the Directors shall lodge a copy of such resolution with the Registrar.

The Directors shall notify the Registrar within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchases or acquisitions including the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled and the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition, and such other information as required by the Companies Act.

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;

- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.4.5 Source of Funds

The Company may only apply funds for the purchase or acquisition of Shares as provided in the Articles and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company may use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group.

2.4.6 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the NTA per Share and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total number of issued Shares and total issued share capital will be diminished by the total number of Shares purchased by the Company and which are not held as treasury shares. The NTA of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The purchase or acquisition of Shares will only be effected by the Company after the Directors have considered relevant factors such as the working capital requirements, the availability of financial resources and the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buyback Mandate will be exercised with a view to enhance the EPS and/or the NTA per Share.

As at the Latest Practicable Date, the total number of issued Shares is 2,492,917,869, of which 52,196,000 Shares are held in treasury. On this basis, for illustrative purposes only, as the Company can only hold 10% of its Shares in treasury pursuant to Section 76I(1) of the Companies Act, it can only hold 249,291,786 Shares in treasury. As such, even though the Share Buyback Mandate provides for potentially up to 244,072,186 Shares to be purchased or acquired by the Company, the maximum number of Shares that the Company can purchase or acquire and hold in treasury is 197,095,786 Shares. Accordingly, the exercise in full of the Share Buyback Mandate would result in the purchase or acquisition of 197,095,786 Shares if all the Shares so purchased or acquired were to be held in treasury.

For the purposes of illustration and comparison only, the Company has assumed that pursuant to the Share Buyback Mandate, it will purchase or acquire the smaller number of Shares, i.e. 197,095,786 Shares, instead of the entire 10% of the total number of issued Shares (excluding treasury shares), i.e. 244,072,186 Shares.

For illustrative purposes only, the financial effects of the Share Buyback Mandate on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 30 June 2014 are based on the assumptions set out below:

- (a) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 197,095,786 Shares at the Maximum Price of S\$2.45 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five 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 or acquisition of the 197,095,786 Shares (excluding related expenses) is approximately S\$483 million; and
- (b) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 197,095,786 Shares at the Maximum Price of S\$2.80 for one Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five 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 or acquisition of the 197,095,786 Shares (excluding related expenses) is approximately S\$552 million.

For illustrative purposes only, and based on the assumptions set out in the foregoing two paragraphs and assuming that:

- (i) such purchase or acquisition of Shares is financed solely by internal sources of funds;
- (ii) the Share Buyback Mandate had been effective on 1 July 2013; and
- (iii) the Company had purchased or acquired 197,095,786 Shares,

the financial effects of the purchase or acquisition of 197,095,786 Shares by the Company on the audited financial accounts of the Group and the Company for the financial year ended 30 June 2014 pursuant to the Share Buyback Mandate:

- (1) by way of purchases made entirely out of profits and held as treasury shares;
- (2) by way of purchases made entirely out of capital and held as treasury shares;
- (3) by way of purchases made entirely out of profits and cancelled; and
- (4) by way of purchases made entirely out of capital and cancelled,

are summarised for ease of reference in the following table:

Scenario	Purchased out of	Type of purchase	Held as treasury shares or cancelled	Maximum price per Share (S\$)
1(A)	Profits	Market Purchase	Held as treasury shares	2.45
1(B)	Profits	Off-Market Purchase	Held as treasury shares	2.80
2(A)	Capital	Market Purchase	Held as treasury shares	2.45
2(B)	Capital	Off-Market Purchase	Held as treasury shares	2.80
3(A)	Profits	Market Purchase	Cancelled	2.45
3(B)	Profits	Off-Market Purchase	Cancelled	2.80
4(A)	Capital	Market Purchase	Cancelled	2.45
4(B)	Capital	Off-Market Purchase	Cancelled	2.80

the details of which are set out below:

(1) Purchases made entirely out of profits and held as treasury shares

(A) Market Purchases

	Group		Company	
	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000
As at 30 June 2014				
Share capital	2,162,642	2,162,642	2,162,642	2,162,642
Existing treasury shares	(96,081)	(96,081)	(96,081)	(96,081)
Capital securities	237,379	237,379	237,379	237,379
Capital and other reserves	(267,971)	(267,971)	(93,395)	(93,395)
Retained earnings	2,164,217	1,681,332	1,046,139	563,254
	<u>4,200,186</u>	<u>3,717,301</u>	<u>3,256,684</u>	<u>2,773,799</u>
Treasury shares	–	482,885	–	482,885
Shareholders' funds	<u>4,200,186</u>	<u>4,200,186</u>	<u>3,256,684</u>	<u>3,256,684</u>
Net tangible assets	4,200,186	3,717,301	3,256,684	2,773,799
Minority interests	22,142	22,142	–	–
Current assets	10,116,578	9,633,693	7,245,683	6,762,798
Current liabilities	6,982,080	6,982,080	3,966,850	3,966,850
Working capital	3,134,498	2,651,613	3,278,833	2,795,948
Number of issued shares	2,490,857,869	2,490,857,869	2,490,857,869	2,490,857,869
Weighted average number of shares	2,395,390,505	2,395,390,505	2,395,390,505	2,395,390,505
Financial ratios				
NTA per Share (S\$)	168.62	149.24	130.75	111.36
Current ratio (times)	1.45	1.38	1.83	1.70
EPS (cents)	24.65	24.65	–	–

(B) Off-Market Purchases

	Group		Company	
	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000
As at 30 June 2014				
Share capital	2,162,642	2,162,642	2,162,642	2,162,642
Existing treasury shares	(96,081)	(96,081)	(96,081)	(96,081)
Capital securities	237,379	237,379	237,379	237,379
Capital and other reserves	(267,971)	(267,971)	(93,395)	(93,395)
Retained earnings	2,164,217	1,612,349	1,046,139	494,271
	4,200,186	3,648,318	3,256,684	2,704,816
Treasury shares	–	551,868	–	551,868
Shareholders' funds	4,200,186	4,200,186	3,256,684	3,256,684
Net tangible assets	4,200,186	3,648,318	3,256,684	2,704,816
Minority interests	22,142	22,142	–	–
Current assets	10,116,578	9,564,710	7,245,683	6,693,815
Current liabilities	6,982,080	6,982,080	3,966,850	3,966,850
Working capital	3,134,498	2,582,630	3,278,833	2,726,965
Number of issued shares	2,490,857,869	2,440,721,869	2,490,857,869	2,440,721,869
Weighted average number of shares	2,395,390,505	2,395,390,505	2,395,390,505	2,395,390,505
Financial ratios				
Net tangible assets/share (S\$)	168.62	149.48	130.75	110.82
Current ratio (times)	1.45	1.37	1.83	1.69
EPS (cents)	24.65	24.65	–	–

(2) Purchases made entirely out of capital and held as treasury shares**(A) Market Purchases**

	Group		Company	
	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000
As at 30 June 2014				
Share capital	2,162,642	1,679,757	2,162,642	1,679,757
Existing treasury shares	(96,081)	(96,081)	(96,081)	(96,081)
Capital securities	237,379	237,379	237,379	237,379
Capital and other reserves	(267,971)	(267,971)	(93,395)	(93,395)
Retained earnings	2,164,217	2,164,217	1,046,139	1,046,139
	<u>4,200,186</u>	<u>3,717,301</u>	<u>3,256,684</u>	<u>2,773,799</u>
Treasury shares	–	482,885	–	482,885
Shareholders' funds	<u>4,200,186</u>	<u>4,200,186</u>	<u>3,256,684</u>	<u>3,256,684</u>
Net tangible assets	4,200,186	3,717,301	3,256,684	2,773,799
Minority interests	22,142	22,142	–	–
Current assets	10,116,578	9,633,693	7,245,683	6,762,798
Current liabilities	6,982,080	6,982,080	3,966,850	3,966,850
Working capital	3,134,498	2,651,613	3,278,833	2,795,948
Number of issued shares	2,490,857,869	2,440,721,869	2,490,857,869	2,440,721,869
Weighted average number of shares	2,395,390,505	2,395,390,505	2,395,390,505	2,395,390,505
Financial ratios				
Net tangible assets/ share (S\$)	168.62	152.30	130.75	113.65
Current ratio (times)	1.45	1.38	1.83	1.70
EPS (cents)	24.65	24.65	–	–

(B) Off-Market Purchases

	Group		Company	
	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000
As at 30 June 2014				
Share capital	2,162,642	1,610,774	2,162,642	1,610,774
Existing treasury shares	(96,081)	(96,081)	(96,081)	(96,081)
Capital securities	237,379	237,379	237,379	237,379
Capital and other reserves	(267,971)	(267,971)	(93,395)	(93,395)
Retained earnings	2,164,217	2,164,217	1,046,139	1,046,139
	4,200,186	3,648,318	3,256,684	2,704,816
Treasury shares	–	551,868	–	551,868
Shareholders' funds	4,200,186	4,200,186	3,256,684	3,256,684
Net tangible assets	4,200,186	3,648,318	3,256,684	2,704,816
Minority interests	22,142	22,142	–	–
Current assets	10,116,578	9,564,710	7,245,683	6,693,815
Current liabilities	6,982,080	6,982,080	3,966,850	3,966,850
Working capital	3,134,498	2,582,630	3,278,833	2,726,965
Number of issued shares	2,490,857,869	2,440,721,869	2,490,857,869	2,440,721,869
Weighted average number of shares	2,395,390,505	2,395,390,505	2,395,390,505	2,395,390,505
Financial ratios				
Net tangible assets/ share (S\$)	168.62	149.48	130.75	110.82
Current ratio (times)	1.45	1.37	1.83	1.69
EPS (cents)	24.65	24.65	–	–

(3) Purchases made entirely out of profits and cancelled

(A) Market Purchases

	Group		Company	
	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000
As at 30 June 2014				
Share capital	2,162,642	2,162,642	2,162,642	2,162,642
Existing treasury shares	(96,081)	(96,081)	(96,081)	(96,081)
Capital securities	237,379	237,379	237,379	237,379
Capital and other reserves	(267,971)	(267,971)	(93,395)	(93,395)
Retained earnings	2,164,217	1,681,332	1,046,139	563,254
	<u>4,200,186</u>	<u>3,717,301</u>	<u>3,256,684</u>	<u>2,773,799</u>
Treasury shares	–	–	–	–
Shareholders' funds	<u>4,200,186</u>	<u>3,717,301</u>	<u>3,256,684</u>	<u>2,773,799</u>
Net tangible assets	4,200,186	3,717,301	3,256,684	2,773,799
Minority interests	22,142	22,142	–	–
Current assets	10,116,578	9,633,693	7,245,683	6,762,798
Current liabilities	6,982,080	6,982,080	3,966,850	3,966,850
Working capital	3,134,498	2,651,613	3,278,833	2,795,948
Number of issued shares	2,490,857,869	2,243,626,083	2,490,857,869	2,243,626,083
Weighted average number of shares	2,395,390,505	2,155,851,454	2,395,390,505	2,155,851,454
Financial ratios				
Net tangible assets/ share (S\$)	168.62	165.68	130.75	123.63
Current ratio (times)	1.45	1.38	1.83	1.70
EPS (cents)	24.65	27.39	–	–

(B) Off-Market Purchases

	Group		Company	
	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000
As at 30 June 2014				
Share capital	2,162,642	2,162,642	2,162,642	2,162,642
Existing treasury shares	(96,081)	(96,081)	(96,081)	(96,081)
Capital securities	237,379	237,379	237,379	237,379
Capital and other reserves	(267,971)	(267,971)	(93,395)	(93,395)
Retained earnings	2,164,217	1,612,349	1,046,139	494,271
	4,200,186	3,648,318	3,256,684	2,704,816
Treasury shares	–	–	–	–
Shareholders' funds	4,200,186	3,648,318	3,256,684	2,704,816
Net tangible assets	4,200,186	3,648,318	3,256,684	2,704,816
Minority interests	22,142	22,142	–	–
Current assets	10,116,578	9,564,710	7,245,683	6,693,815
Current liabilities	6,982,080	6,982,080	3,966,850	3,966,850
Working capital	3,134,498	2,582,630	3,278,833	2,726,965
Number of issued shares	2,490,857,869	2,243,626,083	2,490,857,869	2,243,626,083
Weighted average number of shares	2,395,390,505	2,155,851,454	2,395,390,505	2,155,851,454
Financial ratios				
Net tangible assets/share (S\$)	168.62	162.61	130.75	120.56
Current ratio (times)	1.45	1.37	1.83	1.69
EPS (cents)	24.65	27.39	–	–

(4) Purchases made entirely out of capital and cancelled**(A) Market Purchases**

	Group		Company	
	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000
As at 30 June 2014				
Share capital	2,162,642	1,679,757	2,162,642	1,679,757
Existing treasury shares	(96,081)	(96,081)	(96,081)	(96,081)
Capital securities	237,379	237,379	237,379	237,379
Capital and other reserves	(267,971)	(267,971)	(93,395)	(93,395)
Retained earnings	2,164,217	2,164,217	1,046,139	1,046,139
	<u>4,200,186</u>	<u>3,717,301</u>	<u>3,256,684</u>	<u>2,773,799</u>
Treasury shares	–	–	–	–
Shareholders' funds	<u>4,200,186</u>	<u>3,717,301</u>	<u>3,256,684</u>	<u>2,773,799</u>
Net tangible assets	4,200,186	3,717,301	3,256,684	2,773,799
Minority interests	22,142	22,142	–	–
Current assets	10,116,578	9,633,693	7,245,683	6,762,798
Current liabilities	6,982,080	6,982,080	3,966,850	3,966,850
Working capital	3,134,498	2,651,613	3,278,833	2,795,948
Number of issued shares	2,490,857,869	2,243,626,083	2,490,857,869	2,243,626,083
Weighted average number of shares	2,395,390,505	2,155,851,454	2,395,390,505	2,155,851,454
Financial ratios				
Net tangible assets/ share (S\$)	168.62	165.68	130.75	123.63
Current ratio (times)	1.45	1.38	1.83	1.70
EPS (cents)	24.65	27.39	–	–

(B) Off-Market Purchases

	Group		Company	
	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000
As at 30 June 2014				
Share capital	2,162,642	1,610,774	2,162,642	1,610,774
Existing treasury shares	(96,081)	(96,081)	(96,081)	(96,081)
Capital securities	237,379	237,379	237,379	237,379
Capital and other reserves	(267,971)	(267,971)	(93,395)	(93,395)
Retained earnings	2,164,217	2,164,217	1,046,139	1,046,139
	4,200,186	3,648,318	3,256,684	2,704,816
Treasury shares	–	–	–	–
Shareholders' funds	4,200,186	3,648,318	3,256,684	2,704,816
Net tangible assets	4,200,186	3,648,318	3,256,684	2,704,816
Minority interests	22,142	22,142	–	–
Current assets	10,116,578	9,564,710	7,245,683	6,693,815
Current liabilities	6,982,080	6,982,080	3,966,850	3,966,850
Working capital	3,134,498	2,582,630	3,278,833	2,726,965
Number of issued shares	2,490,857,869	2,243,626,083	2,490,857,869	2,243,626,083
Weighted average number of shares	2,395,390,505	2,155,851,454	2,395,390,505	2,155,851,454
Financial ratios				
Net tangible assets/ share (S\$)	168.62	162.61	130.75	120.56
Current ratio (times)	1.45	1.37	1.83	1.69
EPS (cents)	24.65	27.39	–	–

Shareholders should note that the financial effects set out above are purely for illustrative purposes and based on the abovementioned assumptions. Although the Share Buyback Mandate, if renewed, would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of its issued Shares (excluding treasury shares), or purchase or be able to purchase up to the maximum number of its issued Shares that it can hold in treasury as illustrated above. The Company may, subject to the requirements of the Companies Act, cancel all or part of the Shares repurchased and/or hold all or part of the Shares repurchased in treasury, at its discretion.

Shareholders who are in doubt as to their tax positions or any tax implications in their respective jurisdictions should consult their own professional advisers.

2.5 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.5.1 *Obligation to make a Take-over Offer*

If, as a result of any purchase or acquisition by the Company of the Shares, the percentage of voting rights in the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.5.2 *Persons Acting in Concert*

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;

- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

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

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

2.5.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Based on substantial shareholding notifications received by the Company under Division 4, Part IV of the Companies Act as at the Latest Practicable Date, as set out in paragraph 4 below, none of the Substantial Shareholders would become obliged to make a mandatory offer for the Company under Rule 14 of the Take-over Code as a result of the purchase or acquisition by the Company of the maximum limit of 10% of its issued Shares (excluding treasury shares) as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council of Singapore and/or their professional advisers at the earliest opportunity.

2.6 Listing Manual

While the Listing Manual does not expressly prohibit purchase or acquisition of shares by a listed company during any particular time or times, because a listed company would be considered an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase or acquire any Shares pursuant to the Share Buyback Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board of Directors until such time as such information has been publicly announced, where such purchase or acquisition will be in contravention of the insider trading laws and regulations contained in the Securities and Futures Act and its subsidiary legislation, as amended or modified from time to time.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public.

Based on the Register of Directors’ shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 349,136,415 Shares, representing 14.30% of the total number of issued Shares (excluding treasury shares), are in the hands of the public. The Company is of the view that as of the Latest Practicable Date, there are sufficient issued Shares in the hands of the public such that the Company may potentially undertake purchases or acquisitions of Shares through Market Purchases pursuant to the Share Purchase Mandate, provided that the Company does not do so to such an extent as would affect adversely the listing status of the Shares on the SGX-ST. The Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is sufficient float in the hands of the public so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.7 Previous Share Buybacks

The Company has not purchased any Shares during the 12 month period preceding the Latest Practicable Date.

3. THE PROPOSED SHARE GRANT PLAN

3.1 The Proposed Share Grant Plan

The Company proposes to adopt the Share Grant Plan, which will separately be subject to Shareholders’ approval at the 2014 AGM. The rationale for the adoption of the Share Grant Plan is set out in paragraph 3.4 of this Letter, and a summary of the principal rules of the Share Grant Plan is set out in paragraph 3.5 of this Letter. Please refer to the Appendix to this Letter for the proposed rules of the Share Grant Plan.

3.2 The ESOS 2005

The Company has an existing share option plan, the ESOS 2005, which was adopted at an extraordinary general meeting of the Company held on 4 January 2005, and subsequently amended on 29 October 2008. The ESOS 2005 will be expiring on 3 January 2015. Save for the ESOS 2005, the Company currently does not have any other employee share scheme or employee share option scheme in place.

In view of the impending expiry of the ESOS 2005, the Company wishes to adopt the Share Grant Plan, subject to, and upon approval of Shareholders being obtained for the Share Grant Plan at the 2014 AGM. The ESOS 2005 will be terminated upon the adoption of the Share Grant Plan (if approved).

The terms of the ESOS 2005 will continue to apply to the ESOS 2005 Options granted under the ESOS 2005. A summary of the ESOS 2005 was set out on pages 131 to 135 of the Company's prospectus dated 31 January 2005 (the "**Prospectus**"), which is available on the Company's website. The rules of the ESOS 2005 were set out at Appendix E to the Prospectus. The rules of the ESOS 2005 were subsequently amended pursuant to Shareholders' approval at the extraordinary general meeting of the Company held on 29 October 2008 as set out in Appendix 1 to the Company's circular dated 13 October 2008.

3.3 ESOS 2005 Options granted under the ESOS 2005

As at the Latest Practicable Date, an aggregate of 76,897,000 outstanding and unexercised ESOS 2005 Options have been granted under the ESOS 2005 as follows:

Total number of ESOS 2005 Options granted which are the subject of the outstanding and unexercised ESOS 2005 Options	: 76,897,000 ESOS 2005 Options
Total number of Shares which are the subject of the outstanding and unexercised ESOS 2005 Options	: 76,897,000 Shares
Number of ESOS 2005 Participants in the ESOS 2005 as at the Latest Practicable Date	: 268 ESOS 2005 Participants
Total number of Shares allotted (pursuant to ESOS 2005 Options which have been exercised)	: 103,633,560 Shares
Any material conditions to which the ESOS 2005 Options are subject	: Save as disclosed in the rules of the ESOS 2005, there are no material conditions to which the ESOS 2005 Options granted under the ESOS 2005 are subject. Please refer to Appendix E to the Prospectus and Appendix 1 to the Company's circular dated 13 October 2008
Details of ESOS 2005 Options granted to the Directors (other than those who are Controlling Shareholders and their Associates):	: ESOS 2005 Options were granted to four (4) Independent Directors on 29 October 2007. As at the Latest Practicable Date, a total of 400,000 ESOS 2005 Options were granted to the Independent Directors, of which no ESOS 2005 Options have been exercised. These ESOS 2005 Options have since expired on 29 October 2012.
Details of ESOS 2005 Options granted to the Controlling Shareholders and their Associates:	: No ESOS 2005 Options have been granted to any Controlling Shareholders or their Associates.

3.4 Rationale for the Share Grant Plan

The Share Grant Plan is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and executive directors of the Group who have contributed to the growth of the Group. The Share Grant Plan will give Participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

- (a) motivate Participants to optimise their performance standards and efficiency, maintain a high level of contribution to the Group and strive to deliver long-term shareholder value;
- (b) align the interests of employees with the interests of the Shareholders of the Company;
- (c) retain key employees and executive directors of the Group whose contributions are key to the long-term growth and profitability of the Group;
- (d) instil loyalty to, and a stronger identification by employees with the long-term prosperity of, the Company; and
- (e) attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company.

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

The Share Grant Plan contemplates the award of fully-paid Shares, when and after pre-determined performance or service conditions are accomplished. Any performance targets set under the Share Grant Plan are intended to be based on longer-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Examples of performance targets to be set aside include targets based on criteria such as total shareholders' return, return on invested capital, economic value added, or on the Company meeting certain specified corporate target(s). It is also currently intended that a Retention Period, during which the Shares awarded may not be transferred or otherwise disposed of (except to the extent set out in the Award Letter or with the prior approval of the Committee), may be imposed in respect of Shares awarded to the Participants under the Share Grant Plan.

3.5 Summary of Rules of the Share Grant Plan

The following is a summary of the principal rules of the Share Grant Plan:

3.5.1 Eligibility

Individuals who are:

- (a) full time Group Employees (including executive Directors) who have attained the age of 21 years on or before the Award Date; and
- (b) employees who qualify under paragraph 3.5.1(a) above and are seconded to any other company outside the Group in which the Company and/or the Group has an equity interest,

shall be eligible to participate in the Share Grant Plan at the absolute discretion of the Committee.

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Share Grant Plan shall be determined at the absolute discretion of the Committee, which shall take into account such relevant criteria as it considers fit, including (but not limited to) his rank, past performance, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his Board and board committee of the Company (if any) appointment and attendance, his contribution to the success and development of the Group and (in the case of a Performance-related Award) the extent of effort and resourcefulness required to achieve the Performance Condition within the Performance Period.

Controlling Shareholders and/or their Associates shall not be eligible to participate in the Share Grant Plan.

3.5.2 Grant of Awards

Awards under the Share Grant Plan represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed target(s) (if any) (including performance targets in the case of a performance-related share grant) are met and upon the expiry of the Vesting Periods which will be determined by the Committee at the Award Date.

An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred (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 in breach of the foregoing restriction, that Award or Released Award shall immediately lapse.

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, as soon as practicable after the Vesting Date, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date.

3.5.3 Details of Awards

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 Condition;

- (ii) the Performance Period; and
- (iii) the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
- (e) the Vesting Period(s);
- (f) the Vesting Date(s);
- (g) where applicable, whether the Release of an Award will be, wholly or partly, in the form of cash rather than Shares;
- (h) the Release Schedule;
- (i) the Retention Period, if any; and
- (j) any other condition which the Committee may determine in relation to that Award.

3.5.4 Events Prior to Vesting

Unless otherwise decided in the absolute discretion of the Committee, an Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company in any of the following events:

- (a) an order is made or a resolution is passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (b) the Participant who is a Group Employee (including an executive Director) ceases at any time to be in the employment of the Group or the relevant Associated Company, as the case may be, for any reason whatsoever;
- (c) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (d) in the event of misconduct on the part of a Participant as determined by the Committee in its absolute discretion; or
- (e) in the event that the Committee, shall at its absolute discretion, deem it appropriate that such Award granted to a Participant shall so lapse on the grounds that any of the objectives of the Share Grant Plan (as set out in Rule 3 of the Share Grant Plan) has not been met.

In any of the following events, namely:

- (i) the Participant ceasing to be employed by the Group and/or the relevant Associated Company, as the case may be, by reason of:
 - (A) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee) or death;
 - (B) redundancy;

- (C) retirement at or after the legal retirement age;
 - (D) retirement before the legal retirement age with the consent of the Committee; or
 - (E) any other reason approved in writing by the Committee;
- (ii) the completion of a fixed term contract for a Participant on a fixed term contract;
 - (iii) the Participant ceasing to be employed by the Group and/or the relevant Associated Company, as the case may be, by reason of:
 - (A) a transfer of employment to an/another Associated Company; or
 - (B) the (whole or partial) disposal of the Company's interest in the employer of the Participant; or
 - (iv) any other event approved by the Committee,

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

If a Participant dies and at the date of his death holds any Award, such Award may, at the absolute discretion of the Committee, be Released to the duly appointed personal representatives of the Participant.

For the avoidance of doubt, if, for any reason whatsoever, a Participant who is an executive director within the Group or of an Associated Company on the Offering Date, ceases to be an executive director within the Group or of an Associated Company, as the case may be, but remains a Group Employee, all Awards granted to such Participant will, notwithstanding such cessation, continue to be Released within the relevant Release Schedule.

If before a Vesting Date, any of the following occurs:

- (1) a take-over offer for the Shares becomes or is declared unconditional;
- (2) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by Shareholders of the Company and/or sanctioned by the court under the Companies Act; or
- (3) an order being made or a resolution passed for the winding-up of the Company (other than as provided in paragraph 3.5.4(a) above or for amalgamation or reconstruction),

the Committee will consider, at its absolute discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee

decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will (if applicable) have regard to the proportion of the Vesting Period(s) which has elapsed and, in the case of a Performance-related Award, the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.5 of the Share Grant Plan.

3.5.5 Limitation and Maximum Entitlement

The total number of Shares which may be allotted and issued and/or Shares which may be delivered pursuant to the Share Grant Plan on any date, when added to:

- (a) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered in respect of all Awards granted under the Share Grant Plan; and
- (b) all Shares, options or awards granted under any other share schemes of the Company then in force,

shall not exceed 10% of the issued share capital of the Company (excluding treasury shares) on the day preceding the relevant date of the Award.

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 Share Grant Plan.

The Committee currently does not intend, in any given year, to grant Awards under the Share Grant Plan which would comprise more than 1.5% of the total number of issued Shares (excluding treasury shares) from time to time.

3.5.6 Duration of the Share Grant Plan

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

The expiry or termination of the Share Grant Plan shall not affect Awards which have been granted to Participants prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) by the Committee or not.

3.5.7 Operation of the Share Grant Plan

In determining whether to issue new Shares or to deliver existing Shares held in treasury by the Company to Participants on Vesting of their Awards (which shall be determined by the Committee on or prior to the Vesting Date), the Company will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement.

The Shares to be issued to Participants upon Vesting of their Awards will be fully paid upon their allotment and issuance. Such Shares allotted and issued on the Release of an Award shall rank in full for all entitlements, including dividends or other distribution 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 aspects rank *pari passu* with other existing Shares then in issue.

3.6 Adjustments and Modifications under the Share Grant Plan

3.6.1 Adjustment Events

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the Company shall make a capital distribution or a declaration of special dividend (whether interim or final and whether in cash or in specie), then the Committee may, in its absolute discretion, determine whether:

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

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee may, in its absolute discretion, determine the manner in which such adjustment shall be made.

Unless the Committee considers an adjustment to be appropriate:

- (i) the issue of securities as consideration for a private placement of securities or in connection with an acquisition of any assets, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants; or
- (ii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST or any other stock exchange on which the Shares are quoted or listed 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.

No adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive. Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable.

3.6.2 Modifications

The Share Grant Plan may be modified and/or altered from time to time by a resolution of the Committee, except that:

- (a) no modification or alteration shall alter adversely the rights attached to Awards granted prior to such modification or alteration except with the prior written consent of such number of Participants under the Share Grant Plan who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would be 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 under the Share Grant Plan upon the expiry of all the Vesting Periods applicable to all outstanding Awards;
- (b) no alteration shall be made to particular definitions and rules of the Share Grant Plan to the advantage of Participants except with the prior approval of Shareholders in general meeting; and
- (c) no modification or alteration shall be made without the due compliance with the Listing Manual and the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

Additionally, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the rules or provisions of the Share Grant Plan in any way to the extent necessary to cause the Share Grant Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Companies Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

3.7 Disclosure in the Annual Report in respect of the Share Grant Plan

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Share Grant Plan continues in operation and as from time to time required by the SGX-ST:

- (a) the names of the members of the Committee administering the Share Grant Plan;
- (b) in respect of the following Participants:
 - (i) Directors of the Company; and
 - (ii) Participants, other than those in paragraph 3.7(b)(i) above, who have been granted Awards under the Share Grant Plan and/or who have received Shares pursuant to the Release of Awards granted under the Share Grant Plan which, in aggregate, represent 5% or more of the total number of Shares available under the Share Grant Plan,

the following information:

- (1) the name of the Participant;

- (2) the following particulars relating to Awards granted under the Share Grant Plan:
- (A) the Awards granted to such Participant during the financial year under review (including terms);
 - (B) the aggregate number of Shares comprised in Awards granted to such Participant since the commencement of the Share Grant Plan to the end of the financial year under review;
 - (C) the aggregate number of Shares comprised in Awards granted to such Participant that have been Vested since the commencement of the Share Grant Plan to the end of the financial year under review; and
 - (D) the aggregate number of Shares comprised in Awards granted to such Participant that are outstanding as at the end of the financial year under review; and
- (c) such other information as may be required by the Listing Manual or the Companies Act.

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

3.8 Participation by employees of Associated Companies in the Share Grant Plan

While the Share Grant Plan caters principally to employees of the Company and its subsidiaries, it is recognised that there may be individuals who are able to make significant contributions to the Group through their close working relationship with the Group, even though they are not employed within the Group. Such persons include the employees of Associated Companies.

Employees of Associated Companies are expected to work closely with the Group to provide services, knowledge, expertise, assistance and support to the Group on a continuing basis in the development and implementation of business strategies, investments and projects in which the Company or the Group has interests. The extension of the Share Grant Plan to employees of Associated Companies allows the Group to have a fair and equitable system to reward employees of Associated Companies who have made and who continue to make significant contributions to the long-term growth of the Group and provides another means of rewarding such persons apart from the usual cash remuneration.

In deciding whether to grant Awards to employees of Associated Companies, the Company will consider, *inter alia*, the contributions of such individuals to the success and development of the Company and/or the Group before selecting them for participation in the Share Grant Plan.

For the purposes of assessing their contributions, the Committee may adopt a performance framework which incorporates financial and/or non-financial performance criteria.

3.9 Role and Composition of the Committee

The Human Resource and Compensation Committee of the Company will be designated to act as the Committee administering the Share Grant Plan (if approved). In compliance with the requirements of the Listing Manual, a Participant of the Share Grant Plan who is a member of the Committee shall not be involved in any deliberation or decision in respect of Awards granted or to be granted to or held by that member of the Committee.

3.10 Financial Effects of the Share Grant Plan

The financial effects of the Share Grant Plan are as follows:

(a) Cost of Awards

FRS 102 relating to share-based payments takes effect for all listed companies beginning 1 January 2005. Participants will receive Shares in settlement of the Awards and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognized as a charge to the consolidated income statement over the period between the Award Date and the Vesting Date of an Award. For 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 at the Vesting Date, with a corresponding credit to reserve account. Before the end of the Vesting Period, at each accounting year end, 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 consolidated income statement with a corresponding adjustment to the reserve account. After the Vesting Date, no adjustment to the charge to the consolidated income statement is made.

The amount charged to the income statement also depends on whether or not the Performance Condition attached to an Award is measured by reference to the Market Price of the Shares. This is known as a market condition. If the Performance Condition is a market condition, the probability of the Performance Condition being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met. However, if the Performance Condition is not a market condition, the fair value per Share of the Awards granted at the grant date is used to compute the amount to be charged to the income statement at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to Vest. Thus, where the Vesting conditions do not include a market condition, there would be no cumulative charge to the income statement if the Awards do not ultimately Vest.

(b) Share Capital

The Share Grant Plan will result in an increase in the Company's issued share capital only if the new Shares are issued to Participants. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted, and the prevailing Market Price of the Shares on the SGX-ST. However, if existing Shares are purchased for delivery to Participants or if treasury shares are transferred and delivered to Participants in lieu of issuing new Shares, the Share Grant Plan will have no impact on the Company's issued share capital.

(c) NTA

The proposed Share Grant Plan is likely to result in a charge to the Company's consolidated income statement over the period from the Award Date to the Vesting Date for the Awards. The amount of the charge will be computed in accordance with FRS 102. When new Shares are issued under the Share Grant Plan, there would be no effect on

the NTA. However, if instead of issuing new Shares to the Participants under the Share Grant Plan, existing Shares are purchased and held as treasury shares for delivery to Participants, the NTA would be impacted by the cost of the Shares purchased.

It should be noted that the delivery of Shares to Participants under the proposed Share Grant Plan will generally be contingent upon the Participants meeting prescribed Performance Conditions and/or service conditions or being recognized as having performed and made contributions to the Group or such other conditions, if any.

(d) EPS

The Share Grant Plan is likely to result in a charge to the Company's consolidated income statement over the period from the Award Date to the Vesting Date of the Awards. The amount of the charge will be computed in accordance with FRS 102.

It should again be noted that the delivery of Shares to Participants under the proposed Share Grant Plan will generally be contingent upon the Participants meeting prescribed Performance Conditions and/or service conditions or being recognized as having performed and made contributions to the Group or such other conditions, if any.

(e) Dilutive Impact

It is expected that any dilutive impact of the Share Grant Plan on the NTA and EPS would not be significant.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDER'S INTERESTS

The interests of the Directors and the substantial Shareholder in the Shares as at the Latest Practicable Date are set out below:

	Direct		Deemed	
	Number of Shares	% of total issued Shares ⁽¹⁾	Number of Shares	% of total issued Shares ⁽¹⁾
<u>Directors</u>				
R. Jayachandran	–	–	–	–
Kwa Chong Seng ⁽²⁾	420,000	0.017	–	–
Narain Girdhar Chanrai	–	–	355,461,088	14.56
Michael Lim Choo San	200,000	0.008	–	–
Mark Haynes Daniell	–	–	–	–
Robert Michael Tomlin	200,000	0.008	–	–
Wong Heng Tew	–	–	–	–
Jean-Paul Pinard	–	–	–	–
Sanjiv Misra	–	–	–	–
Nihal Vijaya Devadas Kaviratne CBE	–	–	–	–
Sunny George Verghese	111,646,477	4.57	–	–
Shekhar Anantharaman	12,619,672	0.52	–	–
<u>Substantial Shareholder</u>				
Kewalram Singapore Limited (“ Kewalram ”) ⁽³⁾	355,461,088	14.56	–	–
Chanrai Investment Corporation Limited (“ CICL ”) ⁽³⁾	–	–	355,461,088	14.56
Kewalram Chanrai Holdings Limited (“ KCH ”) ⁽³⁾	–	–	355,461,088	14.56
GKC Trustees Limited as trustee of Girdhar Kewalram Chanrai Settlement (“ GKC Settlement ”) ⁽³⁾	–	–	355,461,088	14.56
MKC Trustees Limited as trustee of Hariom Trust (“ Hariom Trust ”) ⁽³⁾	–	–	355,461,088	14.56
DKC Trustees Limited as trustee of Dayal Damodar Chanrai Settlement (“ DDC Settlement ”) ⁽³⁾	–	–	355,461,088	14.56
Salamanca Trustees (Jersey) Ltd (formerly known as Investec Trustees (Jersey) Ltd) as trustee of PKC 2008 Settlement (“ PKC 2008 Settlement ”) ⁽³⁾	–	–	355,461,088	14.56
Aranda Investments Pte. Ltd. (“ Aranda ”)	228,331,313	9.36	–	–
Breedens Investments Pte. Ltd. (“ Breedens ”)	1,196,809,904	49.04	–	–
Seletar Investments Pte Ltd (“ Seletar ”) ⁽⁴⁾	1,425,141,217	58.39	–	–
Temasek Capital (Private) Limited (“ Temasek Capital ”) ⁽⁴⁾	1,425,141,217	58.39	–	–
Temasek Holdings (Private) Limited ⁽⁴⁾ (“ Temasek ”)	–	–	1,425,141,217	58.39
Orbis Group ⁽⁵⁾	–	–	185,897,000	7.62

Notes:

- (1) As a percentage of the issued share capital of the Company as at the Latest Practicable Date (excluding treasury shares), comprising 2,440,721,869 Shares.
- (2) Shares held in trust by DBS Nominees.
- (3) 355,461,088 Shares are held by Kewalram and Kewalram is a wholly-owned subsidiary of CICL, which in turn is a wholly-owned subsidiary of KCH. CICL and KCH are therefore deemed to be interested in the 355,461,088 Shares held by Kewalram. The GKC Settlement, Hariom Trust, DDC Settlement and the PKC 2008 Settlement are shareholders of KCH, each holding approximately 29%, 28%, 28% and 15% respectively in the issued and paid-up capital of KCH. Pursuant to Section 7(4A) of the Companies Act, as the GKC Settlement, Hariom Trust and DDC Settlement are associates of the PKC 2008 Settlement and vice versa, the PKC 2008 Settlement would be deemed to be interested in the Shares held by Kewalram. The GKC Settlement, Hariom Trust, DDC Settlement and the PKC 2008 Settlement are therefore deemed to be interested in the 355,461,088 Shares held by Kewalram in the Company. Narain Girdhar Chanrai is deemed interested in the shares held by Kewalram by virtue of section 7(d) of the Companies Act and Section 4(1) of the Securities and Futures Act.
- (4) Seletar is the holding company of Breedens and Aranda and is deemed to be interested in the Shares held by Breedens and Aranda. Temasek Capital is the holding company of Seletar and is deemed to be interested in Shares held by Breedens and Aranda collectively.

Temasek Holdings is the holding company of Temasek Capital, which in turn is the holding company of Seletar, which in turn holds all issued shares in Breedens and Aranda. Temasek Holdings' deemed interest in the 1,425,141,217 Shares comprises:

- (a) 228,331,313 Shares held by Aranda; and
 - (b) 1,196,809,904 Shares held by Breedens.
- (5) Orbis Group comprised of the following notifying companies and shares were held through nominees:
 - (A) Orbis Holdings Limited ("OHL");
 - (B) Orbis World Limited ("OWL");
 - (C) Orbis Trust ("OT");
 - (D) Orbis Holding Trust ("OHT");
 - (E) Orbis Asset Management Limited ("OAML");
 - (F) Rhone Trustees (Switzerland) (SA) ("RTS"); and
 - (G) Rhone Trustees (Bahamas) Ltd ("RTB").

Each of OHL, OWL and RTS and RTB as co-trustee of OHT is a Substantial Shareholder of the Company by virtue of its deemed interest in the Shares managed by its subsidiaries, Orbis Investment Management Limited ("OIML") and Orbis Investment Management B.V.I. Limited, as fund managers of the Orbis funds. Each such fund manager has the ability to vote and acquire/dispose of the Company's Shares for and on behalf of the Orbis funds.

In addition, RTS as trustee of the OT is also a Substantial Shareholder of the Company by virtue of being entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of OHL. Separately, OAML as fund manager for another Orbis fund holds a deemed interest of less than 0.001% in the Company's Shares by having the ability to vote and acquire/dispose of the Company's Shares for and on behalf of this Orbis fund.

OIML is part of the Orbis group of companies. OIML is a Substantial Shareholder of the Company as it has deemed interests in the Shares of the Company as fund manager of the following Orbis funds:

- (A) Orbis Global Equity Fund Limited;
- (B) Orbis Global Equity Fund (Australia Registered);
- (C) Orbis Optimal SA Limited; and
- (D) Orbis SICAV Global Equity Fund.

The parent entities of OIML (being OHL, OWL, RTS and RTB as co-trustee of OT and OHT) and an entity affiliated with OIML (being OAML) has deemed interests in the Shares of the Company. Therefore, the deemed interests of OIML had been taken into account in the aggregation of interests of the foregoing entities.

5. 2014 AGM

The 2014 AGM of the Company, notice of which is set out in pages 201 to 206 of the Annual Report, will be held at Room 331-332 Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 30 October 2014 at 2.00 p.m. for the purpose of, *inter alia*, considering and, if thought fit, passing with or without modifications:

- (a) Ordinary Resolution 13 as set out in the Notice of 2014 AGM on the renewal of the Share Buyback Mandate; and
- (b) Ordinary Resolution 15 as set out in the Notice of 2014 AGM on the adoption of the Share Grant Plan.

6. DIRECTORS' RECOMMENDATIONS

6.1 The Proposed Renewal of the Share Buyback Mandate

The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company, and accordingly, recommend that Shareholders **vote in favour** of Ordinary Resolution 13 as set out in the Notice of 2014 AGM in respect of the renewal of the Share Buyback Mandate to be proposed at the 2014 AGM.

6.2 The Proposed Adoption of the Share Grant Plan

The Directors who are not eligible to participate in the Share Grant Plan, namely, R. Jayachandran, Kwa Chong Seng, Narain Girdhar Chanrai, Michael Lim Choo San, Mark Haynes Daniell, Robert Michael Tomlin, Wong Heng Tew, Jean-Paul Pinard, Sanjiv Misra and Nihal Vijaya Devadas Kaviratne CBE, are of the opinion that the Share Grant Plan is in the best interests of the Company. They accordingly recommend that Shareholders **vote in favour** of Ordinary Resolution 15 as set out in the Notice of 2014 AGM.

As Sunny George Verghese and Shekhar Anantharaman are eligible to participate in, and are therefore interested in, the Share Grant Plan, they have refrained from making any recommendation on, and being Shareholders, shall abstain from voting in respect of, Ordinary Resolution 15 set out in the Notice of 2014 AGM. Each of Sunny George Verghese and Shekhar Anantharaman shall also decline to accept appointment as proxies for any Shareholder to vote in respect of Ordinary Resolution 15 as set out in the Notice of 2014 AGM, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Ordinary Resolution 15 as set out in the Notice of 2014 AGM.

Save as disclaimed in this Letter, none of the Directors has any interest, direct or indirect, in the Share Grant Plan.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1 Appointment of Proxies

If a Shareholder is unable to attend the 2014 AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the proxy form attached to the Notice of 2014 AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to reach the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 at least 48 hours before the time appointed for the 2014 AGM. Shareholders are reminded not to appoint Sunny George

Vergheese or Shekhar Anantharaman as their proxy or one of their proxies unless they shall have given instructions in their Proxy Form as to the manner in which their votes are to be cast in respect of Ordinary Resolution 15, failing which the appointment may be invalid.

7.2 Abstention from Voting

All Shareholders (including Directors who are also Shareholders) who are eligible to participate in the proposed Share Grant Plan must abstain from voting at the 2014 AGM in respect of Ordinary Resolution 15 as set out in the Notice of 2014 AGM. Such person should also decline to accept appointment as a proxy for any Shareholder to vote in respect of Ordinary Resolution 15 as set out in the Notice of 2014 AGM, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Ordinary Resolution 15 as set out in the Notice of 2014 AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, during normal business hours from the date of this Letter up to and including the date of the 2014 AGM:

- (a) the Memorandum and the Articles;
- (b) the Annual Report; and
- (c) the proposed rules of the Share Grant Plan.

Yours faithfully
For and on behalf of the Board of Directors of
OLAM INTERNATIONAL LIMITED

R. Jayachandran
Non-Executive Chairman

SCHEDULE

DEFINITIONS

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

- “2009 EGM”** : The extraordinary general meeting of the Company held on 29 October 2009
- “2014 AGM”** : The annual general meeting of the Company to be held on 30 October 2014, notice of which is set out on pages 201 to 206 of the Annual Report
- “AGM”** : Annual general meeting of the Company
- “Annual Report”** : The annual report of the Company for the financial year ended 30 June 2014
- “Articles”** : The articles of association of the Company for the time being in force, as amended or modified from time to time
- “Associated Company”** : A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group and over whose management the Company has control (as defined in the Listing Manual)
- “Associates”** : Shall have the meaning ascribed to it in the Listing Manual
- “Average Closing Price”** : Has the meaning ascribed to it in paragraph 2.3.4 of this Letter
- “Award”** : A contingent award of Shares granted under the Share Grant Plan
- “Award Date”** : In relation to an Award, the date on which the Award is granted pursuant to the Share Grant Plan
- “Award Letter”** : A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee
- “Board of Directors”** : The board of directors of the Company at this date of this Letter
- “CDP”** : The Central Depository (Pte) Limited
- “Committee”** : A committee comprising Directors duly authorised and appointed by the Board to administer the Share Grant Plan
- “Companies Act”** : The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time

<u>“Company”</u>	:	Olam International Limited
<u>“concert parties”</u>	:	Has the meaning ascribed to it in paragraph 2.5.2 of this Letter
<u>“Controlling Shareholder”</u>	:	Shall have the meaning ascribed to it in the Listing Manual
<u>“day of the making of the offer”</u>	:	Has the meaning ascribed to it in paragraph 2.3.4 of this Letter
<u>“Directors”</u>	:	The directors of the Company for the time being
<u>“EPS”</u>	:	Earnings per Share
<u>“ESOS 2005”</u>	:	The employee share option scheme of the Company which was approved by the Shareholders on 4 January 2005, the rules of which were amended on 29 October 2008
<u>“ESOS 2005 Option”</u>	:	Option to subscribe for or purchase Shares granted pursuant to the ESOS 2005
<u>“ESOS 2005 Participant”</u>	:	The holder of an ESOS 2005 Option
<u>“FRS 102”</u>	:	Financial Reporting Standard 102
<u>“Group”</u>	:	The Company and its subsidiaries
<u>“Group Employee”</u>	:	An executive director, or an employee, of any member of the Group or Associated Company
<u>“Independent Director”</u>	:	An independent Non-Executive Director for the time being
<u>“Latest Practicable Date”</u>	:	7 October 2014, being the latest practicable date prior to the printing of this Letter
<u>“Letter”</u>	:	This Letter to Shareholders dated 15 October 2014
<u>“Listing Manual”</u>	:	The listing manual of the SGX-ST, as amended, modified and supplemented from time to time
<u>“Market Day”</u>	:	A day on which the SGX-ST is open for trading in securities
<u>“Market Price”</u>	:	The average of the last dealt prices per Share determined by reference to the daily official list published by the SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Offering Date provided always that in the case of a Market Day on which the Shares of the Company are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded

<u>“Market Purchases”</u>	:	Has the meaning ascribed to it in paragraph 2.3.3 of this Letter
<u>“Market Value”</u>	:	In relation to a Share, on any day: <ul style="list-style-type: none"> (a) the volume-weighted average price of a Share on the SGX-ST over the three (3) immediately preceding Market Days; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable
<u>“Maximum Price”</u>	:	Has the meaning ascribed to it in paragraph 2.3.4 of this Letter
<u>“Memorandum”</u>	:	The memorandum of association of the Company for the time being in force, as amended or modified from time to time
<u>“Notice of 2014 AGM”</u>	:	The notice of AGM, set out on pages 201 to 206 of the Annual Report
<u>“NTA”</u>	:	Net tangible assets
<u>“Off-Market Purchases”</u>	:	Has the meaning ascribed to it in paragraph 2.3.3 of this Letter
<u>“Participant”</u>	:	The holder of an Award
<u>“Performance-related Award”</u>	:	An Award in relation to which a Performance Condition is specified
<u>“Performance Condition”</u>	:	In relation to a Performance-related Award, the condition specified on the Award Date in relation to that Award
<u>“Performance Period”</u>	:	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
<u>“Proposals”</u>	:	The proposed renewal of the Share Buyback Mandate and the proposed adoption of the Share Grant Plan
<u>“Prospectus”</u>	:	Has the meaning ascribed to it in paragraph 3.2 of this Letter
<u>“public”</u>	:	Has the meaning ascribed to it in the Listing Manual

<u>“Record Date”</u>	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the relevant dividends, rights, allotments or other distributions (as the case may be)
<u>“Registrar”</u>	:	The Registrar of Companies
<u>“related expenses”</u>	:	Has the meaning ascribed to it in paragraph 2.3.4 of this Letter
<u>“Release”</u>	:	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with the Share Grant Plan, and to the extent that any Shares which are the subject of the Award are not released pursuant to the Share Grant Plan, respectively, the Award in relation to those Shares shall lapse accordingly, and <u>“Released”</u> shall be construed accordingly
<u>“Release Schedule”</u>	:	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
<u>“Released Award”</u>	:	An Award in respect of which the Vesting Period relating to that Award has ended and which has been Released in accordance with the Share Grant Plan
<u>“Relevant Period”</u>	:	The period commencing from the date of the 2014 AGM and expiring on the date the next AGM is held or is required by law to be held, whichever is earlier, assuming that Ordinary Resolution 13 as set out in the Notice of 2014 AGM relating to the Share Buyback Mandate is passed
<u>“Retention Period”</u>	:	In relation to an Award, such period commencing on the Vesting Date in relation to that Award as may be determined by the Committee on the Award Date
<u>“Securities Account”</u>	:	Securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent
<u>“Securities and Futures Act”</u>	:	The Securities and Futures Act (Chapter 289 of Singapore), as amended or modified from time to time
<u>“SGX-ST”</u>	:	Singapore Exchange Securities Trading Limited
<u>“Share Buyback Mandate”</u>	:	General and unconditional mandate given by Shareholders to authorise the Directors to purchase Shares in accordance with the terms set out in Ordinary Resolution 13 as set out in the Notice of 2014 AGM, as more particularly described in this Letter and in accordance with the rules and regulations set forth in the Companies Act and the Listing Manual

- “Share Grant Plan”** : The proposed Olam Share Grant Plan to be adopted by the Company, as the same may be modified or altered from time to time
- “Shareholders”** : Registered holders of Shares, except that where the registered holder is CDP, the term **“Shareholders”** shall, in relation to such Shares, mean the persons named as depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with Shares
- “Shares”** : Ordinary shares in the capital of the Company
- “Substantial Shareholder”** : A Shareholder who has an interest or interests in one or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares (excluding treasury shares) in the Company
- “Take-over Code”** : The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
- “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 shall be Vested pursuant to the Share Grant Plan
- “Vesting Period(s)”** : In relation to an Award, a period or periods (if any), the duration of which is to be determined by the Committee at the Award Date, after the expiry of which Shares which are subject to the applicable period shall be Vested to the relevant Participant on the relevant Vesting Date, subject to the Share Grant Plan
- “S\$”** and **“cents”** : Singapore dollars and cents respectively
- “per cent.”** : Per centum or percentage

The terms **“depositor”**, **“depository agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act. The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

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

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

Summaries of the provisions of any laws and regulations (including the Take-over Code and the Listing Manual) contained in this Letter are of such laws and regulations (including the Take-over Code and the Listing Manual) as at the Latest Practicable Date.

Any reference to a time of day and date in this Letter is a reference to Singapore time and date, respectively, unless otherwise stated. Any reference to currency set out in this Letter is a reference to S\$ unless otherwise stated.

Any discrepancies in tables included in this Letter between the amounts in the columns of the tables and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Letter may not be an arithmetic aggregation of the figures that precede them.

APPENDIX

RULES OF THE SHARE GRANT PLAN



**Olam International Limited
Share Grant Plan**

RULES OF THE OLAM SHARE GRANT PLAN

1. NAME OF THE PLAN

The Plan shall be called the “**Olam Share Grant Plan**”.

2. DEFINITIONS

2.1 Except where the context otherwise requires, the following words and expressions shall have the following meanings:

“ <u>Acceptance Period</u> ”	:	Shall have the meaning ascribed to it in Rule 5.8
“ <u>Act</u> ”	:	The Companies Act (Chapter 50 of Singapore), as amended and modified from time to time.
“ <u>Adoption Date</u> ”	:	The date on which the Plan is adopted by the Company in general meeting
“ <u>Articles</u> ”	:	The articles of association of the Company for the time being in force, as amended or modified from time to time
“ <u>Associated Company</u> ”	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group and over whose management the Company has control (as defined in the Listing Manual)
“ <u>Associates</u> ”	:	Shall have the meaning ascribed to it in the Listing Manual
“ <u>Auditors</u> ”	:	The auditors of the Company for the time being
“ <u>Award</u> ”	:	A contingent award of Shares granted under the Plan
“ <u>Award Date</u> ”	:	In relation to an Award, the date on which the Award is granted pursuant to Plan
“ <u>Award Letter</u> ”	:	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee
“ <u>Board</u> ”	:	The board of Directors
“ <u>CDP</u> ”	:	The Central Depository (Pte) Limited.
“ <u>Committee</u> ”	:	A committee comprising directors duly authorised and appointed by the Board to administer the Plan
“ <u>Company</u> ” or “ <u>Olam</u> ”	:	Olam International Limited
“ <u>Controlling Shareholder</u> ”	:	Shall have the meaning ascribed to it in the Listing Manual

<u>“Directors”</u>	:	The directors of the Company for the time being
<u>“Group”</u>	:	The Company and its subsidiaries
<u>“Group Employee”</u>	:	An executive director, or an employee, of any member of the Group or Associated Company
<u>“Independent Director”</u>	:	An independent Non-Executive Director for time being
<u>“Listing Manual”</u>	:	The Listing Manual of the SGX-ST, as amended, modified and supplemented from time to time
<u>“Market Day”</u>	:	A day on which the SGX-ST is open for trading in securities
<u>“Market Value”</u>	:	In relation to a Share, on any day: <ul style="list-style-type: none"> (a) the volume-weighted average price of a Share on the SGX-ST over the three (3) immediately preceding Market Days; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable
<u>“Memorandum”</u>	:	The memorandum of association of the Company for the time being in force, as amended or modified from time to time
<u>“Participant”</u>	:	The holder of an Award under the Plan
<u>“Performance-related Award”</u>	:	An Award in relation to which a Performance Condition is specified
<u>“Performance Condition”</u>	:	In relation to a Performance-related Award, the condition specified on the Award Date in relation to that Award.
<u>“Performance Period”</u>	:	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
<u>“Plan”</u>	:	The Olam Share Grant Plan, as the same may be modified or altered from time to time

<u>“Record Date”</u>	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the relevant dividends, rights, allotments or other distributions (as the case may be)
<u>“Release”</u>	:	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and <u>“Released”</u> shall be construed accordingly
<u>“Release Schedule”</u>	:	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
<u>“Released Award”</u>	:	An Award in respect of which the Vesting Period relating to that Award has ended and which has been Released in accordance with Rule 7
<u>“Retention Period”</u>	:	In relation to an Award, such period commencing on the Vesting Date in relation to that Award as may be determined by the Committee on the Award Date
<u>“Rules”</u>	:	The rules of the Plan, as may be amended, modified or altered from time to time
<u>“Security Device”</u>	:	Any smartcard, digital certificate, digital signature, encryption device, electronic key, logon identifier, password, personal identification number, and/or other code or any access procedure incorporating any one or more of the foregoing, designated by the Company for use in conjunction with the Plan
<u>“SGX-ST”</u>	:	Singapore Exchange Securities Trading Limited
<u>“Shareholders”</u>	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons named as depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with Shares
<u>“Shares”</u>	:	Ordinary shares in the capital of the Company
<u>“subsidiaries”</u>	:	The subsidiaries (as defined in the Act) of the Company and any subsidiaries whose shares may be listed on the SGX-ST or any other recognised stock exchange after the Adoption Date and their respective subsidiaries

- “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 shall be Vested pursuant to Rule 7
- “Vesting Period(s)”** : In relation to an Award, a period or periods (if any), the duration of which is to be determined by the Committee at the Award Date, after the expiry of which Shares which are subject to the applicable period shall be Vested to the relevant Participant on the relevant Vesting Date, subject to Rule 7
- “\$”** : Singapore dollar
- “%”** : Per centum or percentage

2.2 The terms **“depositor”**, **“depository agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Act.

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

2.4 Any reference in the Plan to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any term defined under the Act, the Listing Manual or any modification thereof and used in the Plan shall have the meaning assigned to it under the Act, the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

2.5 Any reference to a time of day and date in the Plan is a reference to Singapore time and date, respectively, unless otherwise stated. Any reference to currency set out in the Plan is a reference to S\$ unless otherwise stated.

3. OBJECTIVES OF THE PLAN

The Plan is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and executive directors of the Group who have contributed to the growth of the Group. The Plan will give Participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

- (a) motivate Participants to optimise their performance standards and efficiency, maintain a high level of contribution to the Group and strive to deliver long-term shareholder value;
- (b) align the interests of employees with the interests of the Shareholders of the Company;

- (c) retain key employees and executive directors of the Group whose contributions are key to the long-term growth and profitability of the Group;
- (d) instil loyalty to, and a stronger identification by employees with the long-term prosperity of, the Company; and
- (e) attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company.

4. ELIGIBILITY

4.1 Individuals who are:

- (a) full time Group Employees (including executive Directors) who have attained the age of 21 years on or before the Award Date; and
- (b) employees who qualify under Rule 4.1(a) above and are seconded to any other company outside the Group in which the Company and/or the Group has an equity interest,

shall be eligible to participate in the Plan at the absolute discretion of the Committee.

4.2 For the purposes of Rule 4.1(a) above, the secondment of an employee to another company 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.

4.3 Controlling Shareholders and/or their Associates shall not be eligible to participate in the Plan.

4.4 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share schemes implemented by any other companies within the Group or by any Associated Company or otherwise.

4.5 Subject to the Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

4.6 All Shareholders (including Directors who are Shareholders) who are eligible to participate in the Plan shall abstain from voting on any resolution relating to the Plan. Such Shareholders should not accept appointment as proxy or otherwise for voting on any resolution relating to the Plan unless specific instructions have been given in the Proxy Form on how the Shareholders wish their votes to be cast for each of such resolutions.

5. GRANT OF AWARDS

5.1 The Committee may, subject as provided in Rule 4 and Rule 8, grant Awards to a Participant, as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force.

5.2 The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account such relevant criteria as it considers fit, including (but not limited to) his rank, past performance, job performance, creativity, innovativeness, entrepreneurship, years of service and potential

for future development, his Board and board committee of the Company (if any) appointment and attendance, his contribution to the success and development of the Group and (in the case of a Performance-related Award) the extent of effort and resourcefulness required to achieved the Performance Condition 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 Condition;
 - (ii) the Performance Period; and
 - (iii) the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
- (e) the Vesting Period(s);
- (f) the Vesting Date(s);
- (g) where applicable, whether the Release of an Award will be, wholly or partly, in the form of cash rather than Shares;
- (h) the Release Schedule;
- (i) the Retention Period, if any; and
- (j) any other condition which the Committee may determine in relation to that Award.

5.4 The Committee may amend or waive the Vesting Period(s), the Release Schedule and any condition applicable to an Award and, in the case of a Performance-related Award, the Performance Period and/or the Performance Condition in respect of an Award:

- (a) in the event of a take-over offer being made for the Shares or a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by Shareholders of the Company and/or sanctioned by the court under the Act or in the event of an order being made or a resolution passed for the winding-up of the Company (other than as provided in Rule 6.1(a) or for reconstruction or amalgamation) or a proposal to 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 Condition;
 - (ii) the Performance Period; and
 - (iii) the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
- (d) the Vesting Period(s);
- (e) where applicable, whether the Release of an Award will be, wholly or partly, in the form of cash rather than Shares;
- (f) the Release Schedule; and
- (g) any other condition which the Committee may determine in relation to that Award.

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

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred (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 in breach of the foregoing restriction, that Award or Released Award shall immediately lapse.

5.8 The closing date for the acceptance of the Award shall be not less than 15 days and not more than 30 days from the date of the Award Letter (the "**Acceptance Period**").

5.9 If an Award is not accepted by the Acceptance Period, the Award shall automatically lapse and become null, void and of no effect, unless otherwise determined by the Committee in its absolute discretion.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 Unless otherwise decided in the absolute discretion of the Committee, an Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company in any of the following events, namely:

- (a) an order is made or a resolution is passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (b) the Participant who is a Group Employee (including an executive Director) ceases at any time to be in the employment of the Group or the relevant Associated Company, as the case may be, for any reason whatsoever;
- (c) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (d) in the event of misconduct on the part of a Participant as determined by the Committee in its absolute discretion; or
- (e) in the event that the Committee shall, at its absolute discretion, deem it appropriate that such Award granted to the Participant shall so lapse on the grounds that any of the objectives of the Plan (as set out in Rule 3) has not been met.

6.2 In any of the following events, namely:

- (a) the Participant ceasing to be employed by the Group and/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) or death;
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee; or
 - (v) any other reason approved in writing by the Committee;
- (b) the completion of a fixed term contract for a Participant on a fixed term contract;
- (c) the Participant ceasing to be employed by the Group and/or the relevant Associated Company, as the case may be, by reason of:
 - (i) a transfer of employment to an/another Associated Company; or
 - (ii) the (whole or partial) disposal of the Company's interest in the employer of the Participant; or
- (d) any other event approved by the Committee,

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

- 6.3 If a Participant dies and at the date of his death holds any Award, such Award may, at the absolute discretion of the Committee, be Released to the duly appointed personal representatives of the Participant.
- 6.4 For the purpose of Rule 6, a Participant shall be deemed to have ceased to be employed by the Company or any of its subsidiaries or Associated Companies (as the case may be) as of the last day of his employment with such company.
- 6.5 For the avoidance of doubt, if, for any reason whatsoever, a Participant who is an executive director within the Group or of an Associated Company on the Offering Date, ceases to be an executive director within the Group or of an Associated Company, as the case may be, but remains a Group Employee, all Awards granted to such Participant will, notwithstanding such cessation, continue to be Released within the relevant Release Schedule.
- 6.6 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:
- (a) a take-over offer for the Shares becomes or is declared unconditional;
 - (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by Shareholders of the Company and/or sanctioned by the court under the Act; or
 - (c) an order being made or a resolution passed for the winding-up of the Company (other than as provided in Rule 6.1(a) or for amalgamation or reconstruction),

the Committee will consider, at its absolute discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will (if applicable) have regard to the proportion of the Vesting Period(s) which has elapsed and, in the case of Performance-related Awards, the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.5.

7. RELEASE OF AWARDS

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

- (a) in relation to each Performance-related Award, the Committee shall, as soon as reasonably practicable after the end of the relevant Performance Period, review the Performance Condition specified in respect of each Award and determine at its absolute discretion whether it has been satisfied and, if so, the extent to which it has

been satisfied, and (subject to Rule 6) provided that the relevant Participant has continued to be a Group Employee from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its absolute discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Performance Condition specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value. If the Committee determines in its absolute 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 from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect; and

- (b) the Committee shall have the absolute discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group 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 Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

7.2 Vesting Period(s):

- (a) subject to the Committee having determined that, in relation to a Performance-related Award, the Performance Condition and, in relation to all Awards, any condition applicable thereto have been satisfied and (subject to Rule 6) provided, in relation to all Awards, that the relevant Participant has continued to be a Group Employee from the Award Date up to the end of the relevant Vesting Period and provided further that, in the opinion of the Committee, the job performance of the relevant Participant has been satisfactory, 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 specified in respect of his Award on the Vesting Date;
- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the last day of the relevant Vesting Period and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares (which may, in the case of a transfer of Shares, include Shares held by the Company as treasury shares) so determined; and
- (c) where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.

7.3 Release of Award

Shares which are allotted and issued or transferred on the Release of an Award to a Participant shall be allotted and 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.

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 Memorandum and Articles; 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 later of (a) the relevant Vesting Date; and (b) the date of issue of the Shares, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

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, as soon as practicable after the Vesting Date, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date.

8. LIMITATION AND MAXIMUM ENTITLEMENT

8.1 The total number of Shares which may be allotted and issued and/or Shares which may be delivered pursuant to Awards granted under the Plan on any date, when added to:

- (a) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered in respect of all Awards granted under the Plan; and
- (b) all Shares, options or awards granted under any other share schemes of the Company then in force,

shall not exceed 10% of the issued share capital of the Company (excluding treasury shares) on the day preceding the relevant date of the Award.

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.

8.3 The Committee currently does not intend, in any given year, to grant Awards under the Plan which would comprise more than 1.5% of the total number of issued Shares (excluding treasury shares) from time to time.

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 or if the Company shall make a capital distribution or a declaration of special dividend (whether interim or final and whether in cash or in specie), then the Committee may, in its absolute discretion, determine whether:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or

- (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee may, in its absolute discretion, determine the manner in which such adjustment shall be made.

9.2 Unless the Committee considers an adjustment to be appropriate:

- (a) the issue of securities as consideration for a private placement of securities or in connection with an acquisition of any assets, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants; or
- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST or any other stock exchange on which the Shares are quoted or listed 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.

9.3 Notwithstanding the provisions of Rule 9.1:

- (a) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (b) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

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

10. ADMINISTRATION

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

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 as they think fit including, but not limited to, 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.

- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the 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 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.
- 10.5 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 (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES AND COMMUNICATIONS

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of dispatch.
- 11.4 Any communication under the Plan may be communicated electronically through the use of a Security Device, or through an electronic page, site, or environment designated by the Company which is accessible only through the use of a Security Device, and such communication shall thereby be deemed to have been sent by the designated holder of such Security Device.

- 11.5 The Company may accept and act upon any communication issued and/or transmitted through the use of the Participant's Security Device pursuant to Rule 11.4 (whether actually authorised by the Participant or not) as his authentic and duly authorised communication and the Company shall be under no obligation to investigate the authenticity or authority of persons effecting the communication or to verify the accuracy and completeness of the communication and the Company may treat the communication as valid and binding on the Participant, notwithstanding any error, fraud, forgery, lack of clarity or misunderstanding in the terms of such communication.
- 11.6 All communications issued and/or transmitted through the use of a Participant's Security Device pursuant to Rule 11.4 (whether authorised by the Participant or not) are irrevocable and binding on the Participant upon transmission to the Company and the Company shall be entitled to effect, perform or process such communications without the Participant's further consent and without any further reference or notice to the Participant.
- 11.7 It shall be the Participant's sole responsibility to ensure that all information contained in a communication is complete, accurate, current, true and correct.
- 11.8 A Participant shall ensure (and shall take all necessary precautions to ensure) that:
- (a) he complies with the Company's procedural and/or operational guidelines relating to Security Devices;
 - (b) all his Security Devices are kept completely confidential and secure; and
 - (c) there is no unauthorised use or abuse of his Security Devices.
- 11.9 A Participant shall notify and/or contact the Company immediately if he becomes aware, has reason to believe, or suspects that any Security Device has become compromised, including but not limited to where:
- (a) the security or integrity of any Security Device may have been compromised;
 - (b) such Security Device has become known or been revealed to any other person;
 - (c) there has been unauthorised use of the Security Device; and/or
 - (d) such Security Device is lost, damaged, defective or stolen,
- and the Participant shall immediately cease to use such compromised Security Device until further notice from the Company. The Participant shall be bound by all communications and transactions resulting from any communications made which are referable to any compromised Security Device until such time as the Company has received a notification from the Participant under this Rule 11.9.
- 11.10 The Company's records of the communications, and its record of any transactions maintained by any relevant person authorised by the Company relating to or connected with the Plan, whether stored in electronic or printed form, shall be binding and conclusive on a Participant and shall be conclusive evidence of such communications and/or transactions. All such records shall be admissible in evidence and the Participant shall not challenge or dispute the admissibility, reliability, accuracy or the authenticity of the contents of such records merely on the basis that such records were incorporated and/or set out in electronic form or were produced by or are the output of a computer system, and the Participant waives any of his/her rights (if any) to so object.

- 11.11 Any provision in these Rules or any regulation of the Committee requiring a communication to be signed by a Participant may be satisfied in the case of an electronic communication, by the execution of any on-line act, procedure or routine designated by the Company to signify the Participant's intention to be bound by such communication.

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 prior written consent of such number of Participants under the Plan who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would thereby be 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", "Committee", "Controlling Shareholder", "Group", "Group Employee", "Participant", "Performance Period" and "Vesting Period" 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 SGX-ST or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

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

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

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the 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

- 14.1 The Plan shall continue to be in force at the absolute discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may, subject to applicable laws and regulations, 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 absolute 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 expiry or termination of the Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) by the Committee or not.

15. OPERATION OF THE SHARE GRANT PLAN

In determining whether to issue new Shares or to deliver existing Shares held in treasury by the Company to Participants on Vesting of their Awards (which shall be determined by the Committee on or prior to the Vesting Date), the Company will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement.

The Shares to be issued to Participants upon Vesting of their Awards will be fully paid upon their allotment and issuance. Such Shares allotted and issued on the Release of an Award shall rank in full for all entitlements, including dividends or other distribution 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 aspects rank *pari passu* with other existing Shares then in issue.

16. TAXES

All taxes (including income tax) arising from the grant, Vesting or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

17. COSTS AND EXPENSES

- 17.1 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) or, as the case may be, share transfer form(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP depository agent.
- 17.2 Save for the taxes referred to in Rule 16 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.

18. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the SGX-ST in accordance with Rule 7.2(c) (and any other stock exchange on which the Shares are quoted or listed).

19. DISCLOSURES IN ANNUAL REPORT

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation and as from time to time required by the SGX-ST:

- (a) the names of the members of the Committee administering the Plan;
- (b) in respect of the following Participants:
 - (i) Directors of the Company; and
 - (ii) Participants (other than those in Rule 19(b)(i) above) who have been granted Awards under the Plan and/or who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent 5% or more of the aggregate number of Shares available under the Plan,

the following information:

- (A) the name of the Participant;
- (B) the following particulars relating to Shares delivered pursuant to Awards Released under the Plan:
 - (1) the number of Shares comprised in Awards granted to such Participant during the financial year under review (including terms);
 - (2) the aggregate number of Shares comprised in Awards granted to such Participant since the commencement of the Plan to the end of the financial year under review;
 - (3) the aggregate number of Shares comprised in Awards granted to such Participant that have been Vested since the commencement of the Plan to the end of the financial year under review; and
 - (4) the aggregate number of Shares comprised in Awards granted to such Participants that are outstanding as at the end of the financial year under review; and
- (c) such other information as may be required by the Listing Manual or the Companies Act.

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

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 OF SINGAPORE)

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).

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