

**CIRCULAR DATED 11 APRIL 2019**

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

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

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of Healthway Medical Corporation Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

*This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Circular.*

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

*The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, PrimePartners Corporate Finance Pte. Ltd. (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).*

## **HEALTHWAY MEDICAL CORPORATION LIMITED**

(Company Registration Number: 200708625C)  
(Incorporated in the Republic of Singapore)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO THE**

- 1. PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE; AND**
- 2. PROPOSED ADOPTION OF THE HEALTHWAY MEDICAL PERFORMANCE SHARE PLAN.**

#### **IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	24 April 2019 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	26 April 2019 at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	Mandarin Orchard Singapore, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867

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## TABLE OF CONTENTS

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HEADING	PAGE NO.
DEFINITIONS .....	2
LETTER TO SHAREHOLDERS .....	7
1. INTRODUCTION .....	7
2. THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE .....	7
3. THE PROPOSED ADOPTION OF THE HEALTHWAY MEDICAL PERFORMANCE SHARE PLAN .....	29
4. DISCLOSURE OF SHAREHOLDINGS .....	38
5. EXTRAORDINARY GENERAL MEETING .....	38
6. ABSTENTION FROM VOTING .....	38
7. ACTION TO BE TAKEN BY SHAREHOLDERS .....	39
8. DIRECTORS' RECOMMENDATIONS .....	39
9. DIRECTORS' RESPONSIBILITY STATEMENT .....	40
10. DOCUMENTS AVAILABLE FOR INSPECTION .....	40
APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN .....	41
NOTICE OF EXTRAORDINARY GENERAL MEETING .....	59
PROXY FORM	

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## DEFINITIONS

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The following definitions apply throughout in this Circular except where the context otherwise requires:

- “ACRA”** : Accounting and Corporate Regulatory Authority of Singapore
- “Adoption Date”** : The date on which the Performance Share Plan is adopted by the Company in the EGM
- “AGM”** : The annual general meeting of the Company
- “Approval Date”** : The date of the EGM at which the Share Buy-Back Mandate is approved
- “Associated Company”** : A company in which at least 20% but not more than 50% of its shares are held by the Company and/or its Subsidiaries and of which the Company and/or its Subsidiaries have control over
- “Associates”** : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a substantial shareholder or controlling shareholder (being a company), means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Average Closing Price”** : Has the meaning as ascribed to it in section 2.3.4
- “Award”** : An award of the Shares granted or which may be granted pursuant to the Performance Share Plan
- “Award Shares”** : The Shares which are the subject of the Awards under the Performance Share Plan

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## DEFINITIONS

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<b>“Board”</b>	:	The board of Directors of the Company
<b>“Catalist”</b>	:	The sponsor-supervised listing platform of the SGX-ST
<b>“Catalist Rules”</b>	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as may be amended, modified or supplemented from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular dated 11 April 2019
<b>“Companies Act”</b>	:	Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
<b>“Committee”</b>	:	The remuneration committee of the Board or such committee comprising of Directors duly authorised and appointed by the Board to administer the Performance Share Plan
<b>“Company”</b>	:	Healthway Medical Corporation Limited
<b>“Constitution”</b>	:	The constitution of the Company, as amended or modified from time to time
<b>“Controlling Shareholder”</b>	:	A person who:  (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or  (b) in fact exercises control over the Company
<b>“Director(s)”</b>	:	The directors of the Company as at the date of this Circular
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on 26 April 2019 at 3.00 p.m. (or as or as soon thereafter following the conclusion or adjournment of the AGM to be held at 2.00 p.m. on the same day and at the same place), the notice of which is set out on page 59 of this Circular
<b>“EPS”</b>	:	Earnings per Share

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## DEFINITIONS

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<b>“Executive Director”</b>	:	A director for the time being of the Company, any of its Subsidiaries and/or any of its Associated Companies (as the case may be) holding office in an executive capacity in such company
<b>“FY”</b>	:	Financial year ended, or as the case may be, ending 31 December
<b>“Group”</b>	:	The Company, its Subsidiaries and its Associated Companies
<b>“Highest Last Dealt Price”</b>	:	Has the meaning as ascribed to it in section 2.3.4
<b>“Latest Practicable Date”</b>	:	29 March 2019, being the latest practicable date prior to printing of this Circular
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Maximum Price”</b>	:	Has the meaning as ascribed to it in section 2.3.4
<b>“New Shares”</b>	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the Performance Share Plan
<b>“NTA”</b>	:	Net tangible assets
<b>“Off-Market Purchases”</b>	:	Off-market purchases (if effected otherwise than on the SGX-ST) pursuant to an equal access scheme(s) (as defined in Section 76C of the Companies Act), which scheme(s) shall satisfy all the conditions prescribed by the Catalist Rules
<b>“On-Market Purchases”</b>	:	On-market purchases transacted through the SGX-ST’s trading system, or on any other securities exchange on which the Shares may for the time being be listed and quoted, or through one or more duly licensed dealers appointed by the Company for the purpose of the Share Buy-Back
<b>“Performance Share Plan”</b>	:	The proposed Healthway Medical Performance Share Plan to be adopted by the Company, as modified or altered from time to time

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## DEFINITIONS

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<b>“Performance Target”</b>	:	The performance target prescribed by the Committee to be fulfilled by a participant for any particular period under the Performance Share Plan based on factors including but not limited to the Group’s business goals and directions for each financial year, the participant’s job scope and responsibilities, and the prevailing market and economic conditions
<b>“Proposed Adoption of the Performance Share Plan”</b>	:	The proposed adoption of the Performance Share Plan to be approved by the Shareholders as set out in section 3 of this Circular
<b>“Proposed Adoption of the Share Buy-Back Mandate”</b>	:	The proposed adoption of the Share Buy-Back Mandate to be approved by the Shareholders as set out in section 2 of this Circular
<b>“Register of Members”</b>	:	The register of members of the Company
<b>“SFA”</b>	:	Securities and Futures Act (Chapter 289) of Singapore as may be amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of the Shares, except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose securities accounts maintained with CDP are credited with Shares
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“Share Buy-Back Mandate”</b>	:	The proposed general mandate to be given by the Shareholders to authorise the Directors to exercise all powers of the Company to purchase or acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular
<b>“Share Purchases”</b>	:	Off-Market Purchases or On-Market Purchases undertaken by the Company pursuant to the Share Buy-Back Mandate
<b>“SIC”</b>	:	The Securities Industry Council of Singapore
<b>“Subsidiary”</b>	:	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act

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## DEFINITIONS

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<b>“Subsidiary Holdings”</b>	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
<b>“Substantial Disposal”</b>	:	The sale of all or substantially all of the Company’s assets due to corporate actions undertaken by the Company including but not limited to merger, demerger, restructuring and acquisition of the Company
<b>“Substantial Shareholder”</b>	:	A person who holds directly and/or indirectly 5% or more of the total issued share capital of the Company
<b>“Take-over Code”</b>	:	Singapore Code on Take-overs and Mergers
<b>“Treasury Share”</b>	:	A Share that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled
<b>“S\$” and “cents”</b>	:	Dollars and cents respectively of the currency of Singapore
<b>“% or per cent”</b>	:	Per centum or percentage

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

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 the neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

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

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in the figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in the Circular may not be an arithmetic aggregation of the figures which precede them.

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



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## LETTER TO SHAREHOLDERS

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### HEALTHWAY MEDICAL CORPORATION LIMITED

(Company Registration Number: 200708625C)  
(Incorporated in the Republic of Singapore)

#### Board of Directors:

Lee Luen-Wai, John (Non-Executive Non-Independent Chairman)  
Dr Stephen Riady (Non-Executive Non-Independent Director)  
Anand Kumar (Non-Executive Non-Independent Director)  
Chen Yeow Sin (Lead Independent Director)  
Sonny Yuen Chee Choong (Independent Director)  
Lin Weiwen, Moses (Independent Director)

#### Registered Office:

6 Shenton Way  
#10-09  
OUE Downtown 2  
Singapore 068809

11 April 2019

To: The Shareholders of Healthway Medical Corporation Limited

Dear Sir/Madam,

- (1) **PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE; AND**
- (2) **PROPOSED ADOPTION OF THE HEALTHWAY MEDICAL PERFORMANCE SHARE PLAN.**

#### 1. INTRODUCTION

##### 1.1 EGM and Circular to Shareholders

The Board is convening an EGM to be held at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 2.00 p.m. on the same day and at the same place) on 26 April 2019 at Mandarin Orchard Singapore, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867 to seek Shareholders' approval in respect of the following:

- (a) the Proposed Adoption of the Share Buy-Back Mandate; and
- (b) the Proposed Adoption of the Performance Share Plan,

(collectively, the "**Proposed Corporate Actions**").

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Corporate Actions, and to seek Shareholders' approval for these Proposed Corporate Actions at the EGM to be convened, notice of which is set out on page 59 of this Circular.

#### 2. THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE

##### 2.1 Introduction

The Board is proposing to seek Shareholders' approval at the EGM for the proposed adoption of the Share Buy-Back Mandate.

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## LETTER TO SHAREHOLDERS

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The Share Buy-Back Mandate is a general mandate to be given by the Shareholders that allows the Company to purchase or acquire its issued Shares at any time during the duration and on the terms of the Share Buy-Back Mandate. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by its Constitution, the Companies Act, the Catalist Rules and such other laws and regulations as may, for the time being, be applicable. The Company's Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares in accordance with the relevant laws on such terms and subject to such conditions as the Company may prescribe in general meeting. The Company is also required to obtain approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares. Accordingly, approval is being sought from Shareholders at the EGM for the adoption of the Share Buy-Back Mandate.

If approved by Shareholders at the EGM, the authority conferred by the Share Buy-Back Mandate will continue in force until the next AGM (whereupon it will lapse, unless renewed at such meeting), or the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company at general meeting (if so varied or revoked prior to the next AGM), or the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated (if so varied or revoked prior to the next AGM), whichever is the earliest.

### 2.2 Rationale for the Share Buy-Back Mandate

The Company proposes to seek Shareholders' approval for the Share Buy-Back Mandate to give Directors the flexibility to undertake Share Purchases or acquisitions up to five per cent (5%) of the Company's total issued shares (excluding Treasury Shares and Subsidiary Holdings, if any), as at the date of passing of the resolution at the Company's EGM, as described in section 2.3 below at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force.

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

- (a) In managing the business of the Company, management strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Company. A buy-back of Shares at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Directors believe that the Share Buy-Back Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the earnings and/or net asset value per Share.
- (c) The Directors further believe that buy-backs of Shares by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholders' confidence.

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## LETTER TO SHAREHOLDERS

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- (d) Shares purchased or acquired under the Share Buy-Back Mandate and held as Treasury Shares may be used by the Company as an alternative to issuance of new Shares for purposes such as (i) using Shares as payment consideration; and (ii) awarding Shares pursuant to the Performance Share Plan should it be adopted. The use of Treasury Shares in lieu of issuing new Shares would mitigate the dilution impact on existing Shareholders.

The Share Purchases will only be undertaken as and when the Directors consider it to be in the best interests of the Company. If and when circumstances permit, the Directors will decide whether to effect the Share Purchases via On-Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out buy-backs of Shares to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity, the orderly trading of the Shares, the financial position of the Company and/or result in the Company being delisted from the SGX-ST. For example, the Directors will ensure that a buy-back of Shares will not be carried out to such an extent that the free float of the Company's Shares held by the public falls to below ten per cent (10%).

Any Share Purchase will have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Constitution, and such other laws and regulations as may, for the time being, be applicable. As the Company is listed on the Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition of issued ordinary shares in the capital of a company listed on the Catalist.

### **2.3 Authority and Limits of the Proposed Share Buy-Back Mandate**

The authority and limitations placed on the Share Purchases by the Company under the proposed Share Buy-Back Mandate are summarised below:

#### **2.3.1 Maximum number of Shares**

Pursuant to the Share Buy-Back Mandate, the Company may only acquire Shares that are issued and fully paid-up.

The total number of Shares that may be purchased under the Share Buy-Back Mandate is limited to that number of Shares representing not more than five per cent (5%) of the issued ordinary share capital of the Company as at the Approval Date, unless the Company has reduced its share capital by a special resolution under Section 78C of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution. Any Shares which are held as Treasury Shares or Subsidiary Holdings will be disregarded for purposes of computing the five per cent (5%) limit.

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## LETTER TO SHAREHOLDERS

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For illustrative purposes only, on the basis of 4,528,792,100 Shares (excluding Treasury Shares and Subsidiary Holdings, if any) in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the EGM, not more than 226,439,605 Shares (representing five per cent (5%) of the Shares in issue (excluding Treasury Shares and Subsidiary Holdings, if any) as at the Approval Date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate.

The Company may not acquire its own Shares if as a result thereof, the issued share capital of the Company would be reduced below the minimum subscribed capital specified in the Constitution, or if the Share Purchases is carried out to such an extent that it affects the listing status of the Company on the SGX-ST or causes the Company to be unable to meet the minimum public float requirement.

### **2.3.2 Duration of authority**

Approval for the Share Buy-Back Mandate is being sought from Shareholders at the date of the EGM for the purchase by the Company of its issued Shares.

If approved, the Share Buy-Back Mandate will take effect from the passing of the resolution approving the said mandate at the EGM and continue in force up to the earliest of:

- (a) the conclusion of the next AGM;
- (b) the date by which such AGM is required to be held;
- (c) the date on which the Share Purchases are carried out to the full extent mandated;  
or
- (d) the date on which the authority contained by the Share Buy-Back Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

The authority conferred on the Directors by the Share Buy-Back Mandate to purchase or acquire Shares may be renewed at each AGM or other general meetings of the Company.

### **2.3.3 Manner of Share Purchases**

Share Purchases may be made by way of:

- (a) On-Market Purchases; and/or
- (b) Off-Market Purchases.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Catalist Rules, the Constitution, and Section 76C of the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

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## LETTER TO SHAREHOLDERS

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Under Section 76C of the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase of issued Shares shall be made to every person who holds Shares, to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
  - (i) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;
  - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
  - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provide that, in making an Off-Market Purchase (in accordance with an equal access scheme), the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Purchase;
- (d) the consequences, if any, of Share Purchases by the Company that will arise under the Takeover Code or other applicable take-over rules;
- (e) whether the Share Purchase, if made, could affect the listing of the Shares on the Catalist;
- (f) details of any Shares purchased made by the Company in the previous twelve (12) months (whether by way of On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
- (g) whether the Shares purchased will be cancelled or kept as Treasury Shares.

### **2.3.4 Maximum Purchase Price**

The purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.

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## LETTER TO SHAREHOLDERS

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However, the purchase price to be paid for a Share pursuant to the Share Purchases as determined by the Directors must not exceed:

- (a) in the case of an On-Market Purchase, one hundred and five per cent (105%) of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, one hundred and twenty per cent (120%) of the Highest Last Dealt Price of the Shares,

in either case, excluding related expenses of the Share Purchase (the “**Maximum Price**”).

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period;

“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Share immediately preceding the day of the making of the offer pursuant to the Off-Market Share Purchase; and

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

### 2.4 Status of purchased Shares

A Share purchased or otherwise 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 Shares are held by the Company as Treasury Shares to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or otherwise acquired by the Company and which are not held as Treasury Shares. All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act), will be automatically de-listed by the SGX-ST, and the certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, as the Directors deem fit in the interest of the Company at that time.

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## LETTER TO SHAREHOLDERS

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### 2.5 Treasury Shares

Under the Companies Act, Shares purchased or otherwise 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:

#### 2.5.1 Maximum holdings

Under Section 76I of the Companies Act, the number of Shares held as treasury shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares. Any Shares held as Treasury Shares in excess of this limit shall be disposed of or cancelled by the Company in accordance with Section 76K of the Companies Act within six (6) months from the date such limit is exceeded, or such further period as may be allowed by ACRA.

#### 2.5.2 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 Shares 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.

#### 2.5.3 Disposal and cancellation

Where Shares are held as Treasury Shares, the Company may at any time (subject to the Takeover Code):

- (a) sell the Treasury Shares (or any of them) for cash;
- (b) transfer the Treasury Shares (or any of them) for the purposes of, or pursuant to share schemes implemented by the Company, such as the Performance Share Plan (if applicable);
- (c) transfer the Treasury Shares (or any of them) as consideration for the acquisition of Shares in, or assets of, another company or assets of a person;
- (d) cancel the Treasury Shares (or any of them); or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares in relation to the usage.

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## LETTER TO SHAREHOLDERS

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### **2.6 Source of Funds for Share Buy-Back**

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution and the applicable laws of Singapore. As stated in the Companies Act, the share buy-back may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Companies Act, a company is solvent if (a) it is able to pay its debts in full at the time of payment and will be able to pay its debts as they fall due in the normal course of business in the twelve (12) months following such date of payment; and (b) the value of its assets is not less than the value of its liabilities (including contingent liabilities) and such value of its assets will not, after any purchase of shares for purposes of any proposed acquisition or release of the company's obligations, become less than the value of its liabilities (including contingent liabilities). In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimation of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings to finance the Company's purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate. In purchasing or acquiring Shares pursuant to the Share Buy-Back Mandate, the Directors will, firstly, consider the availability of internal resources before considering the availability of external financing. The Company will only make purchases or acquisitions pursuant to the Share Buy-Back Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or would cause the Company to be insolvent.

The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

### **2.7 Financial effects of the Share Buy-Back Mandate**

Under the Companies Act, the purchase or acquisition 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 brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the profits of the Company and hence the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the share capital of the Company but the amount available for the distribution of cash dividends by the Company will not be reduced. The NTA of the Company and of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.



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## LETTER TO SHAREHOLDERS

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**For illustrative purposes only**, as at the Latest Practicable Date, the issued and paid-up ordinary share capital of the Company (excluding Treasury Shares and Subsidiary Holdings, if any) comprises 4,528,792,100 Shares. The exercise in full of the Share Buy-Back Mandate would result in the purchase of 226,439,605 Shares.

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 Buy-Back Mandate on the NTA and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or otherwise acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and whether the Shares purchased or otherwise acquired are cancelled or held as Treasury Shares.

**For illustrative purposes only**, the financial effects of the Share Buy-Back Mandate on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2018 are based on the following assumptions:

- (a) based on 4,528,792,100 Shares in issue as at the Latest Practicable Date and assuming no further Shares have been issued or purchased and kept as Treasury Shares on or prior to the EGM, the purchase or acquisition by the Company of five per cent (5%) of its issued Shares will result in the purchase or acquisition of 226,439,605 Shares;
- (b) in the case of On-Market Purchases by the Company and assuming that the Company purchases or acquires 226,439,605 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) assuming a maximum price of S\$0.02961 for one Share which is five per cent (5%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date, is approximately S\$6.70 million; and
- (c) in the case of the Off-Market Purchases by the Company and assuming that the Company purchases or acquires 226,439,605 Shares, the maximum amount of funds required for the purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) assuming a Maximum Price of S\$0.0336 which is twenty per cent (20%) above the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Share immediately preceding the Latest Practicable Date, is approximately S\$7.61 million.

**For illustrative purposes only** and on the basis of the assumptions set out in (a), (b) and (c) above, the financial effects of the following:

- (i) purchase or acquisition of 226,439,605 Shares by the Company pursuant to the Share Buy-Back Mandate by way of On-Market Purchases made entirely out of capital and cancelled or held in treasury; and
- (ii) purchase or acquisition of 226,439,605 Shares by the Company pursuant to the Share Buy-Back Mandate by way of Off-Market Purchases made entirely out of capital and cancelled or held in treasury,

on the audited financial statements of the Company and the Group for FY2018 are set out below.

## LETTER TO SHAREHOLDERS

### Scenario 1: Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Buy-Back	After Share Buy-Back		Before Share Buy-Back	After Share Buy-Back	
		Market Purchase	Off- Market Purchase		Market Purchase	Off- Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Audited as at 31 December 2018</b>						
Share Capital	277,433	270,728	269,825	277,433	270,728	269,825
Reserves	(96,874)	(96,874)	(96,874)	(41,112)	(41,112)	(41,112)
Treasury Shares	–	–	–	–	–	–
Shareholders' Funds	180,559	173,854	172,951	236,321	229,616	228,713
NTA	38,007	31,302	30,399	236,100	229,395	228,492
Current Assets	51,923	45,218	44,315	31,133	24,428	23,525
Current Liabilities	21,515	21,515	21,515	4,025	4,025	4,025
Working Capital	30,408	23,703	22,800	27,108	20,403	19,500
Total Borrowings	466	466	466	–	–	–
Cash and Cash Equivalents	33,381	26,676	25,773	31,010	24,305	23,402
Total issued number of Shares ('000)	4,528,792	4,302,352	4,302,352	4,528,792	4,302,352	4,302,352
Weighted average number of Shares ( '000)	4,528,792	4,302,352	4,302,352	4,528,792	4,302,352	4,302,352
Profit attributable to Shareholders of the Company	(5,810)	(5,810)	(5,810)	347	347	347
<b>Financial Ratios</b>						
NTA per Share (cents)	0.84	0.73	0.71	5.21	5.33	5.31
Gearing (%)	0.26	0.27	0.27	0.00	0.00	0.00
Current Ratio (times)	2.41	2.10	2.06	7.73	6.07	5.84
Basic EPS (cents)	(0.13)	(0.14)	(0.14)	0.01	0.01	0.01

## LETTER TO SHAREHOLDERS

### Scenario 2: Purchases made entirely out of capital and held as Treasury Shares

	Group			Company		
	Before Share Buy-Back	After Share Buy-Back		Before Share Buy-Back	After Share Buy-Back	
		Market Purchase	Off- Market Purchase		Market Purchase	Off- Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Audited as at 31 December 2018</b>						
Share Capital	277,433	277,433	277,433	277,433	277,433	277,433
Reserves	(96,874)	(96,874)	(96,874)	(41,112)	(41,112)	(41,112)
Treasury Shares	–	(6,705)	(7,608)	–	(6,705)	(7,608)
Shareholders' Funds	180,559	173,854	172,951	236,321	229,616	228,713
NTA	38,007	31,302	30,399	236,100	229,395	228,492
Current Assets	51,923	45,218	44,315	31,133	24,428	23,525
Current Liabilities	21,515	21,515	21,515	4,025	4,025	4,025
Working Capital	30,408	23,703	22,800	27,108	20,403	19,500
Total Borrowings	466	466	466	–	–	–
Cash and Cash Equivalents	33,381	26,676	25,773	31,010	24,305	23,402
Total issued number of Shares ('000)	4,528,792	4,302,352	4,302,352	4,528,792	4,302,352	4,302,352
Weighted average number of Shares ( '000)	4,528,792	4,302,352	4,302,352	4,528,792	4,302,352	4,302,352
Profit attributable to Shareholders of the Company	(5,810)	(5,810)	(5,810)	347	347	347
<b>Financial Ratios</b>						
NTA per Share (cents)	0.84	0.73	0.71	5.21	5.33	5.31
Gearing (%)	0.26	0.27	0.27	0.00	0.00	0.00
Current Ratio (times)	2.41	2.10	2.06	7.73	6.07	5.84
Basic EPS (cents)	(0.13)	(0.14)	(0.14)	0.01	0.01	0.01

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## LETTER TO SHAREHOLDERS

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The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of Shares will only be effected after assessing the relative impact of a share buy-back taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and performance of the Shares).

**Shareholders should note that the financial effects illustrated above, based on the respective aforesaid assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Company and the Group for FY2018, and is not necessarily representative of the future financial performance of the Company and the Group.**

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or otherwise acquire up to five per cent (5%) of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire five per cent (5%) of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share Purchase before execution. Taking all these things into consideration, the Board will only consider to proceed with the execution of the Share Purchase if the effects are beneficial to the Company and its shareholders.

### 2.8 Catalyst Rules

#### 2.8.1 Maximum Price and number of shares that may be purchased

Under the Catalyst Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than five per cent (5%) above the average closing market price. The term “average closing market price”, as defined under the Catalyst Rules, means the average of the closing market prices of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period. The Maximum Price for a Share in relation to an On-Market Purchase by the Company, referred to in section 2.3.4(a) above, conforms to this restriction. The Maximum Price for a Share in relation to an Off-Market Purchase by the Company is determined by the Directors, who have decided that the Maximum Price in the case of an Off-Market Purchase must not exceed one hundred and twenty per cent (120%) of the Highest Last Dealt Price of the Shares.

#### 2.8.2 Reporting requirements

Additionally, the Catalyst Rules also specifies that a listed company shall notify all purchases or acquisitions of its shares to the SGX-ST not later than 9:00 a.m.:

- (a) in the case of an On-Market Purchase, on the market day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer.

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## LETTER TO SHAREHOLDERS

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Such announcement (which must be in the form as set out in Appendix 8D to the Catalist Rules) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as Treasury Shares, the price paid per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding Treasury Shares and the number of Treasury Shares held after the purchase.

### **2.8.3 No Share Purchases during development of price-sensitive information**

While the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase of its own issued shares, the Company will not undertake any Share Purchase pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision until such price sensitive information has been publicly announced. In particular, in line with the best practices on dealings in securities issued by SGX-ST under Rule 1204(19) of the Catalist Rules, the Company will not purchase or acquire any Shares pursuant to the Share Buy-Back Mandate during the period commencing two (2) weeks immediately preceding the announcement of the Company’s financial statements for each of the first three quarters of its financial year and one (1) month immediately preceding the announcement of the Company’s financial statements of its full-year and ending on the date of the announcement of the relevant results (if required to announce quarterly financial statements), or one (1) month before the announcement of the Company’s half-year and full year financial statements (if not required to announce quarterly financial statements).

The Catalist Rules also requires a listed company to ensure that at least ten per cent (10%) of its Shares is at all times held by public Shareholders. The term “public”, as defined under the Catalist Rules, means persons other than the directors, substantial shareholders, chief executive officers or controlling shareholders of the company and its subsidiaries, as well as Associates of such persons.

As at the Latest Practicable Date, 1,437,005,824 Shares representing 31.73% of the issued share capital of the Company are held in the hands of public Shareholders. In the event that the Company purchases the maximum number of Shares representing five per cent (5%) of its issued ordinary share capital from such public Shareholders, the resultant percentage of the issued Shares held by the public Shareholders would be reduced to approximately 28.14%.

Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake buy-backs of the Shares up to the full five per cent (5%) limit pursuant to the proposed Share Buy-Back Mandate, without affecting adversely the orderly trading, liquidity and listing status of the Shares on SGX-ST.

Save for its Shares, as at the Latest Practicable Date, the Company has no other securities listed on the SGX-ST.

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## LETTER TO SHAREHOLDERS

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### 2.9 Companies Act

The Directors are required under the Companies Act to lodge with the ACRA within 30 days of the purchase or acquisition of Shares on the Catalist the notice of purchase or acquisition of the Shares in the prescribed form and providing certain particulars including the date of the purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled, the number of Shares held as Treasury Shares, the issued share capital of the Company before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition of the Shares, and whether the Shares were purchased or acquired out of the profits or the capital of the Company.

### 2.10 Tax implications

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

### 2.11 Take-over Code implications arising from Share Purchases

Appendix 2 of the Take-over Code (“**Appendix 2**”) contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

#### 2.11.1 Obligation to make a take-over offer

An increase of a Shareholder’s proportionate interest in the voting rights of the Company resulting from a buy-back of Shares by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Under Rule 14 of the Take-over Code, if such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

Rule 14.1 of the Take-over Code requires, *inter alia*, that, except with the consent of the SIC, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than one per cent (1%) of the voting rights, such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

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## LETTER TO SHAREHOLDERS

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The offer required to be made under the provisions of Rule 14.1 of the Take-over Code shall, in respect of each class of shares in the capital involved, be in cash or be accompanied by a cash alternative at the Required Price.

For the above purposes, “**Required Price**” means in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 of the Take-over Code which is the highest of the highest price paid by the offerors and/or person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding six (6) months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six (6) months of the offer and during the offer period, or (iii) acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six (6) months of the offer or during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-over Code.

### 2.11.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies and any company whose associated companies include any of the above companies;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by its 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 in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its clients 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 ten per cent (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, and any person who is accustomed to act according to instructions and companies controlled by any of the above.

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## LETTER TO SHAREHOLDERS

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

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

### **2.11.3 Effect of Rule 14 and Appendix 2 of the Take-over Code**

In general terms, the effect of Rule 14 when read with Appendix 2 is that:

- (a) unless exempted, directors of a company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such directors and their concert parties would increase to thirty per cent (30%) or more, or if the voting rights of such directors and their concert parties fall between thirty per cent (30%) and 50 per cent (50%) of the Company's voting rights, the voting rights of such directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months; and
- (b) a Shareholder who is not acting in concert with directors will not be required to make a takeover offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to thirty per cent (30%) or more, or if the voting rights of such directors and their concert parties fall between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate as the case may be.

However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after the Company's Share Purchases. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than one per cent (1%) in any period of six (6) months.

Shareholders (including Directors) and their concert parties who hold more than fifty per cent (50%) of the Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares.

In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares shall be excluded.

If the Company decides to cease the Share Purchases before it has purchased in full such number of Shares authorised by its Shareholders at the EGM, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14 of the Take-over Code.



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## LETTER TO SHAREHOLDERS

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### 2.11.4 Exemption under Appendix 2 of the Take-over Code

Section 3(a) of Appendix 2 of the Take-over Code provides, *inter alia*, that for a market acquisition under Section 76E of the Companies Act or an off-market acquisition on an equal access scheme under Section 76C of the Companies Act by a listed company, directors and persons acting in concert with them will be exempted from the requirement to make a general offer for the Company under Rule 14.1 of the Take-over Code, subject to the following conditions:

- (a) the circular to shareholders on the resolution to authorise a buy-back to contain advice to the effect that by voting for the buy-back resolution, shareholders are waiving their right to a general offer at the Required Price (as defined hereinafter) from directors and parties acting in concert with them who, as a result of the Company buying back its Shares, would increase their voting rights to thirty per cent (30%) or more; or if the directors and parties acting in concert with them together already hold between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, and the buy-back would cause an increase in their voting rights by more than one per cent (1%) in any period of six (6) months. The names of such directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed buy-back shall also be disclosed in the same circular;
- (b) the resolution to authorise a share buy-back to be approved by a majority of those shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buy-back;
- (c) the directors and/or persons acting in concert with them to abstain from voting for and/or recommending shareholders to vote in favour of the resolution to authorise the share buyback;
- (d) within seven (7) days after the passing of the resolution to authorise a buy-back, each of the directors to submit to the SIC a duly signed form as prescribed by the SIC;
- (e) directors and/or persons acting in concert with them not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buyback proposal is imminent and the earlier of;
  - (i) the date on which the authority of the share buy-back expires; and
  - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase to thirty per cent (30%) or more;

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## LETTER TO SHAREHOLDERS

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- (f) directors and/or persons acting in concert with them, together holding between thirty per cent (30%) and fifty per cent (50%) of the company's voting rights, not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of:
  - (i) the date on which the authority of the share buy-back expires; and
  - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase by more than one per cent (1%) in the preceding six (6) months. It follows that where aggregate voting rights held by a director and persons acting in concert with him increase by more than one per cent (1%) solely as a result of the Share Purchase and none of them has acquired any shares during the relevant period defined above, then such director and/or persons acting in concert with him would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

## LETTER TO SHAREHOLDERS

### 2.11.5 Application of the Take-over Code

The shareholdings of the Substantial Shareholders and Director(s) as at the Latest Practicable Date and after the purchase by the Company (assuming the Company purchased a maximum 226,439,605 Shares, being five per cent (5%) of the total number of shares in the issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings, if any) as at the Latest Practicable Date, and there was no change in the number of Shares held or deemed to be held by the Substantial Shareholders and Director(s) pursuant to the Share Buy-Back Mandate as the case may be, are as follows:

	Before Share Purchase			After Share Purchase		
	Number of Shares			Number of Shares		
	Direct Interest	Deemed Interest	% <sup>(1)</sup>	Direct Interest	Deemed Interest	% <sup>(1)</sup>
<b>Director(s)</b>						
Lee Luen-Wai, John	–	–	–	–	–	–
Dr Stephen Riady <sup>(2)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97
Anand Kumar	–	–	–	–	–	–
Chen Yeow Sin	–	–	–	–	–	–
Sonny Yuen Chee Choong	–	–	–	–	–	–
Lin Weiwen, Moses	–	–	–	–	–	–
<b>Substantial Shareholders (other than Director(s))</b>						
Gentle Care Pte. Ltd.	1,594,776,083	–	35.21	1,594,776,083	–	37.07
Valiant Leader Limited <sup>(3)</sup>	–	1,594,776,083	35.21	–	1,594,776,083	37.07
Tamsett Holdings Limited <sup>(4)</sup>	–	1,594,776,083	35.21	–	1,594,776,083	37.07
GW Active Limited	1,241,134,751	–	27.41	1,241,134,751	–	28.85
Gateway Fund I, L.P. <sup>(5)</sup>	–	1,241,134,751	27.41	–	1,241,134,751	28.85
Continental Equity Inc. <sup>(6)</sup>	–	253,865,182	5.61	–	253,865,182	5.90
Rickon Holdings Limited <sup>(7)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97
Lippo China Resources Limited <sup>(8)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97
Skyscraper Realty Limited <sup>(9)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97
First Tower Corporation <sup>(10)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97
Lippo Limited <sup>(11)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97
Lippo Capital Limited <sup>(12)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97
Lippo Capital Holdings Company Limited <sup>(13)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97

## LETTER TO SHAREHOLDERS

	Before Share Purchase			After Share Purchase		
	Number of Shares			Number of Shares		
	Direct Interest	Deemed Interest	% <sup>(1)</sup>	Direct Interest	Deemed Interest	% <sup>(1)</sup>
Lippo Capital Group Limited <sup>(14)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97
PT Trijaya Utama Mandiri <sup>(15)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97
Dr James Tjahaja Riady <sup>(16)</sup>	–	1,848,641,265	40.82	–	1,848,641,265	42.97

### Notes:

- (1) Computed based on 4,528,792,100 Shares issued as at Latest Practicable Date.
- (2) Dr Stephen Riady holds all the shares in Lippo Capital Group Limited (“**LCG**”), which is the holding company of Lippo Capital Holdings Company Limited (“**LCH**”). LCH is the holding company of Lippo Capital Limited (“**Lippo Capital**”). Lippo Capital, through its majority interest in Lippo Limited (“**Lippo**”) which in turn is the holding company of Lippo China Resources Limited (“**LCR**”), the holding company of each of Gentle Care Pte. Ltd. (“**GC**”) and Continental Equity Inc. (“**CEI**”), has a deemed interest in a total of 1,848,641,265 Shares. GC has a direct interest in 1,594,776,083 Shares. CEI has an interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S’pore Pte Ltd UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Dr Stephen Riady, through his interest in Lippo Capital, is deemed to be interested in a total of 1,848,641,265 Shares.
- (3) Valiant Leader Limited (“**VL**”) is deemed to be interested in the Shares held by GC by virtue of its shareholding in GC. VL is the direct holding company of GC.
- (4) Tamsett Holdings Limited (“**TH**”) is deemed to be interested in the Shares held by GC by virtue of its shareholding in VL. TH is a direct holding company of VL and is an indirect holding company of GC.
- (5) Gateway Fund I, L.P. is deemed to be interested in the Shares held through GW Active Limited by virtue of its 100% shareholding in GW Active Limited.
- (6) CEI is deemed to be interested in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI), and 126,913,882 Shares held through Citibank Noms S’pore Pte Ltd UBS AG Singapore Branch (acting as nominee for CEI). CEI is a wholly-owned subsidiary of Rickon Holdings Limited (“**RH**”).
- (7) RH is deemed to be interested in the Shares held through Citibank Noms S’pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in CEI and TH (an indirect holding company of GC and a wholly-owned subsidiary of RH) respectively. RH is the direct holding company of CEI.
- (8) LCR is deemed to be interested in the Shares held by Citibank Noms S’pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in RH. LCR is a direct holding company of RH and is an indirect holding company of CEI.
- (9) Skyscraper Realty Limited (“**Skyscraper**”) is deemed to be interested in the Shares held by Citibank Noms S’pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in LCR. Skyscraper is a direct holding company of LCR and is an indirect holding company of CEI.
- (10) First Tower Corporation (“**First Tower**”) is deemed to be interested in the Shares held through Citibank Noms S’pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in Skyscraper. First Tower is a direct holding company of Skyscraper and is an indirect holding company of CEI.

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## LETTER TO SHAREHOLDERS

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- (11) Lippo is deemed to be interested in the Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in First Tower. Lippo is a direct holding company of First Tower and is an indirect holding company of CEI.
- (12) Lippo Capital is deemed to be interested in the Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in Lippo. Lippo Capital is a direct holding company of Lippo and is an indirect holding company of CEI.
- (13) LCH is the holding company of Lippo Capital, which in turn is an intermediate holding company of GC and CEI. GC has a direct interest in 1,594,776,083 Shares. CEI has a deemed interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Lippo Capital has an interest in the Shares in which GC and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares.
- (14) LCG is the holding company of LCH. LCH is the holding company of Lippo Capital. Accordingly, LCG has a deemed interest in the Shares in which Lippo Capital has an interest. Lippo Capital is an intermediate holding company of GC and CEI. GC has a direct interest in 1,594,776,083 Shares. CEI has a deemed interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Lippo Capital has an interest in the Shares in which GC and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares.
- (15) PT Trijaya Utama Mandiri ("**PTT**") holds more than 20% of the shares in Lippo Capital. Accordingly, PTT has a deemed interest in the Shares in which Lippo Capital has an interest. Lippo Capital is an intermediate holding company of GC and CEI. GC has a direct interest in 1,594,776,083 Shares. CEI has a deemed interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Lippo Capital has an interest in the Shares in which GC and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares.
- (16) Dr James Tjahaja Riady ("**Dr James Riady**") effectively holds all the Shares in PTT which holds more than 20% of the shares in Lippo Capital. Accordingly, Dr James Riady has a deemed interest in the Shares in which Lippo Capital has an interest. Lippo Capital is an intermediate holding company of GC and CEI. GC has a direct interest in 1,594,776,083 Shares. CEI has a deemed interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Lippo Capital has an interest in the Shares in which GC and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares.

### 2.11.6 Exemption of Take-over Code obligations

As at the Latest Practicable Date, Dr Stephen Riady, our Non-Executive Non-Independent Director, holds (directly and indirectly) an aggregate of 1,848,641,265 Shares which represents approximately 40.82% of the voting rights in the Company (excluding Treasury Shares and Subsidiary Holdings, if any).

Pursuant to Rule 14 of the Take-over Code, Dr Stephen Riady and his concert parties would, unless exempted, incur an obligation to make a general offer for the Company in the event that his aggregate voting rights in the Company increase to thirty per cent (30%), or, if he, together with parties acting in concert with him, including Lee Luen-Wai, John, our Non-Executive Non-Independent Chairman, hold between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, increase their voting rights in the Company by more than one per cent (1%) in any period of six (6) months as a result of the purchase of Shares by the Company under the Share Buy-back Mandate.

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## LETTER TO SHAREHOLDERS

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**For illustrative purposes**, on the basis of 4,528,792,100 Shares in issue as at the Latest Practicable Date, assuming that (i) no further Shares are issued by the Company on or prior to the EGM approving the Share Buy-Back Mandate, (ii) the Company purchases the maximum number of 226,439,605 Shares under the Share Buy-Back Mandate, representing five per cent (5%) of the total number of Shares in issue as at the date of the EGM, and (iii) the purchased Shares are either cancelled or held as Treasury Shares:

- (a) the total number of Shares in issue (excluding Treasury Shares and Subsidiary Holdings, if any) will be reduced from 4,528,792,100 to 4,302,352,495 Shares; and
- (b) the percentage of the aggregate voting rights in the Company held by Dr Stephen Riady will increase approximately from 40.82% to 42.97%.

Dr Stephen Riady and his concert parties, including Lee Luen-Wai, John, our Non-Executive Non-Independent Chairman, have not acquired any Shares between the date on which he knows that the announcement of the Proposed Adoption of Share Buy-Back Mandate is imminent and the Latest Practicable Date. Dr Stephen Riady and his concert parties, including Lee Luen-Wai, John, our Non-Executive Non-Independent Chairman, will not be acquiring any Shares until the earlier of:–

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

if such acquisitions, taken together with the buy-back, would cause the aggregate voting rights of Dr Stephen Riady and his concert parties, including Lee Luen-Wai, John, our Non-Executive Non Independent Chairman, in the Company to increase by more than one per cent (1%) in any period of six (6) months.

Form 2 (pursuant to Appendix 2 “Share Buy-Back Guidance Note” of the Take-over Code) is the prescribed form to be submitted to the SIC by director(s) acting in concert with shareholder(s) of a listed company who could become obliged to make a take-over offer under Rule 14 of the Takeover Code as a result of the buy-back of shares by the listed company pursuant to the conditions for exemption (as set out above).

As at the Latest Practicable Date, Dr Stephen Riady and Lee Luen-Wai, John have informed the Company that they will submit a Form 2 to the SIC within seven (7) days after the passing of the ordinary resolution relating to the proposed adoption of the Share Buyback Mandate.

**Shareholders should therefore note that by voting in favour of Ordinary Resolution 1 to approve the Share Buy-Back Mandate, they will be waiving their rights to a general offer at the Required Price by Dr Stephen Riady and his concert parties, including Lee Luen-Wai, John, our Non-Executive non-Independent Chairman, in the circumstances set out above.**

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## LETTER TO SHAREHOLDERS

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Save as disclosed herein,

- (1) the Directors are not aware of any other facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert with the Directors such that their respective interests in voting Shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buy-Back Mandate; and
- (2) based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any other Director and/or Shareholder who may become obligated to make a mandatory take-over offer for the Company under the Share Buy-Back Mandate if the Company purchases up to the maximum five per cent (5%) of the issued Shares (excluding Treasury Shares and Subsidiary Holdings, if any) under the Share Buy-Back Mandate.

**The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Take-over Code. Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Purchases pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buy-Back Mandate is in force.**

### **2.11.7 No share buybacks in the previous twelve (12) months**

The Company has not purchased or acquired any Shares under any share buy-back mandate (whether by way of an On-Market Purchase or Off-Market Purchase) during the twelve (12) months preceding the Latest Practicable Date.

### **2.11.8 Limits on shareholdings**

The Company does not have any individual shareholding limit or foreign shareholding limit. However, under Rule 723 of the Catalist Rules, a company should ensure that at least ten per cent (10%) of a class of its listed securities (excluding Treasury Shares, preference shares and convertible equity securities) is at all times held by the public (as defined in the Catalist Rules). The Company shall use its best efforts to ensure that it does not effect a Share Purchase if the Share Purchase would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

## **3. THE PROPOSED ADOPTION OF THE HEALTHWAY MEDICAL PERFORMANCE SHARE PLAN**

### **3.1 The Proposed Adoption of the Performance Share Plan**

The Company proposes to adopt the Performance Share Plan which will be subject to Shareholders' approval at the EGM. A summary of the rules of the Performance Share Plan is set out in section 3.3 below. Capitalised terms as used throughout this section, unless otherwise defined, shall bear the meanings as defined in the section entitled "Rules of the Performance Share Plan" as set out in Appendix of this Circular.

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## LETTER TO SHAREHOLDERS

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Subject to the independent Shareholders' approval being obtained for the Performance Share Plan, an application will be made to the SGX-ST by the Company through its Sponsor for the approval of the listing and quotation of the New Shares on the Catalist to be allotted and issued pursuant to the Performance Share Plan. An appropriate announcement on receipt of the listing and quotation notice, if granted, will be made in due course. The New Shares to be allotted and issued pursuant to the Performance Share Plan are conditional upon the grant of the listing and quotation notice by the SGX-ST and the conditions in the listing and quotation notice being fulfilled.

### **3.2 Rationale of the Performance Share Plan**

The Board of Directors is proposing to implement the Performance Share Plan. With the Performance Share Plan in place, the Company will have a more comprehensive and flexible set of remuneration tools to better motivate, retain and recruit talent.

The Performance Share Plan contemplates the award of fully-paid Shares to participants after certain pre-determined benchmarks have been met. Although the Company may, where appropriate, continue to distribute cash bonuses to the employees of the Group and Directors, the Company believes that the Performance Share Plan will be more effective than pure cash bonuses in motivating employees of the Group to work towards pre-determined goals.

The purpose of adopting the Performance Share Plan is to give the Company greater flexibility to align the interests of employees of the Group, especially key employees, with the interests of Shareholders.

The objectives of the Performance Share Plan are as follows:

- (a) to provide an opportunity for employees of the Group to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of employees towards the Group;
- (b) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
- (c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and
- (d) to make employee remuneration sufficiently competitive to recruit potential employees and/or to retain existing employees of the Group whose contributions are important to the long-term growth and profitability of the Group.



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## LETTER TO SHAREHOLDERS

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### **3.3 Summary of the Performance Share Plan**

The following is a summary of the rules of the Performance Share Plan:

#### **3.3.1 Participants**

The Performance Share Plan allows for participation by full-time employees (including the Executive Directors) of the Group (including Associated Companies which the Company and/or its Subsidiaries have control over), including those who may be Controlling Shareholders and their Associates, who are key employees or are in key management position and have attained the age of 21 years and above on or before the relevant date of grant of the Award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors.

The Company is of the view that all deserving and eligible employees of the Group should be entitled to take part and benefit from the Company's fair and equitable system of remuneration. To this end, employees of the Group who are Controlling Shareholders and their Associates shall be treated equally regardless of whether they are Controlling Shareholders or Associates of the same. Although the Controlling Shareholders and their Associates may already have shareholding interests in the Company, the extension of the Performance Share Plan to include them ensures that they are similarly entitled, with the other eligible employees who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. The Directors are of the view that the Company should have a fair and equitable system to reward eligible employees who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or their Associates.

Following that, persons who are Controlling Shareholders or their Associates are permitted to participate in the Performance Share Plan subject to them meeting the eligibility criteria set out above and satisfying the requirements under the Catalist Rules. Pursuant to Rule 852 of the Catalist Rules, participation in the Performance Share Plan by Controlling Shareholders and their Associates must be approved by independent Shareholders of the Company and a separate resolution must be passed for each such person and to approve the actual number and terms of Awards to be granted to such person.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Performance Share Plan may be amended from time to time at the absolute discretion of the Committee.

#### **3.3.2 Administration of the Performance Share Plan**

The Performance Share Plan shall be administered by the Committee, which has the absolute discretion to determine persons who will be eligible to participate in the Performance Share Plan and in its general administration. However, in compliance with the requirements of the Catalist Rules, a participant who is a member of the Committee shall not be involved in any deliberation or decision in respect of Awards (as the case may be) to be granted to or held by that participant.

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## LETTER TO SHAREHOLDERS

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### 3.3.3 Size of the Performance Share Plan

The (a) total number of New Shares which may be issued pursuant to Awards granted on any date; and (b) total number of existing Shares which may be purchased from the market for delivery pursuant to Awards granted under the Performance Share Plan, when added to the number of New Shares issued and issuable in respect of all Awards granted under the Performance Share Plan (including any other share option schemes of the Company), shall not exceed fifteen per cent (15%) of the number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) on the day preceding that date of grant of the relevant Awards.

Limitation on size of the Performance Share Plan for Controlling Shareholders

- (a) The aggregate number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted pursuant to the Performance Share Plan available to all Controlling Shareholders and their Associates shall not exceed fifteen per cent (15%) of the Shares available under the Performance Share Plan.
- (b) The number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted pursuant to the Performance Share Plan available to each Controlling Shareholder or each of his Associates shall not exceed five per cent (5%) of the Shares available under the Performance Share Plan.

Taking into consideration the size of the share capital of the Company as well as the number of eligible participants in the Performance Share Plan, the Directors believe that such limit is necessary to accommodate the existing number of participants to whom Awards may be granted under the Performance Share Plan, so as to create a meaningful compensation for the participants' contributions.

### 3.3.4 Grant of Awards

The Committee shall decide, in its absolute discretion, in relation to each Award:

- (a) the Participant;
- (b) the date of grant;
- (c) the number of Shares which are the subject of the Award;
- (d) the Performance Target(s);
- (e) the performance period;
- (f) the prescribed vesting period(s);
- (g) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed vesting period; and
- (h) such other conditions that the Committee may determine in relation to the Award.

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

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## LETTER TO SHAREHOLDERS

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### 3.3.5 Vesting of Awards

Subject to the Performance Share Plan and the amendment made or waiver granted by the Committee in its absolute discretion, the Shares comprised in the Awards granted under the Performance Share Plan to a participant shall be released to such participant in the following manner:

- (a) one third of the Shares comprised in the Award on the date of grant;
- (b) one third of the Shares comprised in the Award at the end of the first vesting period which shall be two years from the date of grant; and
- (c) one third of the Shares comprised in the Award at the end of the second vesting period which shall be three years from the date of grant.

Special provisions for the vesting and lapsing of Awards under certain circumstances include:

- (i) subject to paragraph (v) below, a participant, being an employee of the Group, ceasing for any reason whatsoever, to be in the employment of the Company, the relevant Subsidiary and/or the relevant Associated Company or in the event the company by which the Group Employee is employed ceases to be a company in the Group;
- (ii) upon the bankruptcy of the participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
- (iii) a participant commits any breach of any of the terms of his Award and Award Letter;
- (iv) misconduct on the part of a participant as determined by the Company in its discretion;
- (v) death, ill health, mental or physical incapacity or permanent disability of a participant, or other analogous reasons approved by the Committee;
- (vi) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
- (vii) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the court under the Companies Act;
- (viii) a Substantial Disposal;
- (ix) an order for the compulsory winding-up of the Company is made;
- (x) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made; and/or
- (xi) any other event approved by the Committee.

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## LETTER TO SHAREHOLDERS

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Upon the occurrence of any of the events specified in paragraphs (i) to (iv) above, an Award then held by a participant shall, subject as provided in the rules of the Performance Share Plan and to the extent not yet released, forthwith become void and cease to have effect and the participant shall have no claim whatsoever against the Company.

Upon the occurrence of any event specified in paragraph (v), an Award then held by a participant shall, subject as provided in the rules of the Performance Share Plan and to the extent not yet released, be released immediately to the participant, and, in the case of death, the participant's estate.

Upon the occurrence of any of the events specified in paragraphs (vi) to (x) above, the Committee may consider, in its absolute discretion, whether or not to release any Award in accordance with the rules of the Performance Share Plan. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the vesting period(s) which has elapsed and the extent to which the prescribed Performance Target(s) (if any) has been satisfied.

In determining whether to allot and issue New Shares or to transfer existing Shares purchased from the open market or from the Treasury Shares for delivery to Participants upon the release of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or transfer of the existing Shares.

New Shares, when allotted and issued, and existing Shares, when transferred to the participants upon the release of Awards shall be subject to all the provisions of the Constitution and shall rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or distributions on the record date of which falls on or before the relevant vesting date of the Shares which are the subject of the Awards. For such purposes, record date means the date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

For the purposes of determining if Performance Target(s) have been achieved, the Committee has the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events. The Committee also has the discretion to amend the Performance Target(s) if the Committee decides that a changed Performance Target would be a fairer measure of performance, or to waive the Performance Target where the participant has achieved a level of performance that the Committee considers satisfactory notwithstanding that the Performance Target has not been fulfilled.

### **3.3.6 Adjustments under the Performance Share Plan**

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

- (a) the class and/or number of Award Shares to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Performance Share Plan,

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## LETTER TO SHAREHOLDERS

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may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate. However, any adjustment shall be made in such a way that a participant will not receive a benefit that a Shareholder does not receive.

Unless the Committee considers an adjustment to be appropriate, (a) any issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued shares purchased or acquired by the Company by way of a market purchase of such shares undertaken by the Company on the SGX-ST during the period when a share buy-back mandate granted by the Shareholders (including any renewal of such mandate) is in force; (b) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to the Performance Share Plan approved by the Shareholders in general meeting; and (c) any issue of Shares arising from the exercise of options or the subscription rights of any warrants or the conversion of any loan stock or any securities convertible into Shares by the Company shall not normally be regarded as a circumstance requiring adjustment.

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

### **3.3.7 Modifications to the Performance Share Plan**

The Performance Share Plan may be modified and/or altered from time to time by the Committee, subject to, *inter alia*, compliance with the Catalist Rules and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the prior written consent of such number of participants under the Performance Share Plan who, if their Awards were released to them, would thereby become entitled to not less than seventy-five per cent (75%) of the aggregate number of all the Shares which would be issued upon exercise in full of all outstanding Awards under the Performance Share Plan.

Any modification or alteration made to certain rules of the Performance Share Plan to the advantage of the participants shall be subject to the prior approval of the Shareholders in general meeting.

### **3.3.8 Duration of the Performance Share Plan**

The Performance Share Plan shall continue to be in force at the discretion of the Committee subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Performance Share Plan may continue beyond the above stipulated period with the approval of Shareholders by an ordinary resolution in a general meeting and of any relevant authorities which may then be required.

The Performance Share Plan may be terminated at any time by the Committee and by ordinary resolution of the Company in general meeting, subject to all relevant approvals which may be required being obtained and if it is so terminated, no further Awards shall be granted by the Company hereunder.

The termination of the Performance Share Plan shall not affect Awards which have been granted in accordance with the Performance Share Plan.

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## LETTER TO SHAREHOLDERS

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### 3.4 Financial effects of the Performance Share Plan

Details of the costs to the Company of granting Awards under the Performance Share Plan and the allotment and issue of the New Shares would be as follows:-

#### 3.4.1 Share Capital

The Performance Share Plan will result in an increase in the number of issued Shares to the extent that New Shares are allotted and issued upon the vesting and release of the Awards under the Performance Share Plan. The number of New Shares issued will depend on, *inter alia*, the size of the Awards granted under the Performance Share Plan.

#### 3.4.2 EPS

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

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

#### 3.4.3 NTA

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

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

#### 3.4.4 Potential Cost of granting Awards under the Performance Share Plan to the Company

The accounting rules in the Singapore Financial Reporting Standards requires the fair value of employee services received in exchange for the grant of the Shares to be recognised as an expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each Share granted at the grant date and the number of Shares vested by the vesting date, with a corresponding increase in equity.

Before the end of the vesting period, at each balance sheet date, the entity revises its estimates of the number of Shares that are expected to vest by the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement would be made.

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## LETTER TO SHAREHOLDERS

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

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

### 3.5 Disclosures in Annual Reports

The Company shall make the following disclosures in its annual report to Shareholders for so long as the Performance Share Plan continues in operation:

- (a) the names of the members of the committee administering the Performance Share Plan;
- (b) information as required in the table below for the following participants:
  - (i) Directors;
  - (ii) Controlling Shareholders and their Associates; and
  - (iii) Participants (other than those in (i) and (ii) above) who receive Awards comprising Shares which, in aggregate, represent five per cent (5%) or more of the total number of Shares available under the Performance Share Plan or the total number of existing Shares purchased for delivery of released Awards under the Performance Share Plan.

Name of participants	Number of Shares granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of the Performance Share Plan to the end of the financial year under review	Aggregate number of Shares comprised in Awards vested during the financial year under review	Aggregate number of Shares comprised in Awards not released as at the end of the financial year under review

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## LETTER TO SHAREHOLDERS

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- (c) in relation to the Awards granted under the Performance Share Plan, the following particulars:
- (i) name of participant;
  - (ii) the aggregate number of Shares comprised in Awards granted during the financial year under review (including terms);
  - (iii) the aggregate number of Shares comprised in Awards granted since the commencement of the Performance Share Plan to the end of the financial year under review;
  - (iv) the aggregate number of Shares comprised in Awards vested since the commencement of the Performance Share Plan to the end of the financial year under review;
  - (v) the aggregate number of Shares comprised in Awards outstanding as at the end of the financial year under review; and
  - (vi) a statement that the directors and employees of the parent company (if any) and its subsidiaries are not eligible to participate in the Performance Share Plan.

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

#### **4. DISCLOSURE OF SHAREHOLDINGS**

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares of the Company are as set out in section 2.11.5 of this Circular.

Save as disclosed in this Circular, and based on the information available to the Company as at the Latest Practicable Date, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Corporate Actions.

#### **5. EXTRAORDINARY GENERAL MEETING**

The Board is convening an EGM to be held at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held at 2.00 p.m. on the same day and at the same place) on 26 April 2019 at Mandarin Orchard Singapore, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867 to seek the approval of the Shareholders for the ordinary resolutions proposed in relation to the Proposed Adoption of the Share Buy-Back Mandate and Proposed Adoption of the Performance Share Plan. The Notice of EGM is set out at page 59 of this Circular.

#### **6. ABSTENTION FROM VOTING**

- 6.1** Any shareholders who presumed to be acting in concert with Dr Stephen Riady under the Take-over Code shall abstain from voting at the EGM in respect of Ordinary Resolution 1 relating to the Proposed Adoption of the Share Buy-Back Mandate, for reasons as further elaborated in section 2.11.6 above, and they will not accept appointments as proxies or otherwise for voting in respect of the said Ordinary Resolution 1 at the EGM unless specific instructions as to voting are given.



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## LETTER TO SHAREHOLDERS

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**6.2** Shareholders who are entitled to participate in the Performance Share Plan shall abstain from voting at the EGM on the Shareholders' resolution in relation to the Proposed Adoption of the Performance Share Plan. Such Shareholders (i) shall procure his Associates to abstain from voting at the EGM on the Proposed Adoption of the Performance Share Plan; and (ii) shall not, and shall procure that his Associates will not, accept appointments as proxies in relation to the Proposed Adoption of the Performance Share Plan unless specific instructions as to voting are given.

**6.3** The Company will disregard any votes cast in respect of the relevant resolutions by abovementioned persons who are required to abstain from voting on such resolutions.

### **7. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the proxy form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 6 Shenton Way #10-09 OUE Downtown 2 Singapore 068809 not later than 48 hours before the time fixed for the EGM or any postponement or adjournment thereof. The appointment of a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the EGM if he wishes to do so.

In view of Section 81SJ of the SFA, a Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register 72 hours before the time fixed for the EGM or any adjournment thereof.

### **8. DIRECTORS' RECOMMENDATIONS**

**8.1 The Proposed Adoption of Share Buy-Back Mandate.** The Directors (save for Dr Stephen Riady and Lee Luen-Wai, John) have considered, *inter alia*, the terms, rationale and benefits of the Proposed Adoption of the Share Buy-Back Mandate and are of the opinion that the Proposed Adoption of the Share Buy-Back Mandate is in the best interests of the Company and its Shareholders.

Accordingly, the Directors (save for Dr Stephen Riady and Lee Luen-Wai, John) recommend that the Shareholders vote in favour of Ordinary Resolution 1 in relation to the Proposed Adoption of the Share Buy-Back Mandate.

**8.2 The Proposed Adoption of the Performance Share Plan.** The Directors have considered, *inter alia*, the terms, rationale and benefits of the Proposed Adoption of the Performance Share Plan and are of the opinion that the Proposed Adoption of the Performance Share Plan is in the best interests of the Company and its Shareholders.

Accordingly, the Directors recommend that the Shareholders vote in favour of Ordinary Resolution 2 in relation to the Proposed Adoption of the Performance Share Plan.

**8.3** Shareholders are advised to read this Circular in its entirety and for those who may require advice in the context of their specific investment, to consult their respective stockbroker, bank manager, solicitor, accountant or other professional adviser.

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## LETTER TO SHAREHOLDERS

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### 9. DIRECTORS' RESPONSIBILITY STATEMENT

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

### 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 6 Shenton Way #10-09 OUE Downtown 2 Singapore 068809, during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Constitution;
- (b) the annual report of the Company for the financial year ended 31 December 2018;  
and
- (c) the Performance Share Plan.

Yours faithfully,  
For and on behalf of the Board of Directors  
**HEALTHWAY MEDICAL CORPORATION LIMITED**

Lee Luen-Wai, John  
Non-Executive Non-Independent Chairman

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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### HEALTHWAY MEDICAL CORPORATION LIMITED

(incorporated in the Republic of Singapore)  
Company Registration No. 200708625C

#### APPENDIX: RULES OF THE HEALTHWAY MEDICAL

#### PERFORMANCE SHARE PLAN

##### 1. NAME OF THE PLAN

The plan shall be called the “**Healthway Medical Performance Share Plan**”.

##### 2. DEFINITIONS

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

“ <b>Adoption Date</b> ”	:	The date on which the PSP is adopted by the Company in general meeting
“ <b>Associate</b> ”	:	Has the meaning ascribed to it in the Catalist Rules
“ <b>Associated Company</b> ”	:	A company in which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries and of which the Company and/or its subsidiaries have Control over
“ <b>Auditors</b> ”	:	The auditors for the time being of the Company
“ <b>Award</b> ”	:	An award of Shares granted under Rule 5
“ <b>Award Letter</b> ”	:	A letter in such form as the Committee shall approve an Award granted to a Participant by the Committee
“ <b>Board</b> ”	:	The board of directors of the Company
“ <b>Catalist</b> ”	:	The sponsor-supervised listing platform of the SGX-ST
“ <b>Catalist Rules</b> ”	:	Any or all of the rules in the SGX-ST Listing Manual Section B: Rules of Catalist, as the case may be, as amended, supplemented or modified from time to time
“ <b>CDP</b> ”	:	The Central Depository (Pte) Limited
“ <b>Committee</b> ”	:	The remuneration committee of the Board or such committee comprising of Directors duly authorised and appointed by the Board to administer the PSP

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
<b>“Company”</b>	:	Healthway Medical Corporation Limited
<b>“Constitution”</b>	:	The constitution of the Company, as amended or modified from time to time
<b>“Control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<b>“Controlling Shareholder”</b>	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company; or (b) in fact exercises Control over a company, unless otherwise determined
<b>“Date of Grant”</b>	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
<b>“Director”</b>	:	A person holding office as a director for the time being of the Company
<b>“Executive Director”</b>	:	A director for the time being of the Company, any of its Subsidiaries and/or any of its Associated Companies (as the case may be) holding office in an executive capacity in such company
<b>“Group”</b>	:	The Company, its Subsidiaries and its Associated Companies
<b>“Group Employee”</b>	:	Any confirmed employee of the Group (including any Executive Director) selected by the Committee to participate in the PSP in accordance with Rule 4
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities
<b>“Participant”</b>	:	A person who is selected by the Committee to participate in the PSP in accordance with the provision of the PSP

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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<b>“Performance Target”</b>	:	The performance target prescribed by the Committee to be fulfilled by a Participant for any particular period under the PSP based on factors including but not limited to the Group’s business goals and directions for each financial year, the Participant’s job scope and responsibilities, and the prevailing market and economic conditions
<b>“PSP”</b>	:	The Healthway Medical Performance Share Plan, as the same may be modified or altered from time to time
<b>“Record Date”</b>	:	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 dividends, rights, allotments or other distributions (as the case may be)
<b>“Release”</b>	:	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 “Released” shall be construed accordingly
<b>“Released Award”</b>	:	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
<b>“Rules”</b>	:	Rules of the PSP
<b>“Securities Accounts”</b>	:	The securities account maintained by a Depositor with CDP
<b>“SFA”</b>	:	The Securities and Futures Act, Chapter 289 of Singapore as may be amended, varied or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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- “SIC”** : Securities Industry Council of Singapore
- “Subsidiary”** : A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act
- “Subsidiary Holdings”** : Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
- “Substantial Disposal”** : The sale of all or substantially all of the Company’s assets due to corporate actions undertaken by the Company including but not limited to merger, demerger, restructuring and acquisition of the Company
- “Treasury Shares”** : Has the meaning ascribed to it in Section 4 of the Companies Act
- “Vesting Date”** : 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 Period”** : In relation to an Award, a period or periods, the duration of which is to be determined by the Committee at the Date of Grant in accordance with Rule 7
- “%” or “per cent”** : Per centum or percentage
- 2.2 The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference in the PSP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in the PSP shall have the meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless the context otherwise requires.
- 2.5 Any reference to a time of a day in the PSP is a reference to Singapore time.

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## **APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN**

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### **3. OBJECTIVES OF THE PSP**

- 3.1 The PSP is a performance incentive plan which will form an integral part of the Group's incentive compensation programme.
- 3.2 The objectives of the PSP are as follows:
- (a) provide an opportunity for Group Employees to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of Group Employees towards the Group;
  - (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
  - (c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and
  - (d) make employee remuneration sufficiently competitive to recruit potential employees and/or to retain existing Group Employees whose contributions are important to the long-term growth and profitability of the Group.

### **4. ELIGIBILITY**

- 4.1 Any person shall be eligible to participate in the PSP at the absolute discretion of the Committee if at the Date of Grant such person:
- (a) is a Group Employee who is in a key management position or is a key employee as determined by the Committee;
  - (b) has attained the age of 21 years; and
- is not an undischarged bankrupt and must not have entered into a composition with his creditors.
- 4.2 Subject to the absolute discretion of the Committee, persons who are Controlling Shareholders and their Associates shall be eligible to participate in the PSP if:
- (a) they meet the eligibility requirements as set out above;
  - (b) the participation of each Controlling Shareholder or his Associate prior to the first grant of an Award to him is specifically approved by independent Shareholders in general meeting by a separate resolution; and
  - (c) each grant of an Award, including the actual number and terms of the Award to be granted to each Controlling Shareholder or his Associate only be effected with the specific prior approval of independent Shareholders in general meeting by a separate resolution.

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

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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- 4.3 The selection of Participants to participate in the PSP, and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria including but not limited to:
- (a) the financial performance of the Group; and
  - (b) in respect of a Participant being a Group Employee, criteria such as his/her rank, job performance, years of service, potential for future development and his/her contribution to the success and development of the Group.
- 4.4 A Director shall not be involved in the Committee's deliberations and decisions in respect of Awards to be granted to that Director or his Associate.
- 4.5 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the PSP may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

### 5. GRANT OF AWARDS

- 5.1 Subject as provided in Rule 8, the Committee may grant Awards to Group Employees as the Committee may select in its absolute discretion, at any time during the period when the PSP is in force.
- 5.2 The Committee shall decide, in its absolute discretion, in relation to each Award:
- (a) the Participant;
  - (b) the Date of Grant;
  - (c) the number of Shares which are the subject of the Award;
  - (d) the Performance Target(s);
  - (e) the performance period;
  - (f) the prescribed Vesting Period(s);
  - (g) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
  - (h) such other conditions that the Committee may determine in relation to the Award.

PROVIDED THAT the actual number of Awards granted under the PSP to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in a separate resolution for each such person subject to the following:

- (i) the aggregate of the number of Shares comprised in Awards granted to Controlling Shareholders or Associates of a Controlling Shareholder under the PSP shall not exceed fifteen per cent (15%) of the aggregate of the total number of Awards which may be granted under the PSP; and



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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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- (ii) the aggregate of the number of Shares in respect of Awards granted to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed five per cent (5%) of the total number of Awards which may be granted under the PSP.

5.3 Notwithstanding Rule 7.1(a), the Committee may amend or waive the Vesting Period(s), the Performance Target(s) and/or the performance period in respect of any Award:

- (a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or
- (b) if anything happens which causes the Committee to conclude that:
  - (i) an amended Vesting Period, Performance Target or performance period would be a fairer measure of performance, and would be no less difficult to satisfy; or
  - (ii) the Vesting Period, Performance Target or performance period should be waived as the Participant has achieved a level of performance that the Committee considers satisfactory notwithstanding that the Performance Target may not have been fulfilled,

and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).

5.4 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 Date of Grant;
- (b) the number of Shares which are the subject of the Award;
- (c) the Performance Target(s);
- (d) the performance period;
- (e) the prescribed Vesting Period(s);
- (f) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
- (g) such other conditions that the Committee may determine in relation to the Award.

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

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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- 5.6 An Award shall be personal to the Participant to whom it is granted and no Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, 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, that Award shall immediately lapse.
- 5.7 The restriction in Rule 5.6 above shall not apply to Shares that have already Vested pursuant to a Released Award, and the Participant is free to dispose of all of such Shares.

### 6. EVENTS PRIOR TO THE VESTING DATE

- 6.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its Directors or Group Employees):
- (a) subject to Rule 6.2, a Participant, being a Group Employee, ceasing for any reason whatsoever, to be in the employment of the Company, the relevant Subsidiary and/or the relevant Associated Company;
  - (b) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
  - (c) a Participant commits any breach of any of the terms of his Award and Award Letter;
  - (d) misconduct on the part of a Participant as determined by the Company in its discretion; and/or
  - (e) any other event approved by the Committee.

For the purpose of Rule 6.1(a) above, a Group Employee shall be deemed to have ceased to be in the employment of the Company, the Subsidiary and/or the Associated Company (as the case may be) on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the Group Employee has (with the consent of the Company, the Subsidiary and/or the Associated Company (as the case may be)) withdrawn such notice. In the event, the Group Employee is an Executive Director, he or she shall be deemed to have ceased to be in the employment of the Company, the Subsidiary and/or the Associated Company (as the case may be) as at the date he or she tenders or is provided with a notice of (i) cessation to hold office in an executive capacity in such company, (ii) resignation of directorship, or (iii) termination of directorship, unless such notice shall be withdrawn prior to its effective date.

For the purpose of Rule 6.1(d) above, a Participant shall be deemed to have misconducted himself if he breached the terms of his employment contract, caused reputational or economic damage to the interests of the Group, committed fraud, was dishonest, had a conflict of interest, committed acts which would otherwise lead to an employee being dismissed or left the Group for any reason.

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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- 6.2 An Award, to the extent not yet Released, shall forthwith become Released immediately where the Participant who has been granted an Award pursuant to the PSP, ceases to be in the employment of the Group by reason of:
- (a) the company by which he or she is employed ceases to be a company within the Group;
  - (b) death, ill health, mental or physical incapacity or permanent disability; or
  - (c) any other reasons analogous to the above approved by the Committee.
- 6.3 The Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7.1. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.
- 6.4 Without prejudice to the provisions of Rules 5.3 and 7.1, to the extent of an Award yet to be Released, if any of the following occurs:
- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
  - (b) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act;
  - (c) a Substantial Disposal;
  - (d) an order for the compulsory winding-up of the Company is made; or
  - (e) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Committee may consider, at its discretion, whether or not to Release such Award subject to Rule 11. If the Committee decides to Release such Award, then in determining the number of Shares to be Released in respect of such Award, the Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Target (if any) has been satisfied. Where such Award is Released, the Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

### 7. RELEASE OF AWARDS

- 7.1 (a) Subject to the rest of the provisions in this Rule and the amendment made or waiver granted by the Committee in its absolute discretion, the Shares comprised in the Award granted under the PSP to a Participant shall be Released to such Participant in the following manner:
- (i) one third of the Shares comprised in the Award on the Date of Grant;

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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- (ii) one third of the Shares comprised in the Award at the end of the first Vesting Period which shall be two years from the Date of Grant; and
- (iii) one third of the Shares comprised in the Award at the end of the second Vesting Period which shall be three years from the Date of Grant.

As soon as reasonably practicable after the end of the relevant performance period, the Committee shall review the Performance Target specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied. If the Committee determines in its sole discretion that the Performance Target has not been satisfied or if the relevant Participant (being a Group Employee) has not continued to be a Group Employee from the Date of Grant up to the end of the relevant performance period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.1(a)) shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Target has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Subject to:

- (i) the Committee having determined that the Performance Target has been satisfied;
- (ii) the relevant Participant (being a Group Employee) having continued to be a Group Employee from the Date of Grant up to the end of the relevant Vesting Period;
- (iii) the Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;
- (iv) such consents (including any approvals required by the SGX-ST) as may be necessary;
- (v) compliance with the terms of the Award, the PSP and the Constitution;
- (vi) where Shares are to be allotted or transferred on the Release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (vii) where Shares are to be allotted on the Release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST,

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 on the Vesting Date.

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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- (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 Release of such Award in accordance with Rule 7.1(a) and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
  - (c) Where 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 the listing and quotation of such Shares.
- 7.2 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.
- 7.3 Shares allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, upon the Release of an Award shall:
- (a) be subject to all the provisions of the Constitution; and
  - (b) save for any dividend, right, allotment or other distribution on the Record Date of which is on or after the relevant Vesting Date and (subject as aforesaid), will rank *pari passu* in all respects with the Shares then existing.
- 7.4 In determining whether to allot and issue new Shares or to transfer existing Shares purchased from the open market or from the Treasury Shares for delivery to Participants upon the Release of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing new Shares or transfer of existing Shares.

### 8. LIMITATION ON THE SIZE OF THE PSP

The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the PSP on any date, when added to the number of Shares issued and issuable and/or transferred and transferrable in respect of (a) all Awards granted under the PSP, and (b) all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen per cent (15%) of the number of all issued Shares (excluding Treasury Shares and Subsidiary Holdings) on the day preceding the relevant Date of Grant.

### 9. ADJUSTMENT EVENTS

- 9.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, sub-division, consolidation, distribution or otherwise) shall take place, then:
- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
  - (b) the class and/or number of Shares in respect of which Awards may be granted under the PSP,

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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

- 9.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (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, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 9.4 Upon any adjustment being made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.
- 9.5 Notwithstanding the provisions of Rule 9.1 or that no adjustment is required under the provisions of the PSP, the Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 9.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

### 10. ADMINISTRATION OF THE PSP

- 10.1 The PSP shall be administered by the Committee, in its absolute discretion, with such powers and duties as are conferred on it by the Committee, provided that no Director shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.
- 10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the PSP) for the implementation and administration of the PSP, to give effect to the provisions of the PSP and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit.
- 10.3 Any decision or determination of the Committee made pursuant to any provision of the PSP (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.
- 10.4 The Company shall bear the costs of establishing and administering the PSP.

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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### 11. TAKE-OVER AND WINDING UP OF THE COMPANY

11.1 In the event of a take-over being made for the Shares, subject to Rule 11.5, a Participant shall be entitled to the Shares under the Awards if he has met the conditions specified for the Release of Shares comprised in the Award which falls within the period commencing on (i) the date on which such offer for a take-over of the Company is made or (ii) the date on which such offer becomes or is declared unconditional (if such offer is conditional), and ending on the earlier of:

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

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

For the avoidance of doubt, the Release of such Awards will not be affected by the take-over offer, and the provisions of this Rule 11.1 shall not come into operation in the event that a take-over offer which is conditional does not become or is not declared unconditional.

11.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, subject to Rule 11.5, each Participant who has fulfilled the conditions specified for the Release of Shares comprised in the Award shall be entitled to any Shares under the Awards so determined by the Committee to be Released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

If under any relevant regulatory provisions or legislation, the relevant authority issues a notice of amalgamation, for the purposes of, or in connection with the amalgamation of the Company with another company or companies, subject to Rule 11.5, each Participant who has fulfilled the conditions for the Release of the Shares comprised in his Award shall be entitled to any Awards so determined by the Committee to be Released to him during the period commencing on the date upon which the notice of amalgamation is issued by the relevant authority and ending either on the expiry of sixty (60) days thereafter or the date upon which the amalgamation becomes effective, whichever is later.

11.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards to the extent not Released, shall be deemed or become null and void.

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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- 11.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Shares under the Awards shall be Released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the conditions specified for the Release of Shares comprised in the Award two (2) business days prior to the proposed general meeting of the Company.
- 11.5 If in connection with the making of a general offer referred to in Rule 11.1 or the scheme referred to in Rule 11.2 or the winding-up referred to in Rule 11.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no Release of Shares under the Award shall be made in such circumstances.
- 11.6 In the event of a Substantial Disposal, all Awards which are not Vested shall be forfeited.
- 11.7 Notwithstanding anything in these Rules, the Committee may waive the full compliance of the conditions for the Release of the Shares comprised in the Award on the part of the Participant upon the occurrence of any of the events provided in this Rule 11. As soon as reasonably practicable following any such event, the Committee may, acting in good faith and on fair and reasonable grounds, decide to vest some or all of the Shares which are the subject of any Award. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the conditions specified for the Release of the Shares comprised in the Award, have been satisfied.

### 12. NOTICES

- 12.1 A Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by the Company to Shareholders of the Company.
- 12.2 Any notice or other communication between the Company and a Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office and, in the case of the Participant, his address as notified by him to the Company from time to time.
- 12.3 Any notice or other communication sent by post:
- (a) by the Company shall be deemed to have been received 24 hours after the same was put in the post properly addressed and stamped; and/or
  - (b) by the Participant shall be deemed to have been received when the same is received by the Company at the registered office of the Company.

### 13. MODIFICATIONS TO THE PSP

- 13.1 Any or all the provisions of the PSP may be modified and/or altered at any time and from time to time by resolution of the Committee in compliance with Catalist Rules, except that:
- (a) no modification or alteration shall be made which would adversely affect the rights attached to any Award granted prior to such modification or alteration except with the prior written consent of such number of Participants who, if their Awards were



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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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Released to them, would be entitled to not less than seventy-five per cent (75%) of the aggregate number of the Shares which would be issued in full of all outstanding Awards under the PSP;

- (b) any modification or alteration which would be to the advantage of Participants under the PSP shall be subject to the prior approval of the Shareholders in general meeting;
  - (c) no modification or alteration to the definitions of "Associate", "Board", "Controlling Shareholders", "Group Employee", "Participant" and "Vesting Period" and the provisions of Rules 4, 5, 7, 8, 9, 10 and this Rule 13 shall be made to the advantage of Participants except with the prior approval of the Shareholders of the Company in general meeting; and
  - (d) no modification or alteration shall be made without the prior approval of any other regulatory or other relevant authorities or bodies as may be necessary.
- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST, if required) amend or alter the PSP in any way to the extent necessary to cause the PSP to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

### 14. TERMS OF EMPLOYMENT UNAFFECTED

Notwithstanding any provisions in the Rules:

- (a) the PSP or any Award shall not form part of any contract of employment between the Company, any Subsidiary and/or any Associated Company and/or any Group Employee and the rights and obligations of any individual under the terms of the office or employment with any such company shall not be affected by his participation in the PSP or any right which he may have to participate in it or any Award which he may be granted and the PSP or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever (whether lawful or not); and
- (b) the PSP shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company, any Subsidiary and/or any Associated Company directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

### 15. DURATION OF THE PSP

- 15.1 The PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders by an ordinary resolution in a general meeting and of any relevant authorities which may then be required.

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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15.2 The PSP may be terminated at any time by the Committee and by ordinary resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the PSP is so terminated, no further Awards shall be granted by the Company hereunder.

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

### 16. ANNUAL REPORT DISCLOSURE

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

- (a) the names of the members of the Committee administering the Award;
- (b) information as required in the table below for the following Participants:
  - (i) Participants who are Directors;
  - (ii) Participants who are Controlling Shareholders and their Associates; and
  - (iii) Participants, other than those in (i) and (ii) above, who receive Awards comprising Shares representing five per cent (5%) or more of the aggregate of:
    - (1) total number of Shares available under the PSP; and
    - (2) the total number of existing Shares purchased for delivery of Released Awards under the PSP.

Name of participants	Number of Shares granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of the PSP to the end of the financial year under review	Aggregate number of Shares comprised in Awards Vested during the financial year under review	Aggregate number of Shares comprised in Awards not Released as at the end of the financial year under review

- (c) in relation to the PSP, the following particulars:
  - (i) name of Participant;
  - (ii) the aggregate number of Shares comprised in Awards granted during the financial year under review (including terms);
  - (iii) the aggregate number of Shares comprised in Awards granted since the commencement of the PSP to the end of the financial year under review;
  - (iv) the aggregate number of Shares comprised in Awards which have Vested since the commencement of the PSP to the end of the financial year under review;

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## APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN

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- (v) the aggregate number of Shares comprised in Awards outstanding as at the end of the financial year under review; and
- (vi) a statement that the directors and employees of the parent company (if any) and its subsidiaries are not eligible to participate in the PSP.

If any of the disclosures above in the foregoing of this Rule 16 is not applicable, an appropriate negative statement will be included in the annual report.

### 17. ABSTENTION FROM VOTING

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

### 18. TAXES, COSTS AND EXPENSES OF THE PSP

- 18.1 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.
- 18.2 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the PSP shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the PSP.

### 19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Company and/or its Directors shall not under any circumstances be held liable for any costs, losses, expenses liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the PSP, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c) (and any other stock exchange on which the Shares are quoted or listed).

### 20. DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the PSP) shall be referred to the Board and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the PSP or any Rule, regulation, procedure thereunder or as to any rights under the PSP).

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## **APPENDIX: RULES OF THE PERFORMANCE SHARE PLAN**

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### **21. GOVERNING LAW**

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

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### HEALTHWAY MEDICAL CORPORATION LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 200708625C)

**NOTICE IS HEREBY GIVEN** that an EXTRAORDINARY GENERAL MEETING (“**EGM**”) of Healthway Medical Corporation Limited (the “**Company**”) will be convened at Mandarin Orchard Singapore, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on 26 April 2019 at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same place), for the purpose of considering and, if thought fit, resolving to pass with or without any modifications the following resolutions:

All references to the Circular in this Notice of Extraordinary General Meeting shall mean the Company’s circular to Shareholders dated 11 April 2019 (“**Circular**”). All capitalised terms not otherwise defined herein shall have the meanings given to them in the Circular.

#### **ORDINARY RESOLUTION 1: PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE**

THAT:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the “**Companies Act**”), that approval be and is hereby given for the exercise by the directors of the Company (“**Directors**”) of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the share capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), and subject to the Minimum Free Float (as hereinafter defined) at such price or price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) on-market purchases, transacted on the trading system of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), or as the case may be, other stock exchange (“**Other Exchange**”) for the time being on which the Shares may be listed or quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose (“**On-Market Share Purchases**”); and/or
  - (ii) off-market purchases (if effected otherwise than on the SGX-ST and/or the Other Exchange, as the case may be) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by Section 76C of the Companies Act and the Catalist Rules (“**Off-Market Share Purchases**”),

and otherwise in accordance with all other applicable laws and regulations (including the provisions of the Companies Act, as amended, supplemented or modified from time to time) and the provisions in the rules of the SGX-ST as may for the time being as applicable (“**Share Buy-Back Mandate**”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the absolute discretion of the Directors, either be cancelled, transferred for the purposes of or pursuant to the share incentive schemes implemented by the Company, or held in treasury and dealt with in accordance with the Companies Act;
- (c) the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Ordinary Resolution and expiring on the earliest of:

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (i) the conclusion of the next annual general meeting (“**AGM**”) of the Company;
  - (ii) the date by which the next AGM of the Company is required to be held;
  - (iii) the date on which the purchases of Shares by the Company are carried out to the full extent mandated; or
  - (iv) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in a general meeting;
- (d) in this Ordinary Resolution:

“**Prescribed Limit**” means the number of Shares representing five per cent (5%) of the total issued ordinary share capital of the Company (excluding Treasury Shares and Subsidiary Holdings, if any) as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any Treasury Shares that may be held by the Company from time to time);

“**Relevant Period**” means the period commencing from the date on which this Ordinary Resolution is passed and expiring on the earliest of (i) the date the next AGM of the Company is held or is required to be held, or (ii) the date on which the purchases of the Shares are carried out to the full extent mandated, under the Share Buy-Back Mandate, or (iii) the date on which the Share Buy-Back Mandate is varied or superseded by resolution of the shareholders of the Company in general meeting;

“**Minimum Free Float**” means at least ten per cent (10%) of the total number of issued Shares of the Company (excluding Treasury Shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public;

“**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Share Purchase, one hundred and five per cent (105%) of the Average Closing Price (as hereinafter defined);
- (ii) in the case of an Off-Market Share Purchase, one hundred and twenty per cent (120%) of the Highest Last Dealt Price, where:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days (“**Market Day**”) being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period;

“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Share immediately preceding the day of the making of the offer pursuant to the Off-Market Share Purchase; and

For the purpose of the definition of **Highest Last Dealt Price** above, “**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the Off-Market Share Purchase, stating the purchase price (which

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (e) the Directors and any one of them be and is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider expedient, necessary, desirable, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

### ORDINARY RESOLUTION 2: PROPOSED ADOPTION OF THE PERFORMANCE SHARE PLAN

THAT:

- (a) a share plan to be known as the Healthway Medical Performance Share Plan (the “**Plan**”), the rules and details of which have been set out in the Circular, be and is hereby approved and adopted substantially in the form set out in the Rules of the Plan:
- (b) the Directors of the Company be and are hereby authorised:
- (i) to establish and administer the Plan;
  - (ii) to modify and/or amend the Plan from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Plan and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Plan;
  - (iii) subject to the same being allowed by law, to apply any shares purchased under any share buy-back mandate towards the satisfaction of Awards granted under the Plan; and
  - (iv) to grant Awards in accordance with the provisions of the Plan and pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and to allot and issue, transfer and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered pursuant to the vesting of Awards provided that the aggregate number of Shares available pursuant to the Plan (including any other share option schemes of the Company), shall not exceed fifteen per cent (15%) of the total issued Shares of the Company (excluding any treasury shares and subsidiary holdings) preceding the date of grant of award.

### BY ORDER OF THE BOARD

Raymond Lam Kuo Wei  
Shee Shin Yee  
Company Secretaries

11 April 2019

**Singapore**

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

1. Each of the resolutions to be put to the vote of members at the EGM (and at any adjournment thereof) will be voted by way of poll.
2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.
4. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 6 Shenton Way, #10-09 OUE Downtown 2, Singapore 068809 not less than 48 hours before the time appointed for holding the EGM.
6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the above EGM.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. Your or your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.



**HEALTHWAY MEDICAL CORPORATION LIMITED**Company Registration No. 200708625C  
(Incorporated in the Republic of Singapore)

Personal data privacy

By submitting an instrument appointing proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 11 April 2019.

**PROXY FORM  
EXTRAORDINARY GENERAL MEETING**

I/We, \_\_\_\_\_ (Name), NRIC/Passport No./Co. Reg. No. \_\_\_\_\_

Of \_\_\_\_\_ (Address)

being a \*member/members of Healthway Medical Corporation Limited (the "**Company**") hereby appoint:-

NAME	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

\*and/or

NAME	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

or failing whom, the Chairman of the Extraordinary General Meeting ("**EGM**") of the Company as \*my/our \*proxy/proxies to attend and to vote for \*me/us on \*my/our behalf at the EGM of the Company to be held at Mandarin Orchard Singapore, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867 on Friday, 26 April 2019 at 3.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion. The resolutions put to vote at the EGM shall be decided by poll.

No.	Ordinary Resolutions relating to:	Number of Votes For**	Number of Votes Against**
1	PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE		
2	PROPOSED ADOPTION OF THE PERFORMANCE SHARE PLAN		

\* Delete accordingly

\*\* If you wish to exercise all your votes "For" or "Against", please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

	Total Number of Shares in
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s) or  
Common Seal of Corporate Shareholder**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:-**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at an EGM of the Company. Where such member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at an EGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

**“relevant intermediary”** means:

- (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
  - (iii) the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at 6 Shenton Way, #10-09 OUE Downtown 2, Singapore 068809 not less than 48 hours before the time appointed for the EGM.
  5. A proxy need not be a member of the Company.
  6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
  7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
  9. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the EGM if he/she so wishes.
  10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the EGM, as certified by the Depository to the Company.

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