

CIRCULAR DATED 14 APRIL 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all your ordinary shares in Straco Corporation Limited (the “**Company**”), you should immediately forward this Circular and the enclosed Notice of Extraordinary General Meeting and Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser or transferee.

Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Circular.



STRACO CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200203482R)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

THE PROPOSED GRANT OF OPTIONS UNDER THE STRACO SHARE OPTION SCHEME 2014 TO:-

- (I) MR WU HSIOH KWANG, A CONTROLLING SHAREHOLDER WITH 300,000 SHARES;**
- (II) MDM CHUA SOH HAR, AN ASSOCIATE OF MR WU HSIOH KWANG, A CONTROLLING SHAREHOLDER WITH 200,000 SHARES;**
- (III) MS WU XIUYI, AN ASSOCIATE OF MR WU HSIOH KWANG, A CONTROLLING SHAREHOLDER WITH 300,000 SHARES; AND**
- (IV) MR WU XIUZHUAN, AN ASSOCIATE OF MR WU HSIOH KWANG, A CONTROLLING SHAREHOLDER WITH 300,000 SHARES.**

IMPORTANT DATES AND TIMES:-

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| Last date and time for lodgement of Proxy Form | : | 30 April 2020 at 10.30 a.m. |
| Date and time of Extraordinary General Meeting | : | 5 May 2020 at 10.30 a.m. (or immediately after the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) |
| Place of Extraordinary General Meeting | : | Amara Singapore, 165 Tanjong Pagar Road, Level 3, Ballroom 1, Singapore 088539 |

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DEFINITIONS

The following definitions shall apply throughout unless the context requires otherwise or unless otherwise stated in this Circular:-

- “2004 Scheme”** : The “Straco Share Option Scheme” which was approved by shareholders at an extraordinary general meeting of the Company held on 12 January 2004
- “Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
- “Annual General Meeting”** : The annual general meeting of the Company to be held at Amara Singapore at 165 Tanjong Pagar Road, Level 3 Ballroom 1, Singapore 088539 on 5 May 2020 at 10.00 a.m.
- “Associate” or “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 trustee of any trust of which he or his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (ii) any company in which he and his Immediate Family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/ or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board”** : The board of directors of the Company
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 14 April 2020 in relation to the proposed grant of Options under the Option Scheme
- “Committee”** : A committee comprising Directors who are duly authorised and appointed by the Board pursuant to the Rules to administer the Option Scheme
- “Company”** : Straco Corporation Limited, a company incorporated in the Republic of Singapore
- “Constitution”** : The Constitution of the Company or other regulations of the Company for the time being in force.

DEFINITIONS

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| “Controlling Shareholder” | : | A person who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares) in the Company (unless the SGX-ST determines otherwise); or (b) a person who in fact exercises control over the Company, as defined under the Listing Manual |
| “CPF” | : | Central Provident Fund |
| “CPF Approved Nominees” | : | Agent banks included under the CPFIS |
| “CPFIS” | : | Central Provident Fund Investment Scheme |
| “Date of Grant” | : | The date on which an Option is granted to a Participant pursuant to the Rules |
| “Director” | : | A director for the time being of the Company |
| “EGM” | : | The extraordinary general meeting of the Company, notice of which is set out on page 26 of this Circular |
| “Executive Director” | : | A director of any member of the Group, who performs an executive function |
| “Exercise Period” | : | The period during which an Option is exercisable pursuant to the Rules |
| “Exercise Price” | : | The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with the Rules, or such adjusted price as may be applicable pursuant to the Rules |
| “FY” | : | Financial year ended, or as the case may be, ending 31 December |
| “Grantee” | : | A person to whom an offer of an Option is made |
| “Group” | : | The Company and its subsidiaries |
| “Immediate Family” | : | A person’s spouse, child, adopted child, step-child, sibling and parent, or such other definition as the listing manual of the SGX-ST may from time to time prescribe |
| “Latest Practicable Date” | : | 28 March 2020, being the latest practicable date prior to the printing of this circular |
| “Listing Manual” | : | The listing manual of the SGX-ST, as may be amended or modified from time to time |
| “Market Day” | : | A day on which the SGX-ST is open for securities trading |

DEFINITIONS

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| “Market Price” | : | The average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Date of Grant, provided always that in the case of a Market Day on which the Shares of the Company were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices |
| “New Shares” | : | The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options under the Option Scheme |
| “Non-Executive Director” | : | A director of any member of the Group, other than an Executive Director but including the independent directors of the Company |
| “Notice of EGM” | : | The notice of EGM as set out on page 26 of this Circular |
| “Official List” | : | The list of issuers maintained by the SGX-ST in relation to the SGX-ST Mainboard |
| “Option” | : | The right to subscribe for Shares pursuant to options granted or to be granted to a Participant under the Option Scheme |
| “Option Holder” | : | The holder of an Option |
| “Option Scheme” | : | The Straco Share Option Scheme 2014, as may be amended or modified from time to time |
| “Ordinary Resolutions” | : | The ordinary resolutions as set out in the Notice of EGM |
| “Participant” | : | Any director (including a Non-Executive Director) or confirmed employee of the Group selected by the Committee to participate in the Option Scheme in accordance with the Rules |
| “Rules” | : | Rules of the Option Scheme |
| “Securities Account” | : | The securities account maintained by a Depositor with the CDP but does not include a securities sub-account maintained with a Depository Agent |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Shareholders” | : | Registered holders of Shares except that where the registered holder is the CDP, the term “ Shareholders ” shall, in relation to such Shares and where the context admits, means the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with the CDP are credited with the Shares |
| “Shares” | : | Ordinary shares in the capital of the Company |

DEFINITIONS

“**S\$**” and “**cents**” : Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore

“**%**” or “**per cent.**” : Percentage or per centum

The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore.

The term “**Treasury Shares**” shall have the meaning ascribed to it in Section 4 of the Act.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall, where applicable, include corporations.

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

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

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

LETTER TO SHAREHOLDERS

STRACO CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200203482R)

Directors:

Mr Wu Hsioh Kwang (Executive Chairman)
Mr Li Weiqiang (Non-Executive Director)
Mdm Chua Soh Har (Non-Executive Director)
Mr Tay Siew Choon (Lead Independent Director)
Mr Lim Song Joo (Independent Director)
Mr Hee Theng Fong (Independent Director)
Mr Teo Ser Luck (Independent Director)
Ms Wu Xiuyi (Alternate Director to Mr Wu Hsioh Kwang)
Mr Wu Xiuzhuan (Alternate Director to Mdm Chua Soh Har)

Registered Office:

10 Anson Road
#30-15 International Plaza
Singapore 079903

14 April 2020

To: **The Shareholders of Straco Corporation Limited**

Dear Sir/Madam

THE PROPOSED GRANT OF OPTIONS UNDER THE OPTION SCHEME TO:-

- (I) **MR WU HSIOSH KWANG, A CONTROLLING SHAREHOLDER;**
- (II) **MDM CHUA SOH HAR, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER;**
- (III) **MS WU XIUYI, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER; AND**
- (IV) **MR WU XIUZHUAN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER.**

1. INTRODUCTION

1.1 The Directors are convening the EGM to be held at Amara Singapore at 165 Tanjong Pagar Road, Level 3 Ballroom 1, Singapore 088539 on 5 May 2020 at 10.30 a.m. (or immediately after the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) to seek the approval of Shareholders in relation to the proposed grant of Options under the Option Scheme to:-

- (a) Mr Wu Hsioh Kwang, a Controlling Shareholder with 300,000 Shares;
- (b) Mdm Chua Soh Har, an Associate of a Controlling Shareholder with 200,000 Shares;
- (c) Ms Wu Xiuyi, an Associate of a Controlling Shareholder with 300,000 Shares; and
- (d) Mr Wu Xiuzhuan, an Associate of a Controlling Shareholder with 300,000 Shares.

1.2 The purpose of this Circular is to provide Shareholders with the relevant information pertaining to, and to seek Shareholders' approval at the EGM for, the proposed Ordinary Resolutions set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

2. THE OPTION SCHEME

2.1 The Option Scheme was approved by Shareholders on 29 April 2014 and is intended to provide an opportunity for employees of the Group who have contributed significantly to the growth and performance of the Group, as well as Directors who satisfy the eligibility criteria as set out in the Rules, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

2.2 A summary of the Rules of the Option Scheme are as follows:-

2.2.1 Eligibility

Subject to the absolute discretion of the Committee, Participants who have attained the age of twenty-one (21) years on or prior to the relevant Date of Grant, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and, where applicable, who have, as of the Date of Grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine, and Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group, shall be eligible to participate in the Option Scheme.

Persons who qualify under the paragraph above and who are also the Company's Controlling Shareholders and their Associates can only participate in the Option Scheme if their participation is approved by independent Shareholders in separate resolutions for each such person and for each such grant (such resolutions disclosing the specific number and terms of each such grant of Option).

2.2.2 Entitlements

The number of Shares comprised in Options offered to a Participant shall be determined at the absolute discretion of the Committee who shall take into account, where applicable, criteria such as rank, past performance, years of service and potential contribution of the Participant.

2.2.3 Size of the Option Scheme

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

- (a) the aggregate number of New Shares issued and issuable in respect of all other share-based incentive schemes of the Company (if any); and
- (b) the number of Treasury Shares transferred and transferable in respect of the options granted under all other share-based incentive schemes of the Company (if any),

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

LETTER TO SHAREHOLDERS

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

2.2.4 Date of Grant

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

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

2.2.5 Acceptance of Offer

The grant of an Option must be accepted not later than 5.00 p.m. on the thirtieth (30th) day from such Date of Grant. The Grantee must complete, sign and return to the Company the acceptance form accompanied by payment of S\$1 as consideration or such other amount and such other documentation as the Committee may require.

2.2.6 Exercise Price

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

- (a) the Market Price; or
- (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price. In the event that SGX-ST prescribes or permits a higher percentage of discount, the Company will seek Shareholders' approval for the increase in discount at a general meeting.

Upon the exercise of an Option, the Company may either allot and issue New Shares or transfer Treasury Shares to the Option Holder in accordance with Rule 12 of the Option Scheme.

Rule 10 of the Option Scheme states:

10. ALTERATION OF CAPITAL

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

- (a) *the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or*

LETTER TO SHAREHOLDERS

- (b) *the number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or*
- (c) *the number of Shares in respect of which additional Options may be granted to Option Holders,*

may, at the discretion of the Committee, be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

- 10.2 *Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.*
- 10.3 *The issue of securities as consideration for an acquisition of any assets by the Company 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, in accordance with the Listing Manual, undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10.*
- 10.4 *Upon any adjustment required to be made, the Company shall notify each Option Holder (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the number of Shares thereafter comprised in the Option so far as unexercised.*

Rule 12 of the Option Scheme states:

12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

- 12.1 *An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by an Option Holder giving notice in writing to the Company in or substantially in the form set out in Appendix A3 (the "Exercise Notice"), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier's order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said Exercise Notice duly completed and signed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option. The Option Holder shall fully exercise his or her Options within 5 years from the Date of Grant of the Options. All unexercised Options after 5 years from the Date of Grant shall be null and void.*
- 12.2 *Subject to:-*
 - (a) *such consent or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and*

LETTER TO SHAREHOLDERS

- (b) *compliance with the Rules of the Option Scheme and the Memorandum and Articles of Association of the Company,*

the Company shall, as soon as practicable after the exercise of an Option by an Option Holder but in any event within 10 Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares in respect of which such Option has been exercised by the Option Holder and within 5 Market Days from the date of such allotment, despatch the relevant share certificate(s) to CDP for the credit of the securities account of that Option Holder by ordinary post or such other mode of delivery as the Committee may deem fit or in the case of a transfer of Treasury Shares, do such acts or things which are necessary for the transfer to be effective.

12.3 *The Company shall as soon as practicable after the exercise of an Option and where necessary, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Option Holder pursuant to any adjustment made in accordance with Rule 10.*

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

12.5 *Except as set out in Rule 12.2 and subject to Rule 10, an Option does not confer on an Option Holder any right to participate in any new issue of Shares.*

12.6 *The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.*

2.2.7 Alteration of Capital

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

- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (b) the number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the number of Shares in respect of which additional Options may be granted to Option Holders,

may, at the discretion of the Committee, be adjusted in such manner as the Committee may determine to be appropriate and except in relation to a capitalisation issue, upon the written confirmation of the auditors of the Company (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

No such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

LETTER TO SHAREHOLDERS

The issue of securities as consideration for an acquisition of any assets by the Company 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, in accordance with the Listing Manual, undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of Rule 10 of the Option Scheme.

Upon any adjustment required to be made, the Company shall notify each Option Holder (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the number of Shares thereafter comprised in the Option so far as unexercised.

2.2.8 Exercise Period

Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by:

- (a) an Option Holder, who is an employee or Executive Director, during the Exercise Period which shall commence after the first anniversary of the Date of Grant of the Options and expiring on the tenth anniversary of such Date of Grant (or such earlier date as may be determined by the Committee); and
- (b) an Option Holder, who is a Non-Executive Director, during the Exercise Period which shall commence after the first anniversary of the Date of Grant of the Options and expiring on the fifth anniversary of such Date of Grant (or such earlier date as may be determined by the Committee),

failing which all unexercised Options shall immediately lapse and become null and void and the Option Holder shall have no claim against the Company.

Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by:

- (a) an Option Holder, who is an employee or Executive Director, during the Exercise Period which shall commence after the second anniversary of the Date of Grant of the Options and expiring on the tenth anniversary of such Date of Grant (or such earlier date as may be determined by the Committee); and
- (b) an Option Holder, who is a Non-Executive Director, during the Exercise Period which shall commence after the second anniversary of the Date of Grant of the Options and expiring on the fifth anniversary of such Date of Grant (or such earlier date as may be determined by the Committee),

failing which all unexercised Options shall immediately lapse and become null and void and the Option Holder shall have no claim against the Company.

LETTER TO SHAREHOLDERS

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

- (a) subject to Rule 11 of the Option Scheme, which is reproduced in this Section 2.2.8, upon the Option Holder ceasing to be in the employment of the Group or a Non-Executive Director for any reason whatsoever;
- (b) upon the bankruptcy of the Option Holder or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or
- (c) in the event of misconduct on the part of the Option Holder, as determined by the Committee in its absolute discretion.

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

If an Option Holder ceases to be employed by a subsidiary or a Non-Executive Director by reason of the subsidiary by which he is principally employed, ceasing to be a company within the Group, the undertaking or part of the undertaking of such subsidiary, being transferred otherwise than to another company within the Group, or for any other reason, provided the Committee gives its consent in writing, he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Exercise Period and upon the expiry of such period, the Options remaining unexercised shall immediately lapse and become null and void.

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

2.2.9 Duration of the Option Scheme

The Option Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which the Option Scheme is approved by Shareholders at a general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the Option Scheme may be continued beyond the above stipulated period with the approval of Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

2.2.10 Administration of the Option Scheme

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

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

LETTER TO SHAREHOLDERS

2.2.11 Voting, dividend and other rights

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

2.2.12 Alterations and amendments to the Option Scheme

Any or all of the provisions of the Option Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, may only be made with the consent in writing of such number of Option Holders who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in number of all the Shares which would fall to be issued and allotted upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of the Option Holder under the Option Scheme shall be subject to the prior approval of Shareholders at a general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

- 2.3 A copy of the Rules may be inspected at the registered office of the Company at 10 Anson Road #30-15 International Plaza Singapore 079903 during normal business hours on any weekday (excluding public holidays) from the date of this Circular up to the date of the EGM.

3. PROPOSED GRANT OF OPTIONS TO THE CONTROLLING SHAREHOLDER, MR WU HSIOH KWANG AND HIS ASSOCIATES, MDM CHUA SOH HAR, MS WU XIUYI AND MR WU XIUZHUAN

Under the Listing Manual, the specific grant of Options to Controlling Shareholders and their Associates will have to be approved by the other Shareholders of the Company at a general meeting.

The participation by Mr Wu Hsioh Kwang and his Associates, Mdm Chua Soh Har, Ms Wu Xiuyi and Mr Wu Xiuzhuan in the Option Scheme, was approved by Shareholders at the extraordinary general meeting of the Company held on 29 April 2014.

The Board had considered the financial performance of the Company in this quarter and the FY ended 31 December 2019 in deciding on the award of Options.

LETTER TO SHAREHOLDERS

3.1 Proposed grant of Options to Mr Wu Hsioh Kwang

Subject to the approval of the Shareholders, the Company is proposing to grant Options to Mr Wu Hsioh Kwang on the following terms:-

- (a) Proposed Date of Grant of Options : Within one (1) month after the date of the forthcoming EGM
- (b) Number of Shares comprised in the proposed Options : 300,000 Shares (representing approximately 0.03% of the total issued Shares excluding Treasury Shares as at the Latest Practicable Date)
- (c) Exercise Price per Share : Market Price
- (d) Exercise Period : Exercisable at any time after the first anniversary of the Date of Grant and up to the fifth anniversary of the Date of Grant

As at the Latest Practicable Date, Mr Wu Hsioh Kwang has a direct interest of 8,888,000 Shares, deemed interest of 470,679,980 Shares, amounting in aggregate to 479,567,980 Shares, or 55.62% in the issued share capital of the Company. This is set out in **Appendix I** of this Circular.

Rationale for grant of Options to Mr Wu Hsioh Kwang

Mr Wu Hsioh Kwang is the Chief Executive Officer and Executive Chairman of the Company. Mr Wu has been pivotal in determining the overall strategic directions and management of the Group. As the founder of the group companies, Mr Wu has been actively involved in the projects from their inception, and is responsible for their continual success. He has also formulated various corporate policies and has been instrumental in charting the growth of the business of the Group. With his leadership, the Group sees sustainable financial performance and profit for the year 2019. For the financial year ended 31 December 2019, the Group achieved revenue of \$108.84 million and net profit of \$38.09 million; decreases of 7.7% and 9.0% respectively compared to the previous year of FY2018.

In recognition of Mr Wu's performance and contribution to the Group and to motivate him to maintain a high level of performance with a view to achieving long term growth for the Group and to further enhance value of the Company and its Shareholders, the Company is proposing to grant Options on the terms set out above to Mr Wu Hsioh Kwang.

The Committee when deciding on the number of Options proposed to be granted to Mr Wu takes into account the financial performance of the Group, the effectiveness of the overall strategy, his past and potential contributions, as well as the prevailing remuneration package of Mr Wu, including the Options that have been granted to Mr Wu previously. The Directors are of the view that Mr Wu's remuneration package (including the Options which are proposed to be granted) is fair given the substantial contribution he has made to the Group. His total remuneration (inclusive of benefits) for the financial year ended 31 December 2019 was S\$1.47 million.

For these reasons, the Directors are of the view that Mr Wu should be granted the Options on the terms as stated above. The grant of the Options on the terms as set out above (including the size of the Option) is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company.

LETTER TO SHAREHOLDERS

The Committee confirms that the proposed grant of 300,000 Shares is fair and in line with grants to other Participants.

Mr Wu Hsioh Kwang will abstain from voting as a member of the Company when the grant of Options to him is being considered.

3.2 Proposed grant of Options to Mdm Chua Soh Har

Subject to the approval of the Shareholders, the Company is proposing to grant Options to Mdm Chua Soh Har on the following terms:-

- (a) Proposed Date of Grant of Options : Within one (1) month after the date of the forthcoming EGM
- (b) Number of Shares comprised in the proposed Options : 200,000 Shares (representing approximately 0.02% of the total issued Shares excluding Treasury Shares as at the Latest Practicable Date)
- (c) Exercise Price per Share : Market Price
- (d) Exercise Period : Exercisable at any time after the first anniversary of the Date of Grant and up to the fifth anniversary of the Date of Grant

As at the Latest Practicable Date, Mdm Chua Soh Har has a direct interest of 11,804,000 Shares, deemed interest of 467,763,980 Shares, amounting in aggregate to 479,567,980 Shares, or 55.62% in the issued share capital of the Company. This is set out in **Appendix I** of this Circular.

Rationale for grant of Options to Mdm Chua Soh Har

Mdm Chua Soh Har is the spouse of Mr Wu Hsioh Kwang, the Chief Executive Officer, Executive Chairman and Controlling Shareholder of the Company. Mdm Chua has been a Non-Executive Director of the Company since June 2010.

The Directors believe that the proposed grant of Options to Mdm Chua is consistent with the Company's objectives to grant Options to Non-Executive Directors who are not employed by the Group but nevertheless work closely with the Group and/or are in the position to contribute their experience, knowledge and expertise to the development and success of the Group. As the Option Scheme serves as recognition of the contributions of those eligible to participate in the Option Scheme as well as to secure future contributions for the Company and the Group from them, the Directors consider it important that Mdm Chua should not be excluded from the Option Scheme. The Directors consider it crucial for the Company to provide sufficient incentives which will instill a sense of commitment to the Company.

The Committee when deciding on the number of Options proposed to be granted to Mdm Chua takes into consideration her performance and contribution to the Group, her years of service and potential for future development and contribution towards the long-term objectives of the Group. Mdm Chua, who is a member of the Committee, was not involved in the Committee's deliberation in arriving at this decision in respect of the options to be granted to her. The Directors are of the view that Mdm Chua's remuneration package (including the Options that has been granted to her previously and which are proposed to be granted) is fair given the contribution she has made to the Group.

LETTER TO SHAREHOLDERS

For these reasons, the Directors are of the view that Mdm Chua should be granted the Options on the terms as stated above. The grant of the Options on the terms as set out above (including the size of the Option) is consistent with the Company's objectives to motivate its directors to achieve and maintain a high level of performance and contribution which is vital to the success of the Company.

The Committee confirms that the proposed grant of 200,000 Shares is fair and in line with grants to other Participants.

Mdm Chua Soh Har will abstain from voting as a member of the Company when the grant of Options to her is being considered.

3.3 Proposed grant of Options to Ms Wu Xiuyi

Subject to the approval of the Shareholders, the Company is proposing to grant Options to Ms Wu Xiuyi on the following terms:-

- | | | | |
|-----|--|---|--|
| (a) | Proposed Date of Grant of Options | : | Within one (1) month after the date of the forthcoming EGM |
| (b) | Number of Shares comprised in the proposed Options | : | 300,000 Shares (representing approximately 0.03% of the total issued Shares excluding Treasury Shares as at the Latest Practicable Date) |
| (c) | Exercise Price per Share | : | Market Price |
| (d) | Exercise Period | : | Exercisable at any time after the first anniversary of the Date of Grant and up to the fifth anniversary of the Date of Grant |

As at the Latest Practicable Date, Ms Wu Xiuyi has a direct interest of 35,205,000 Shares, amounting to 4.08% in the issued share capital of the Company. This is set out in **Appendix I** of this Circular.

Rationale for grant of Options to Ms Wu Xiuyi

Ms Wu Xiuyi is the daughter of Mr Wu Hsioh Kwang (the Chief Executive Officer, Executive Chairman and Controlling Shareholder of the Company) and Mdm Chua Soh Har (a Non-Executive Director of the Company). Ms Wu holds the position of Senior Vice President of the Company, and is the Assistant to the Executive Chairman and a director of Shanghai Ocean Aquarium, a subsidiary of the Company. Ms Wu Xiuyi has been appointed as an Alternate Director to Mr Wu Hsioh Kwang since June 2014. In addition, Ms Wu Xiuyi has also been appointed as a director in all the Singapore subsidiaries of the Company in October 2015 and April 2016 respectively.

As a director of the subsidiaries, she contributed in formulating policies, business strategies and corporate branding and ensures that the Group's directives are followed. Having been with the Group since October 2004, Ms Wu Xiuyi has acquired in-depth knowledge of many aspects of the Group's business, including its operation, administration, management and had made significant contribution in enhancing the corporate profile and branding of the Group.

The Directors believe that the proposed grant of Options to Ms Wu is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. As the Option Scheme serves as recognition of the contributions of those eligible to participate in the Option Scheme as well as to secure future contributions for the Company and the Group from them, the Directors consider it

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important that Ms Wu should not be excluded from the Option Scheme. The Directors consider it crucial for the Company to provide sufficient incentives which will instill a sense of commitment to the Company.

The Committee when deciding on the number of Options proposed to be granted to Ms Wu takes into consideration her performance and contribution to the Group, her years of service and potential for future development and contribution towards the long-term objectives of the Group, as well as the prevailing remuneration package of Ms Wu, including the Options that have been granted to Ms Wu previously. The Directors are of the view that Ms Wu's remuneration package (including the Options which are proposed to be granted) is fair given the contribution she has made to the Group.

For these reasons, the Directors are of the view that Ms Wu should be granted the Options on the terms as stated above. The grant of the Options on the terms as set out above (including the size of the Option) is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company.

The Committee confirms that the proposed grant of 300,000 Shares is fair and in line with grants to other Participants.

Ms Wu Xiuyi will abstain from voting as a member of the Company when the grant of Options to her is being considered.

3.4 Proposed grant of Options to Mr Wu Xiuzhuan

Subject to the approval of the Shareholders, the Company is proposing to grant Options to Mr Wu Xiuzhuan on the following terms:-

- | | | | |
|-----|--|---|--|
| (a) | Proposed Date of Grant of Options | : | Within one (1) month after the date of the forthcoming EGM |
| (b) | Number of Shares comprised in the proposed Options | : | 300,000 Shares (representing approximately 0.03% of the total issued Shares excluding Treasury Shares as at the Latest Practicable Date) |
| (c) | Exercise Price per Share | : | Market Price |
| (d) | Exercise Period | : | Exercisable at any time after the first anniversary of the Date of Grant and up to the fifth anniversary of the Date of Grant |

As at the Latest Practicable Date, Mr Wu Xiuzhuan has a direct interest of 27,656,000 Shares, amounting to 3.21% in the issued share capital of the Company. This is set out in **Appendix I** of this Circular.

Rationale for grant of Options to Mr Wu Xiuzhuan

Mr Wu Xiuzhuan is the son of Mr Wu Hsioh Kwang (the Chief Executive Officer, Executive Chairman and Controlling Shareholder of the Company) and Mdm Chua Soh Har (a Non-Executive Director of the Company). Mr Wu holds the position of Senior Vice President (Corporate Development & Risk Management) of the Company, and is a director of Underwater World Xiamen, a subsidiary of the Company. Mr Wu Xiuzhuan has been appointed as an Alternate Director to Mdm Chua Soh Har since June 2014. In addition, Mr Wu Xiuzhuan has also been appointed as a director in all the Singapore subsidiaries of the Company in October 2015 and April 2016 respectively.

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Mr Wu's current responsibilities include business development, capability building, risk management, portfolio management, as well as internal audit and control issues. He is involved in the reviewing of reporting services to support the investment and corporate operations of the Company. He identifies and manages regulatory compliance risks faced by the Company and oversees the strengthening of internal processes and control within the Group. Having been with the Group since November 2007, Mr Wu Xiuzhuan has acquired in-depth knowledge of many aspects of the Group's business, including its processes and the regulatory framework involved.

As a director of the subsidiary, he also provides board oversight and control over the day to day affairs of the Company.

The Directors believe that the proposed grant of Options to Mr Wu is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company. As the Option Scheme serves as recognition of the contributions of those eligible to participate in the Option Scheme as well as to secure future contributions for the Company and the Group from them, the Directors consider it important that Mr Wu should not be excluded from the Option Scheme. The Directors consider it crucial for the Company to provide sufficient incentives which will instill a sense of commitment to the Company.

The Committee when deciding on the number of Options proposed to be granted to Mr Wu takes into consideration his performance and contribution to the Group, his years of service and potential for future development and contribution towards the long-term objectives of the Group, as well as the prevailing remuneration package of Mr Wu, including the Options that have been granted to Mr Wu previously. The Directors are of the view that Mr Wu's remuneration package (including the Options which are proposed to be granted) is fair given the contribution he has made to the Group.

For these reasons, the Directors are of the view that Mr Wu should be granted the Options on the terms as stated above. The grant of the Options on the terms as set out above (including the size of the Option) is consistent with the Company's objectives to motivate its employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Company.

The Committee confirms that the proposed grant of 300,000 Shares is fair and in line with grants to other Participants.

Mr Wu Xiuzhuan will abstain from voting as a member of the Company when the grant of Options to him is being considered.

3.5 **Limits on grant of Options to Controlling Shareholders and their Associates**

Under the Listing Manual and the Rules, the aggregate number of Shares available under the Option Scheme and such other share-based incentive schemes (if any) shall not exceed 15% of the total number of issued Shares (excluding Treasury Shares) on the day immediately preceding the Date of Grant.

Subject to the approval of the other Shareholders, under the Listing Manual and the Rules, the aggregate number of Shares available to Participants who are Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Option Scheme and the number of Shares available to each Controlling Shareholder or his Associate must not exceed 10% of the Shares available under the Option Scheme.

As at the Latest Practicable Date, the number of issued Shares is 862,139,580 Shares (excluding 6,790,000 Shares which are held in treasury). The number of Shares available under the Option Scheme which the Company may grant Options is 129,320,937 Shares, representing 15% of the

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issued Shares, excluding Treasury Shares. Accordingly, the aggregate number of Options in respect of Shares that the Company may grant to Controlling Shareholders and their Associates would be 32,330,234 Shares, and in respect of each Controlling Shareholder or his Associate shall not exceed 12,932,093 Shares.

The Company's 2004 Scheme was amended on 28 April 2010. Given its 10-year duration, the 2004 Scheme had expired on 11 January 2014 and the new Option Scheme was approved by shareholders at an extraordinary general meeting of the Company held on 29 April 2014.

As at the Latest Practicable Date, the Company had granted the following options to Mr Wu Hsioh Kwang, Mdm Chua Soh Har, Ms Wu Xiuyi and Mr Wu Xiuzhuan under the 2004 Scheme and the Option Scheme:-

| | Number of options granted under | | | Total options granted as % of issued share capital |
|-------------------|---------------------------------|------------------------|-------------------|--|
| | the 2004 Scheme | the 2014 Option Scheme | Total | |
| Mr Wu Hsioh Kwang | 3,900,000 | 4,300,000 | 8,200,000 | 0.95% |
| Mdm Chua Soh Har | 630,000 | 1,518,000 | 2,148,000 | 0.25% |
| Ms Wu Xiuyi | 1,740,000 | 2,584,000 | 4,324,000 | 0.50% |
| Mr Wu Xiuzhuan | 300,000 | 2,130,000 | 2,430,000 | 0.28% |
| Total: | 6,570,000 | 10,532,000 | 17,102,000 | 1.98% |

For the purposes of illustration, assuming that the proposed 300,000 Options, 200,000 Options, 300,000 Options and 300,000 Options as set out in Section 3 of this Circular are approved and granted to Mr Wu Hsioh Kwang, Mdm Chua Soh Har, Ms Wu Xiuyi and Mr Wu Xiuzhuan respectively, and that there is no change in the issued share capital of 862,139,580 Shares (excluding Treasury Shares), the aggregate number of options (comprising options granted under the 2004 Scheme and the Option Scheme, and the proposed Options to be granted under the Option Scheme) available under all schemes shall be 69,268,000, or 8.03% of the issued share capital, which shall be within the limits prescribed by the Listing Manual and the Rules, and the aggregate number of options (comprising options granted under the 2004 Scheme and the Option Scheme, and the proposed Options to be granted under the Option Scheme) that will be granted to and held by the Controlling Shareholder and his Associates will be as follows:-

- (a) Mr Wu Hsioh Kwang will hold in aggregate 8,500,000 options (representing approximately 6.57% of the Shares available under the Option Scheme); Mdm Chua Soh Har will hold in aggregate 2,348,000 options (representing approximately 1.82% of the Shares available under the Option Scheme); Ms Wu Xiuyi will hold in aggregate 4,624,000 options (representing approximately 3.58% of the Shares available under the Option Scheme); and Mr Wu Xiuzhuan will hold in aggregate 2,730,000 options (representing approximately 2.11% of the Shares available under the Option Scheme); and
- (b) the total number of options which the Company would have granted to its Controlling Shareholders and Associates would be 18,202,000 Options (representing approximately 14.08% of the Shares available under the Option Scheme).

The proposed grant of the Options to Mr Wu Hsioh Kwang, Mdm Chua Soh Har, Ms Wu Xiuyi and Mr Wu Xiuzhuan would be within the limits prescribed under the Listing Manual and the Rules, which is set out in Section 2 of this Circular.

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4. FINANCIAL EFFECTS OF THE OPTION SCHEME

Potential costs arising from the proposed grant of Options

The Company may allot and issue New Shares and/or transfer Treasury Shares to the Option Holders in respect of Options which are exercised. To the extent that New Shares are issued to the Option Holders pursuant to the exercise of the Options, the grant of the Options will result in an increase in the Company's issued share capital.

As such, there would be no impact on the Company's number of issued Shares if the relevant Options are not exercised.

Based on the Singapore Financial Reporting Standard ("FRS"), no cash outlays would be expended by the Company at the time the Options are issued by it (as compared with cash bonuses). However, under FRS 102 Share-based Payment, the recognition of an expense in respect of Options granted under the Option Scheme is required. The expense will be based on the fair value of the Options at each date of grant of the Options and will be recognised over the vesting period. This fair value is normally estimated by applying the option pricing model at the date of grant of the Options, taking into account the terms and conditions of the grant of the Options and recognised as a charge to the Company's consolidated statement of comprehensive income ("P&L") over the period from the date of grant of the Options to the vesting date (the "Vesting Period"), with a corresponding credit to the Company's reserve account.

Before the end of the Vesting Period and at the end of each accounting year, the estimate of the number of Options that are expected to vest in each Participant by the vesting date is revised, and the impact of the revised estimate is recognised in the consolidated P&L with a corresponding adjustment to the Company's reserve account. After the vesting date, no adjustment of the charge to the consolidated P&L is made.

5. OPTIONS GRANTED UNDER THE 2004 SCHEME

Particulars of options granted to the Directors and Controlling Shareholdings under the 2004 Scheme and duly accepted by such Directors and Controlling Shareholders are as follows:-

5.1 Details of options granted under the 2004 Scheme to Directors (both former and existing), excluding Controlling Shareholders and their Associates who are also Directors

Details of options granted under the 2004 Scheme to Directors of the Company (both former and existing) since the adoption of the 2004 Scheme are as follows:-

| | | |
|---|---|--|
| Dates options were granted | : | The options were granted to the Directors (both former and existing) on 22 Oct 2007, 6 May 2010, 5 May 2011, 8 May 2012 and 6 May 2013. |
| Number of Shares offered under the options and number of Shares allotted upon exercise of options | : | In aggregate, 9,690,000 options were granted to Directors (both former and existing), out of which 1,320,000 options were cancelled or lapsed. As at the Latest Practicable Date, the Company had allotted 8,370,000 Shares to Directors (both former and existing) pursuant to the exercise of options. |

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5.2 Details of options granted under the 2004 Scheme to Controlling Shareholders and their Associates

Details of options granted under the 2004 Scheme to Controlling Shareholders and their Associates since the adoption of the 2004 Scheme are as follows:-

| | | |
|---|---|--|
| Dates options were granted | : | The options were granted to the Controlling Shareholders and their Associates on 6 May 2010, 5 May 2011, 8 May 2012 and 6 May 2013. |
| Number of Shares offered under the options and number of Shares allotted upon exercise of options | : | In aggregate, 6,570,000 options were granted to Controlling Shareholders and their Associates. As at the Latest Practicable Date, the Company has allotted 6,570,000 Share to Controlling Shareholders and their Associates pursuant to the exercise of options. |

6. OPTIONS GRANTED UNDER THE OPTION SCHEME

Particulars of the Options granted to the Directors and Controlling Shareholders under the Option Scheme and duly accepted by such Directors and Controlling Shareholders since the adoption of the Option Scheme up to the Latest Practicable Date are as follows:-

| | Aggregate Options granted and accepted under the Option Scheme since the adoption of the Option Scheme up to the Latest Practicable Date |
|--|---|
| Director (also Controlling Shareholder) | |
| Mr Wu Hsioh Kwang | 4,300,000 |
| Directors⁽¹⁾ | |
| Mr Li Weiqiang | 1,518,000 |
| Mdm Chua Soh Har | 1,518,000 |
| Mr Tay Siew Choon | 1,518,000 |
| Mr Lim Song Joo | 1,518,000 |
| Mr Hee Theng Fong | 660,000 |
| Ms Wu Xiuyi (<i>Alternate Director to Mr Wu Hsioh Kwang</i>) | 2,584,000 |
| Mr Wu Xiuzhuan (<i>Alternate Director to Mdm Chua Soh Har</i>) | 2,130,000 |

Note:

- (1) 330,000 Options each were granted to and accepted by Mr Chen Hong Sheng and Mr Fu Xuezhong, 594,000 Options were granted to and accepted by Mr Neo Poh Kok David, 264,000 Options were granted to and accepted by Mr Xu Niansha, and 1,318,000 Options were granted and accepted by Dr Choong Chow Siong under the Option Scheme when they were directors of the Company. Mr Chen Hong Sheng retired on 13 November 2014, Mr Fu Xuezhong retired on 29 April 2015, Mr Neo Poh Kok David retired on 29 April 2016, Mr Xu Niansha resigned on 4 August 2018, and Dr Choong Chow Siong retired on 26 April 2019.

LETTER TO SHAREHOLDERS

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and the substantial shareholders of the Company (as defined in the Act) in the issued Shares are set out in **Appendix I** of this Circular.

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 26 of this Circular, will be held at Amara Singapore at 165 Tanjong Pagar Road, Level 3 Ballroom 1, Singapore 088539 on 5 May 2020 at 10.30 a.m. (or immediately after the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing (with or without modification) the Ordinary Resolutions set out in the Notice of EGM.

9. DIRECTORS' RECOMMENDATION

All the Directors will be eligible to participate in the Option Scheme and have therefore refrained from making any recommendation to the Shareholders on the Ordinary Resolutions as set out in the Notice of EGM due to their interest in the Option Scheme.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

10.1 Appointment of Proxies

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, will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.

10.2 When Depositor regarded as Shareholder

Pursuant to the new section 81SJ(4) of the Securities and Futures Act (Cap 289) of Singapore, 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 as certified by CDP not less than 72 hours before the time fixed for the EGM.

CPFIS investors may wish to check with their CPF Approved Nominees on the procedure and deadline for the submission of their written instructions to their CPF Approved Nominees to vote on their behalf.

10.3 Abstention from Voting

Shareholders who are entitled to participate in the Option Scheme, shall abstain from voting at the EGM in respect of the Ordinary Resolutions set out in the Notice of EGM.

The Company shall procure that Mr Wu Hsioh Kwang and his Associates to abstain from voting in respect of the Ordinary Resolutions at the EGM.

LETTER TO SHAREHOLDERS

The above mentioned persons will not accept appointments as proxies for voting at the EGM in respect of the Ordinary Resolutions unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for each of these Ordinary Resolutions.

11. 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 Option Scheme, the proposed grant of options to Mr Wu Hsioh Kwang, Mdm Chua Soh Har, Ms Wu Xiuyi, and Mr Wu Xiuzhuan, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this 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 this Circular in its proper form and context.

12. DOCUMENTS FOR INSPECTION

A copy of the Rules is available for inspection at the registered office of the Company at 10 Anson Road #30-15 International Plaza Singapore 079903 during normal business hours from the date of this Circular up to and including the date of the EGM.

Yours faithfully
For and on behalf of the Board of Directors of
STRACO CORPORATION LIMITED

Wu Hsioh Kwang
Executive Chairman

APPENDIX 1

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

The shareholdings of the Directors and Substantial Shareholders as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders (based on notifications received from the respective Directors and Substantial Shareholders) as at the Latest Practicable Date were as follows:-

| | Direct Interest | Deemed Interest | Total Interest | % | Aggregate number of Shares comprised in outstanding options under the 2004 Scheme and the Option Scheme |
|--|--------------------|--------------------|-------------------|-------|---|
| Directors | | | | | |
| Mr Li Weiqiang | 330,000 | - | 330,000 | 0.04 | 1,188,000 |
| Mr Tay Siew Choon | 2,150,000 | - | 2,150,000 | 0.25 | 1,188,000 |
| Mr Lim Song Joo | 1,224,000 | - | 1,224,000 | 0.14 | 924,000 |
| Mr Hee Theng Fong | - | - | - | - | 660,000 |
| Ms Wu Xiuyi (<i>Alternate Director to Mr Wu Hsioh Kwang</i>) | 35,205,000 | - | 35,205,000 | 4.08 | 1,984,000 |
| Mr Wu Xiuzhuan (<i>Alternate Director to Mdm Chua Soh Har</i>) | 27,656,000 | - | 27,656,000 | 3.21 | 1,730,000 |
| Substantial Shareholders | | | | | |
| Straco Holding Pte Ltd | 314,885,440 | - | 314,885,440 | 36.52 | - |
| China Poly Group Corporation | 189,803,600 | - | 189,803,600 | 22.02 | - |
| Straco (HK) Limited | 143,990,540 | - | 143,990,540 | 16.70 | - |
| Mr Wu Hsioh Kwang | 8,888,000 | 470,679,980 | 479,567,980 | 55.62 | 3,300,000 |
| Mdm Chua Soh Har | 11,804,000 | 467,763,980 | 479,567,980 | 55.62 | 1,188,000 |

Notes:-

- 1) Mr Wu Hsioh Kwang and Mdm Chua Soh Har together collectively beneficially own 100% of the issued share capital of Straco Holding Pte Ltd and Straco (HK) Limited and are therefore deemed interested by virtue of Section 7 of the Act in the Shares held by these said companies in the capital of the Company.
- 2) As at the Latest Practicable Date, the direct interest of Mr Wu Hsioh Kwang comprises of 3,988,000 Shares representing 0.46% of the total number of issued Shares (excluding treasury shares) held by his nominee, UOB Kay Hian Pte Ltd.
- 3) As at the Latest Practicable Date, the direct interest of Mdm Chua Soh Har comprises of 10,844,000 Shares representing 1.26% of the total number of issued Shares (excluding treasury shares) held by her nominee, UOB Kay Hian Pte Ltd.
- 4) As at the Latest Practicable Date, the direct interest of Ms Wu Xiuyi comprises of 32,865,000 Shares representing 3.81% of the total number of issued Shares (excluding treasury shares) held by her nominee, UOB Kay Hian Pte Ltd.
- 5) As at the Latest Practicable Date, the direct interest of Mr Wu Xiuzhuan comprises of 26,956,000 Shares representing 3.13% of the total number of issued Shares (excluding treasury shares) held by his nominee, DBS Vickers Securities (S) Pte Ltd.

NOTICE OF EXTRAORDINARY GENERAL MEETING

STRACO CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200203482R)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Straco Corporation Limited (the “**Company**”) will be held at Amara Singapore, 165 Tanjong Pagar Road, Level 3 Ballroom 1, Singapore 088539 on 5 May 2020 at 10.30 a.m. (or immediately after the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing (with or without modification), the following resolutions as Ordinary Resolutions:-

ORDINARY RESOLUTIONS:-

1. Proposed Grant of Options under the Option Scheme to Controlling Shareholder, Mr Wu Hsioh Kwang

That the proposed offer and grant to Mr Wu Hsioh Kwang, a Controlling Shareholder of the Company, of Options pursuant to and in accordance with the rules of the Option Scheme on the following terms, be and is hereby approved, and the Directors be and are hereby authorized to allot and issue Shares upon the exercise of such Options:-

- (a) Proposed Date of Grant of Options : Within one (1) month after the date of the forthcoming EGM Options
- (b) Number of Shares comprised in the proposed Options : 300,000 Shares (representing approximately 0.03% of the total issued Shares excluding Treasury Shares as at the Latest Practicable Date)
- (c) Exercise Price per Share : Market Price
- (d) Exercise Period : Exercisable at any time after the first anniversary of the Date of Grant and up to the fifth anniversary of the Date of Grant

2. Proposed Grant of Options under the Option Scheme to Mdm Chua Soh Har, an Associate of Mr Wu Hsioh Kwang

That the proposed offer and grant to Mdm Chua Soh Har, an Associate of Mr Wu Hsioh Kwang, of Options pursuant to and in accordance with the rules of the Option Scheme on the following terms, be and is hereby approved, and the Directors be and are hereby authorized to allot and issue Shares upon the exercise of such Options:-

- (a) Proposed Date of Grant of Options : Within one (1) month after the date of the forthcoming EGM Options
- (b) Number of Shares comprised in the proposed Options : 200,000 Shares (representing approximately 0.02% of the total issued Shares excluding Treasury Shares as at the Latest Practicable Date)
- (c) Exercise Price per Share : Market Price
- (d) Exercise Period : Exercisable at any time after the first anniversary of the Date of Grant and up to the fifth anniversary of the Date of Grant

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3. **Proposed Grant of Options under the Option Scheme to Ms Wu Xiuyi, an Associate of Mr Wu Hsioh Kwang**

That the proposed offer and grant to Ms Wu Xiuyi, an Associate of Mr Wu Hsioh Kwang, of Options pursuant to and in accordance with the rules of the Option Scheme on the following terms, be and is hereby approved, and the Directors be and are hereby authorized to allot and issue Shares upon the exercise of such Options:-

- (a) Proposed Date of Grant of Options : Within one (1) month after the date of the forthcoming EGM
- (b) Number of Shares comprised in the proposed Options : 300,000 Shares (representing approximately 0.03% of the total issued Shares excluding Treasury Shares as at the Latest Practicable Date)
- (c) Exercise Price per Share : Market Price
- (d) Exercise Period : Exercisable at any time after the first anniversary of the Date of Grant and up to the fifth anniversary of the Date of Grant

4. **Proposed Grant of Options under the Option Scheme to Mr Wu Xiuzhuan, an Associate of Mr Wu Hsioh Kwang**

That the proposed offer and grant to Mr Wu Xiuzhuan, an Associate of Mr Wu Hsioh Kwang, of Options pursuant to and in accordance with the rules of the Option Scheme on the following terms, be and is hereby approved, and the Directors be and are hereby authorized to allot and issue Shares upon the exercise of such Options:-

- (a) Proposed Date of Grant of Options : Within one (1) month after the date of the forthcoming EGM
- (b) Number of Shares comprised in the proposed Options : 300,000 Shares (representing approximately 0.03% of the total issued Shares excluding Treasury Shares as at the Latest Practicable Date)
- (c) Exercise Price per Share : Market Price
- (d) Exercise Period : Exercisable at any time after the first anniversary of the Date of Grant and up to the fifth anniversary of the Date of Grant

All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meaning ascribed to them in the Circular to Shareholders dated 14 April 2020.

By Order of the Board
STRACO CORPORATION LIMITED

Lotus Isabella Lim Mei Hua
Company Secretary

Singapore
14 April 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:-

- (1) (a) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.
- (b) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

- (2) The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time appointed for holding the Extraordinary General Meeting in order for the proxy to be entitled to attend and vote at the Extraordinary General Meeting.
- (3) A member of the Company, which is a corporation, is entitled to appoint its authorized representative or proxy to vote on its behalf. A proxy need not be a member of the Company
- (4) **PERSONAL DATA PRIVACY** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’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 Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (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 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, and (iii) 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.

Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus (“COVID-19”)

In view of the current COVID-19 situation, the following steps will be taken for members and others attending the Extraordinary General Meeting (“**EGM**”) to minimise the risks of community spread of the COVID-19:

1. The Company will be carrying out the precautionary measure of temperature screening for shareholders, proxies and invitees (“**attendees**”) at the forthcoming EGM. All persons attending the EGM will be required to undergo a **temperature check** and sign a **health declaration form** in respect of whether they have been to affected areas as advised by Singapore Ministry of Health (“**Affected Areas**”) during the 14 days prior to the date of the EGM. We will also request the contact number of the attendees in case of contact tracing. Individuals who decline to adhere to these steps may be refused entry into the meeting.
2. Any person who has been in Affected Areas, irrespective of nationality, during the said 14-day period **will not be permitted to attend the EGM**, but will still be allowed to appoint a proxy to attend, speak and vote at the EGM in the manner as provided in the proxy form. The health declaration form may also be used for purposes of contact tracing, if required.
3. Any person who has a fever **will not be permitted** to attend the EGM. We may also at our discretion deny entry to persons exhibiting flu-like symptoms.

Attendees who are feeling unwell on the date of the EGM are advised not to attend the EGM. Attendees are also advised to arrive at the EGM venue early given that the above-mentioned measures may cause delay in the registration process. For an orderly and timely start to the EGM, we seek your co-operation and understanding to plan your arrival to allow for more time for registration.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risks to the attendees. Such measures may include limiting the number of attendees at the meeting, or suspending physical attendance at the meeting, and having the meeting only accessible to public attendees via webcast, whether generally or only to pre-registered shareholders.

Any changes will be announced by the Company on the SGXnet and shareholders are advised to check the SGXnet for updates.

STRACO CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200203482R)

IMPORTANT

- 1 For investors who have used their CPF monies to buy the Company's shares, this Circular is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
- 2 This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We _____ (Name), NRIC/Passport No _____
of _____ (Address)

being a *member/members of **STRACO CORPORATION LIMITED** (the “**Company**”) hereby appoint:

| Name | Address | *NRIC/Passport No. | Proportion of Shareholdings (%) |
|------|---------|--------------------|---------------------------------|
| | | | |

*and/or

| Name | Address | *NRIC/Passport No. | Proportion of Shareholdings (%) |
|------|---------|--------------------|---------------------------------|
| | | | |

or failing *him/her/them, the Chairman of the Extraordinary General Meeting of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Amara Singapore, 165 Tanjong Pagar Road, Level 3 Ballroom 1, Singapore 088539 on 5 May 2020 at 10.30 a.m. (or immediately after the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof.

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

* Please delete accordingly

(Please indicate your vote “For” or “Against” with a “X” within the box provided. Otherwise please indicate the number of votes)

| No. | Resolutions relating to: | For | Against | Abstain** |
|-----|---|-----|---------|-----------|
| 1 | Resolution 1 To approve the proposed grant of options under the Option Scheme of 300,000 Shares to Controlling Shareholder, Mr Wu Hsioh Kwang. | | | |
| 2 | Resolution 2 To approve the proposed grant of options under the Option Scheme of 200,000 Shares to Mdm Chua Soh Har, an Associate of Controlling Shareholder. | | | |
| 3 | Resolution 3 To approve the proposed grant of options under the Option Scheme of 300,000 Shares to Ms Wu Xiuyi, an Associate of Controlling Shareholder. | | | |
| 4 | Resolution 4 To approve the proposed grant of options under the Option Scheme of 300,000 Shares to Mr Wu Xiuzhuan, an Associate of Controlling Shareholder. | | | |

** Voting will be conducted by poll. If you wish to exercise all your votes “For” or “Against” the relevant resolution, please tick “X” in the relevant box provided. Alternatively, please indicate the number of votes “For” or “Against” each resolution. If you mark “X” in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

All capitalised terms used in this Proxy Form which are not defined herein shall unless the context otherwise requires have the same meanings ascribed to them in the Company’s Circular to Shareholders dated 14 April 2020 (including supplements and modifications thereto).

Dated this _____ day of _____ 2020.

| Total No. of Shares | No. of Shares |
|------------------------|---------------|
| In CDP Register | |
| In Register of Members | |

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM



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 the Securities and Futures Act (Cap 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 (a) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

(b) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
3. The instrument appointing a proxy or proxies must be deposited at the office of the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time appointed for the meeting.
- 4 Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
- 6 Where an instrument appointing a proxy or proxies 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.
- 7 A corporation that 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.
- 8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

AFFIX
STAMP

The Share Registrar
STRACO CORPORATION LIMITED
c/o Tricor Barbinder Share Registration Services
80 Robinson Road, #11-02
Singapore 068898

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