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PAN-UNITED CORPORATION LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199106524G)

Board of Directors:

Tay Siew Choon (Chairman, Independent Director)
Patrick Ng Bee Soon (Deputy Chairman, Non-Executive Director)
Ng Bee Bee (Chief Executive Officer)
Jane Kimberly Ng Bee Kiok (Non-Executive Director)
Soh Ee Beng (Independent Director)
Fong Yue Kwong (Independent Director)

Registered office:

7 Temasek Boulevard
#16-01 Suntec Tower One
Singapore 038987

6 April 2022

To: The Shareholders of Pan-United Corporation Ltd.

Dear Sir/Madam,

(1) PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

(2) PROPOSED ADOPTION OF THE PUC SHARE PLAN

1. INTRODUCTION

1.1 AGM. We refer to:

- (a) the notice of AGM dated 6 April 2022 (the "**Notice of AGM**") convening the 30th AGM to be held on 22 April 2022;
- (b) the Ordinary Resolution No. 8 under the heading "Special Business" set out in the Notice of AGM in relation to the proposed renewal of the Share Buyback Mandate; and
- (c) the Ordinary Resolution No. 9 under the heading "Special Business" set out in the Notice of AGM in relation to the proposed adoption of the PUC Share Plan (the "**Plan 2022**"),

(collectively, the "**Proposals**").

1.2 Letter. The purpose of this Letter is to provide Shareholders with information relating to the Proposals, details of which are set out respectively in paragraphs 2 and 3 of this Letter and to seek their approval in relation thereto at the forthcoming AGM.

1.3 **SGX-ST.** The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter. If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

1.4 **Legal Adviser.** WongPartnership LLP is the Singapore legal adviser to the Company for this Letter.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 **The Share Buyback Mandate.** Sections 76B, 76C, 76D, 76DA and 76E of the Companies Act allow a listed company to purchase its own shares. At the EGM held on 28 June 2001, Shareholders had approved a mandate to enable the Company to purchase or otherwise acquire its issued Shares. This mandate was most recently renewed at the AGM held on 30 April 2021 (the "**2021 AGM**"). The rationale for, the authority and limitations on, and the financial effects of, the renewal of the mandate (the "**2021 Share Buyback Mandate**") were set out in the Company's Letter to Shareholders dated 15 April 2021.

The authority conferred pursuant to the 2021 Share Buyback Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2021 AGM and expiring on the date when the next AGM is held, or the date by which the next AGM is required by law to be held, whichever is earlier.

Accordingly, the Directors shall seek the approval of the Shareholders for the renewal of the Share Buyback Mandate at the forthcoming AGM.

2.2 **Rationale.** A share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Share buybacks provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient 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. The Directors believe that share buybacks by the Company will also help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence. In addition, share buybacks will also allow management to effectively manage and minimise the dilution impact (if any) associated with any employee share option scheme of the Company.

If and when circumstances permit, the Directors will decide whether to effect the share purchases via Market Purchases (hereinafter defined) or Off-Market Purchases (hereinafter defined), after taking into account the amount of cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out purchases pursuant to the Share Buyback Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company.

2.3 **Authority and Limits on the Share Buyback Mandate.** The authority and limitations placed on the Share Buybacks by the Company under the proposed Share Buyback Mandate, if renewed at the forthcoming AGM, are the same in terms of those previously approved by Shareholders at the 2021 AGM. For the benefit of Shareholders, the terms of the proposed Share Buyback Mandate are summarised below:

(a) **Maximum number of Shares**

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10 per cent. of the total number of issued Shares (ascertained as at the date of the general meeting at which the renewal of the Share Buyback Mandate is approved, 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, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered). Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for the purposes of computing the 10 per cent. limit.

For illustrative purposes only, on the basis of 698,456,325 Shares in issue (excluding 3,539,500 Shares which are held as treasury shares; the Company has no subsidiary holdings) as at the Latest Practicable Date and assuming no subsidiary holdings and no further Shares are issued or held in treasury on or prior to the AGM, not more than 69,845,632 Shares (representing 10 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at that date) may be purchased by the Company pursuant to the proposed Share Buyback Mandate for the duration referred to in paragraph 2.3(b) below.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the 10 per cent. limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out up to the full 10 per cent. as authorised, or at all. In particular, no purchase or acquisition of the Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company.

(b) **Duration of Authority**

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

- (i) the date on which the next AGM is held or required by law to be held;
- (ii) the date on which the Share Buybacks are carried out to the full extent mandated;
or
- (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked.

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

(c) ***Manner of Purchase***

In accordance with Rule 882 of the Listing Manual, purchases of Shares may be made on the SGX-ST ("**Market Purchases**") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme pursuant to Section 76C of the Companies Act ("**Off-Market Purchases**").

Market Purchases refer to purchases of Shares by the Company effected through the SGX-ST's trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Listing Rules and 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. Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

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

In addition, pursuant to the Listing Rules, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed Share Buyback;
- (4) the consequences, if any, of Share Buybacks by the Company that will arise under the Take-over Code then in force or other applicable take-over rules;
- (5) whether the Share Buybacks, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any Share Buybacks made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of

Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and

- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) **Maximum Purchase Price**

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price must not exceed:

- (i) in the case of a Market Purchase, 105 per cent. of the Average Closing Market Price (as hereinafter defined); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. of the Highest Last Dealt Price (as hereinafter defined),

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

For the above purposes:

"Average Closing Market Price" means the average of the closing market prices of a Share over the last five (5) Trading Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase (which is deemed to be adjusted for any corporate action that occurs during such five (5)-Trading Day period and the day on which the Market Purchase was made);

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Trading Day on which there were trades in the Shares immediately preceding the day of making of the offer pursuant to the Off-Market Purchase;

"day of making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, 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; and

"Trading Day" means a day on which the Shares are traded on the SGX-ST.

(e) **Status of Purchased Shares**

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on such cancellation), unless such Share is held by the Company as a treasury share. All Shares (excluding Shares held by Company as treasury shares) purchased by the Company will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased by the Company and which are not held as treasury shares. 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, depending on the needs of the Company at that time. It is presently intended by the Company that Shares which are

purchased or acquired by the Company pursuant to the Share Buyback Mandate will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

(f) ***Treasury Shares***

Under the Companies Act, Shares purchased 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:

(i) *Maximum Holdings*

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

(ii) *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, the subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) *Disposal and Cancellation*

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

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

Under the Listing Manual, 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 if they are used for a sale or transfer or cancelled.

(g) **Reporting Requirements**

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

The Company shall notify the Registrar within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchases including the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase of Shares and after the purchase of Shares, the amount of consideration paid by the Company for the purchases, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required in the prescribed form.

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

- (i) in the case of a Market Purchase, on the Trading Day following the day on which the Market Purchase was made; and
- (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Trading Day after the close of acceptances of the offer for the Off-Market Purchase.

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

(h) **Source of Funds**

The Companies Act permits the Company to also purchase its Shares out of capital, as well as from its distributable profits, provided that the following conditions are satisfied at the date of payment:

- (i) there is no ground on which the Company could be found to be unable to pay its debts;
- (ii) if it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up or if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (iii) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of Shares pursuant to the Share Buyback Mandate.

(i) **Financial Effects**

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

Under the Companies Act, purchases 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 of Shares is made out of profits, the amount available for the distribution of cash dividends by the Company will be correspondingly reduced. Where the consideration paid by the Company for the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such extent that would materially affect the working capital requirements or the gearing of the Company. The purchase of 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. The proposed Share Buyback Mandate will be exercised with a view to enhancing the earnings and/or the NAV per Share of the Group.

For illustrative purposes only, the financial effects of the Share Buyback Mandate on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 31 December 2021, are based on the assumptions set out below:

- (i) based on 698,456,325 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming no subsidiary holdings and no further Shares are issued or held in treasury on or prior to the AGM, not more than 69,845,632 Shares (representing 10 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at that date) may be purchased by the Company pursuant to the proposed Share Buyback Mandate.

As the Company is already holding 3,539,500 Shares as treasury shares as at the Latest Practicable Date, on the basis of paragraph 2.3(f)(i), the maximum number of Shares the Company can acquire or purchase and hold as treasury shares pursuant to the proposed Share Buyback Mandate in addition to the said 3,539,500 treasury shares is 66,306,132 Shares;

- (ii) in the case of Market Purchases by the Company and assuming that the Company purchases the 66,306,132 Shares at the Maximum Price of S\$0.43 for one (1) Share (being the price equivalent to five (5) per cent. above the Average Closing Market Price of the Shares for the five (5) Trading Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of the 66,306,132 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$28,511,637; and

- (iii) in the case of Off-Market Purchases by the Company and assuming that the Company purchases the 66,306,132 Shares at the Maximum Price of S\$0.50 for one (1) Share (being the price equivalent to 20 per cent. above the Highest Last Dealt Price of the Shares as recorded on the Trading Day on which there were trades in the Shares immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of the 66,306,132 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$33,153,066.

For illustrative purposes only, and based on the assumptions set out in subparagraphs (i) to (iii) above and assuming that (A) the purchase of Shares is financed by internal sources of funds available as at 31 December 2021; (B) the Share Buyback Mandate had been effective on 1 January 2021; and (C) the Company had purchased the 66,306,132 Shares (representing approximately 9.49 per cent. of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date) on 1 January 2021 (for the purpose of computing the effect of the Share Buybacks on the EPS) and 31 December 2021 (for all the other cases), the financial effects of the purchase of the 66,306,132 Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of a combination of capital and profits, on the audited financial accounts of the Company and the Group for the financial year ended 31 December 2021 are set out below:

	<u>MARKET PURCHASES</u>				<u>OFF MARKET PURCHASES</u>			
	Group		Company		Group		Company	
	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000	Before Share Buyback S\$'000	After Share Buyback S\$'000
PATMI	18,686	18,686	19,593	19,593	18,686	18,686	19,593	19,593
Total equity	213,479	185,687	123,542	95,750	213,479	181,022	123,542	91,085
Net asset value (NAV)	205,071	177,279	123,542	95,750	205,071	172,614	123,542	91,085
Current assets	218,113	190,321	83,166	55,374	218,113	185,656	83,166	50,709
Current liabilities	132,466	132,466	52,613	52,613	132,466	132,466	52,613	52,613
Net debt/(cash)	1,850	29,642	(39,594)	(11,802)	1,850	34,307	(39,594)	(7,137)
Financial ratios								
NAV/Share ⁽¹⁾ (cents)	29.31	27.99	17.65	15.12	29.31	27.25	17.65	14.38
Net gearing ratio	0.01	0.16	NA	NA	0.01	0.19	NA	NA
Current ratio (times)	1.65	1.44	1.58	1.05	1.65	1.40	1.58	0.96
EPS ⁽¹⁾ (cents)	2.67	2.95	2.80	3.09	2.67	2.95	2.80	3.09

Note:

- (1) Calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings).

NA: Not Applicable

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed Share Buyback Mandate would authorise the Company to purchase or acquire up to 10 per cent. of the total number of issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10 per cent. of the total number of issued Shares. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares repurchased in treasury.

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

- 2.4 **Listing Rules of the SGX-ST.** Under the Listing Rules, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than five (5) per cent. above the "average closing market price", being the average of the closing market prices of a share over the last five (5) Trading Days on which transactions in the shares were recorded, before the day on which the purchases were made (which is deemed to be adjusted for any corporate action that occurs during such five (5)-Trading Day period and the day on which the Market Purchases were made). The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in paragraph 2.3(d) above, conforms to this restriction.

While the Listing Rules do not expressly prohibit the purchase of shares by a listed company during any particular time or times, because the listed company would be considered an "insider" in relation to any buyback of its shares, the Company will not buy any Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period of one (1) month immediately preceding the announcement of the Company's half year and full year financial statements.

Rule 723 of the Listing Rules requires a listed company to ensure that at least 10 per cent. of any class of its listed securities (excluding treasury shares) is held by public shareholders. The "public", as defined in the Listing Rules in respect of the Company, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Rules) of such persons.

As at the Latest Practicable Date, 177,856,605 Shares are held in the hands of the public (as defined in the Listing Rules), representing approximately 25.46 per cent. of the issued Shares of the Company (excluding treasury shares). Assuming that the Company purchases the aggregate of 69,845,632 Shares through Market Purchases, being the full 10 per cent. limit pursuant to the Share Buyback Mandate from the public (as defined in the Listing Rules), the number of Shares in the hands of the public would be reduced to 108,010,973 Shares, representing approximately 17.18 per cent. of the issued Shares of the Company (excluding treasury shares).

In undertaking any purchase of its Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share Buybacks will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.5 Take-over Implications arising from Share Buyback

Requirement to make a general offer

Under Rule 14 of the Take-over Code, a person, together with persons acting in concert with him, will be required to make a general offer for a public company if:

- (a) they acquire 30 per cent. or more of the voting rights of the company; or
- (b) they hold between 30 per cent. and 50 per cent. of the voting rights of the company and they increase their voting rights in the company by more than one (1) per cent. in any six (6) month period.

Under Appendix 2 of the Take-over Code, if the proportionate shareholding in the voting capital of the company of a shareholder and persons acting in concert with him increases as a result of the company buying back its shares, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in the shareholder and persons acting in concert with him obtaining or consolidating effective control of the company, they may be obliged to make a take-over offer under Rule 14 of the Take-over Code.

Under the Take-over Code, the following persons are presumed to be acting in concert unless the contrary is established:

- (i) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (ii) a company with any of its directors, together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of the above, which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, ownership or control of at least 20 per cent. but not more than 50 per cent. of the voting rights of the company will be regarded as the test of 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 Take-over Code after a purchase or acquisition of Shares by the Company are set out under Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, the Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring the Shares, the voting rights of such Directors and their concert parties would increase to 30 per cent. or more, or in the event that such Directors and their concert parties hold between 30 per cent. and 50 per cent. of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one (1) per cent. in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company buying back its own Shares, the voting rights of the Shareholder will increase to 30 per cent. or more, or, if he holds between 30 per cent. and 50 per cent. of the Company's voting rights, his voting rights increase by more than one (1) per cent. in any period of six (6) months as a result of the Company buying back its Shares. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate, unless so required under the Companies Act.

Based on the disclosure of interests notifications received by the Company as at the Latest Practicable Date from the Substantial Shareholders as set out in paragraph 4 below, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate of the maximum limit of 10 per cent. of the total number of issued Shares as at the Latest Practicable Date.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the proposed Share Buyback Mandate are advised to consult their professional advisors and/or the Securities Industry Council of Singapore before they acquire any Shares during the period when the proposed Share Buyback Mandate is in force.

- 2.6 **Details of previous Share Buybacks.** As at the Latest Practicable Date, the Company had purchased or acquired an aggregate of 4,291,000 Shares by way of Market Purchases pursuant to the 2021 Share Buyback Mandate in the last 12 months immediately preceding the Latest Practicable Date. The highest and lowest prices paid were S\$0.350 and S\$0.305 per Share respectively. The total consideration paid (excluding stamp duties, clearing charges and other related expenses) for all the purchases was S\$1,432,568. The Company had not purchased or acquired any Shares by way of Off-Market Purchases in the last 12 months immediately preceding the Latest Practicable Date.

3. THE PROPOSED PLAN 2022

- 3.1 **Previous Share Plan.** The Company had in place the Pan-United Share Option Scheme (the "**Scheme 2002**") which was adopted by Shareholders on 19 April 2002, and was amended and extended on 19 April 2012. At the extraordinary general meeting of the Company held on 19 April 2012, Shareholders' approval was obtained for, among others, the extension of the duration of Scheme 2002 for a further period of ten (10) years from 19 April 2012 to 18 April 2022. The Scheme 2022 will accordingly expire on 18 April 2022. Under the rules of Scheme 2002, the expiry of Scheme 2002 does not, however, affect any Options which have been granted, whether such Options have been exercised (whether fully or partially) or not.

The Company proposes to adopt the Plan 2022 to replace Scheme 2002 following its expiry. If approved by Shareholders, the Plan 2022 will be the only share incentive plan of the Company in force. A summary of the rules of the Plan 2022 is set out in paragraph 3.7 below.

3.2 **Particulars of Outstanding Options.** As at the Latest Practicable Date, Options in respect of 50,526,200 Shares have been granted to 126 participants since the adoption of Scheme 2002 on 19 April 2002, of which:

- (a) 20,032,500 new Shares have been allotted and issued to participants pursuant to the exercise of Options granted;
- (b) 7,081,500 Shares, which were held as treasury shares, have been transferred to participants pursuant to the exercise of Options granted;
- (c) Options in respect of 13,554,800 Shares are outstanding; and
- (d) Options in respect of 9,857,400 Shares have lapsed.

Options granted to Directors under Scheme 2002 are valid for five (5) years and exercisable after one (1) year from the date of grant. Options granted to participants other than Directors under Scheme 2002 are valid for ten (10) years.

Particulars of Options granted to Directors under the Scheme 2002 as at the Latest Practicable Date are as follows:

Name of Director	Date of Grant	No. of Shares offered under Option granted	No. of Shares offered under Option lapsed	No. of Shares allotted and/or transferred upon exercise of Option	No. of Shares under outstanding Option
Tay Siew Choon	18 November 2005	80,000	-	80,000	-
	20 November 2006	150,000	150,000	-	-
	22 November 2007	150,000	150,000	-	-
	19 November 2008	150,000	-	150,000	-
	19 November 2009	150,000	-	150,000	-
	19 November 2010	150,000	-	150,000	-
	18 November 2011	150,000	-	150,000	-
	15 November 2012	150,000	-	150,000	-
	20 November 2013	163,600	163,600	-	-
	19 November 2014	163,600	163,600	-	-
	19 November 2015	163,600	163,600	-	-
	11 November 2016	163,600	163,600	-	-
	8 December 2017	150,000	-	-	150,000
	16 November 2018	150,000	-	-	150,000
	19 November 2019	150,000	-	-	150,000
	10 November 2020	150,000	-	-	150,000
18 November 2021	150,000	-	-	150,000	
Soh Ee Beng	10 November 2020	150,000	-	150,000	-
	18 November 2021	150,000	-	-	150,000
Fong Yue Kwong	18 November 2021	150,000	-	-	150,000

No Options were granted to controlling shareholders and/or the associates of such controlling shareholders under Scheme 2002.

Save as disclosed in this Letter and save for the prescribed conditions attached to the Options such as the vesting schedule, the Options outstanding as at the Latest Practicable Date are not subject to any material conditions.

- 3.3 **Rationale for the Plan 2022.** The Company recognises the importance of an experienced and committed workforce in the growth and development of the business and operations of the Group (as they may exist from time to time), and the need to have flexibility and effectiveness in structuring competitive and attractive compensation packages to promote long-term staff retention and to attract talent.

The Plan 2022 is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding Group Employees, Non-Executive Directors, or Associated Company Employees who can contribute and/or have contributed to the growth of the Group.

The Plan 2022 is intended to replace the Scheme 2002 and provide Participants an opportunity to have a personal equity interest in the Company and is intended to help to achieve, among others, the following positive objectives:

- (a) the motivation of Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) the retention of key employees whose contributions are essential to the long-term growth and profitability of the Group;
- (c) to instil loyalty to, and a stronger identification by Participants with the long-term prosperity of, the Company;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders;
- (e) to align the interests of Participants with the interests of the Shareholders; and
- (f) to give recognition to the contributions made or to be made by Non-Executive Directors to the success of the Group.

- 3.4 **Participation by Associated Company Employees in the Plan 2022.** Other than the Group Employees, it is recognised that there may be individuals who are able to make significant contributions to the Group through their close working relationship with the Group, even though they are not employed within the Group. Such persons include the Associated Company Employees.

Associated Company Employees are expected to work closely with the Group to provide services, knowledge, expertise, assistance and support to the Group on a continuing basis in the development and implementation of business strategies, investments and projects in which the Company or the Group has interests. By permitting Associated Company Employees to participate in the Plan 2022, this will allow the Group to have a fair and equitable system to reward Associated Company Employees who have made and who continue to make significant contributions to the long-term growth of the Group.

- 3.5 **Participation by Non-Executive Directors in the Plan 2022.** Non-Executive Directors (including Independent Directors of the Company), unless they are also controlling shareholders or associates of controlling shareholders, are eligible to participate in the Plan 2022. Although the Non-Executive Directors are not involved in the day-to-day management of the Group, the Non-Executive Directors come from varied professions and working backgrounds, and bring to the

Group different perspectives and broaden the corporate knowledge base and networking potential of the Group. They play an important role in helping the Group shape its business strategies by allowing the Group to draw on their diverse backgrounds and working experience. Non-Executive Directors also serve an important function in ensuring good corporate governance of the Group through their appointments as members of the various Board committees. The inclusion of eligible Non-Executive Directors in the Plan 2022 is therefore intended to give recognition to the significant contributions made by this group of persons.

However, it is recognised that their services and contributions cannot be measured in the same way as the full-time Group Employees and Associated Company Employees. The Remuneration Committee of the Company recommends the Directors' fees payable to the Non-Executive Directors to the Board annually, after taking into consideration factors such as effort, time spent, contribution, responsibilities and the level of fees of directors in similar industries. For the purpose of assessing the contributions of an eligible Non-Executive Director and the number of Awards to be offered in accordance with the Plan 2022, the Committee will take into consideration among others, contribution and participation in Board and Board committee meetings, decision making and projects, and his contribution to the success and development of the Group.

As it is not always possible to compensate such persons fully or appropriately by way of extra Directors' fees in cash, the Plan 2022 will provide added flexibility for eligible Non-Executive Directors to be compensated in the form of grant of Awards in addition to their Directors' fees in cash, as a means of giving recognition to such persons for their special assistance or extra efforts. The Company intends to seek Shareholders' approval at each annual general meeting for the maximum number of Shares to be comprised in the Awards that may be granted under the Plan 2022 to the eligible Non-Executive Directors for the relevant financial year.

It is not intended that any Awards granted to any eligible Non-Executive Directors be subject to any Performance Condition(s). At the Committee's discretion, Awards granted to eligible Non-Executive Directors may be granted outright with no Vesting Periods imposed, or may be subject to time-based Vesting Periods. In respect of the eligible Non-Executive Directors who are Independent Directors of the Company, the Company does not expect the grant of Awards to such Directors to compromise their independence as the total number of Awards granted to them is not expected to be significant and will not amount in aggregate to a significant proportion of the Shares that may be issued pursuant to the Plan 2022.

3.6 **Listing of New Shares.** The SGX-ST had on 5 April 2022 granted its in-principle approval for the listing and quotation of the new Shares to be allotted and issued pursuant to the Plan 2022, subject to:

- (a) independent Shareholders' approval for the Plan 2022 being obtained at the AGM; and
- (b) the Company's compliance with the SGX-ST's listing requirements and guidelines.

The SGX-ST's in-principle approval for the listing and quotation of the new Shares on the Official List of the SGX-ST is not to be taken as an indication of the merits of the Plan 2022, the new Shares, the Company and/or its subsidiaries.

3.7 **Summary of Rules.** The following is a summary of the principal rules of the Plan 2022:

3.7.1 Eligibility

The following persons, unless they are also controlling shareholders or associates of controlling shareholders, shall be eligible to participate in the Plan 2022 at the absolute discretion of the Committee:

- (a) Group Employees who have attained the age of twenty-one (21) years, are not undischarged bankrupts and have not entered into a composition with creditors, and hold such rank as may be designated by the Committee from time to time;
- (b) Associated Company Employees who have attained the age of twenty-one (21) years, are not undischarged bankrupts and have not entered into a composition with creditors, and hold such rank as may be designated by the Committee from time to time, and who, in the opinion of the Committee, have contributed or can contribute to the success of the Group; and
- (c) Non-Executive Directors who, in the opinion of the Committee, have contributed or can contribute to the success of the Group.

Subject to the absolute discretion of the Committee, the Non-Executive Directors who meet the criteria as set out above are eligible to participate in the Plan 2022, provided that the grant of any Awards to them may only be effected with the specific prior approval of Shareholders in general meeting by a separate resolution.

Controlling shareholders and/or their associates shall not be eligible to participate in the Plan 2022.

3.7.2 Grant of Awards

An Award represents the right conferred by the Company on a Participant to be issued or transferred Shares, their equivalent cash value or combinations thereof, free of charge, upon the satisfaction of certain prescribed condition(s) or target(s) (if any), and subject to prescribed vesting periods (if any). In the case of Performance-related Awards only, Participants will be granted an Award, under which Shares will be Vested and Released at the end of the Performance Period once the Committee is, at its absolute discretion, satisfied that the Performance Condition(s) (if any) have been satisfied.

The number of Shares which are the subject of each Award to be granted to a Group Employee and/or an Associated Company Employee in accordance with the Plan 2022 shall be determined at the absolute discretion of the Committee, which may (but is not obliged to) take into account where appropriate, among others, criteria such as his rank, job performance, years of service and potential for future development, his past and potential contribution to the success and development of the Group and (in the case of a Performance-related Award) the extent of effort and difficulty with which the Performance Condition(s) may be achieved within the Performance Period, and in the case of a Non-Executive Director, his Board and committee appointments and attendance, and his contribution to the success and development of the Group. For the avoidance of doubt, no Performance-related Awards shall be granted to any Non-Executive Director eligible to participate in the Plan 2022.

An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred (other than to a Participant's personal representative, on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the approval of the Committee, that Award or Released Award shall immediately lapse.

3.7.3 Details of Awards

The Committee shall, in its absolute discretion, determine in relation to an Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the number of Shares which are the subject of the Award;
- (d) in the case of a Performance-related Award:
 - (i) the Performance Condition(s);
 - (ii) the Performance Period; and
 - (iii) the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
- (e) the Vesting Period(s), if any;
- (f) the Vesting Date(s), if any;
- (g) the Release Schedule, if any;
- (h) the Retention Period in relation to any or all of the Shares comprised in the Award, if any; and
- (i) any other condition which the Committee may determine in relation to that Award.

3.7.4 Events Prior to the Vesting Date

An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
- (b) subject to paragraphs 3.7.4(ii), 3.7.4(iv) and 3.7.4(v), where the Participant is a Group Employee or an Associated Company Employee, upon the Participant ceasing to be in the employment of the relevant company within the Group or the relevant Associated Company, as the case may be, for any reason whatsoever; or
- (c) upon an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purposes of paragraph 3.7.4(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

In any of the following events, namely:

- (i) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;

- (ii) where the Participant being a Group Employee or an Associated Company Employee, ceases to be in the employment of the relevant company within the Group or the relevant Associated Company, as the case may be, or, where the Participant being a Non-Executive Director, ceases to be a Non-Executive Director, as the case may be, by reason of:
 - (A) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (B) redundancy;
 - (C) retirement at or after the legal retirement age;
 - (D) retirement before the legal retirement age with the consent of the Committee;
 - (E) the company by which he is employed or in which he is a Non-Executive Director, ceasing to be a company within the Group or an Associated Company, as the case may be, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company, as the case may be;
 - (F) his transfer to any entity, body or corporation at the direction of the Company or, as the case may be, the relevant Associated Company; or
 - (G) (where applicable) his transfer of employment from the Group to an Associated Company or vice versa;
- (iii) where a Participant, being a Non-Executive Director, ceases to be a Non-Executive Director, for any reason whatsoever;
- (iv) the death of a Participant; or
- (v) any other event approved by the Committee,

then the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period (if any) and/or each Vesting Period (if any) and subject to the provisions of the Plan 2022. In exercising its discretion, the Committee will have regard to all relevant circumstances on a case-by-case basis, which may include (but are not limited to) the contributions made by the Participant, the proportion of the Vesting Period(s) which has (have) elapsed and, in the case of a Performance-related Award, the proportion of the Performance Period which has elapsed and the extent to which the Performance Condition(s) has (have) been satisfied.

Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with the Rules. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in the Rules.

3.7.5 Limitation on the Size of the Plan 2022

The total number of Shares which may be allotted and issued and/or delivered pursuant to Awards granted under the Plan 2022 on any date, when added to the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares delivered and/or to be delivered in respect of:

- (a) all Awards granted under the Plan 2022; and
- (b) all Shares, options or awards granted under any other share scheme of the Company then in force (if any),

shall not exceed 15 per cent. (or such other lower limit as the SGX-ST may determine from time to time) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant Award.

Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan 2022.

3.7.6 Duration of the Plan 2022

The Plan 2022 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 subject to compliance with any applicable laws and regulations, the Plan 2022 may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Plan 2022 may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan 2022 is so terminated, no further Awards shall be granted by the Committee hereunder.

The expiry or termination of the Plan 2022 shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

3.7.7 Operation of the Plan 2022

In determining whether to issue new Shares, deliver existing Shares held in treasury by the Company to Participants on Vesting of their Awards (which shall be determined by the Committee on or prior to the Vesting Date) and/or make a Release of an Award in cash rather than Shares (wholly or partly), the Company will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement. A determination by the Committee whether to issue new Shares, deliver existing Shares held in treasury by the Company to Participants and/or make a Release of an Award in cash may be made at any time prior to the Release of the relevant Award.

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

- (a) be subject to all the provisions of the Constitution; and

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

3.7.8 Cash Awards

The Committee may in its absolute discretion determine to make a Release of an Award (other than an Award granted to a Non-Executive Director as part of his directors' remuneration in lieu of cash), wholly or partly, in the form of cash rather than Shares which would otherwise have been Released to the Participant on the relevant Vesting Date, in which event the Company shall pay to the Participant as soon as practicable after such Vesting Date, in lieu of all or part of such Shares, the aggregate Market Value of such Shares on such Vesting Date.

3.7.9 Malus and Clawback

It is a condition of the grant and Vesting of each Award that none of the following exceptional circumstances had occurred or will occur at any time prior to the last day of the period within six (6) years following the Vesting Date(s), where applicable, (the "**Clawback Period**") in relation to a Participant:

- (a) the grant of, or the Release of Shares pursuant to, such Award had been based (wholly or partly) on materially inaccurate financial statements (irrespective of when such inaccuracy was discovered);
- (b) the Participant (or any subordinate over whom such Participant had, at the material time, oversight responsibilities) had, in the opinion of the Committee, at any time, engaged in conduct that:
 - (i) directly or indirectly caused, resulted in and/or contributed to, or is likely (in the opinion of the Committee) to cause, result in and/or contribute to (whether directly or indirectly):
 - (1) any financial loss or reputational harm to the Company, the Group and/or an Associated Company; and/or
 - (2) the need for a restatement of the financial statements to the Company, the Group and/or an Associated Company; and/or
 - (3) any adverse change in the risk profile or rating to the Company, the Group and/or an Associated Company; and/or
 - (ii) is otherwise detrimental to the Company, the Group and/or an Associated Company and/or the business conducted by any company within the Group and/or an Associated Company; or
- (c) the Participant had, at any time, engaged in any misconduct (including a breach of any laws of a country in which a company within the Group or an Associated Company operates) or committed any misfeasance, fraud or breach of trust or duty in relation to the Group, any company within the Group or an Associated Company, in each case as determined by the Committee in its sole discretion,

(each a "**Clawback Event**").

If, before the Vesting Date in respect of any Award, the Committee in its absolute discretion determines that a Clawback Event has or had occurred, then the Committee

may in its absolute discretion cancel all or part of that Award, to the extent not yet Released to the Participant.

If, after the Vesting Date in respect of any Award and at any time during the Clawback Period, the Committee in its absolute discretion determines that a Clawback Event has or had occurred in respect of the grant of an Award where Shares have been Released to a Participant, then the Company may, in its absolute discretion, exercise its right to clawback a sum equivalent to the aggregate Market Value of such Shares on the Vesting Date of the relevant Award.

3.8 **Adjustment Events and Modifications under the Plan 2022.**

3.8.1 Adjustment Events

If a variation in the total number of issued Shares (whether by way of a bonus issue or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the Company shall make a declaration of a special dividend (whether in cash or in specie), then the Committee may, in its sole discretion determine whether:

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

shall be adjusted and, if so, the manner in which such adjustments shall be made. The adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or 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.

Any adjustment (except in relation to a bonus 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.

3.8.2 Modifications

The Plan 2022 may be modified and/or altered at any time and from time to time by a resolution of the Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary. However, no modification or alteration shall adversely affect the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would become entitled to not less than three-quarters of the aggregate number of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards.

No alteration shall be made to the Rules which relate to matters contained in Rules 844 to 849 and Rules 853 to 854 of the Listing Manual to the advantage of Participants except

with the prior approval of Shareholders in general meeting.

3.9 **Disclosure in Annual Reports.** The following disclosures or appropriate negative statements (as applicable) will be made by the Company in its annual report for so long as the Plan 2022 continues in operation:

- (a) the names of the members of the Committee administering the Plan 2022;
- (b) in respect of the following Participants of the Plan 2022:
 - (i) Directors; and
 - (ii) Participants (other than Directors) who have received Shares pursuant to the Release of Awards granted under the Plan 2022 which, in aggregate, represent five (5) per cent. or more of the aggregate of the total number of new Shares available under the Plan 2022,

the following information:

- (1) the name of the Participant;
 - (2) the aggregate number of Shares comprised in Awards granted under the Plan 2022 to such Participant during the financial year under review;
 - (3) the aggregate number of Shares comprised in Awards granted under the Plan 2022 since the commencement of the Plan 2022 to the end of the financial year under review;
 - (4) the following particulars relating to Awards Released under the Plan 2022 since the commencement of the Plan 2022 to the end of the financial year under review:
 - (aa) the number of new Shares issued to such Participant during the financial year under review; and
 - (bb) the number of existing Shares transferred to such Participant during the financial year under review; and
 - (5) the aggregate number of Shares comprised in Awards under the Plan 2022 which are outstanding as at the end of the financial year under review; and
- (c) in relation to the Plan 2022, the following particulars:
- (i) the aggregate number of Shares comprised in Awards granted under the Plan 2022 since the commencement of the Plan 2022 to the end of the financial year under review;
 - (ii) the aggregate number of Shares comprised in Awards which have been Released under the Plan 2022 during the financial year under review and in respect thereof, the proportion of:
 - (A) new Shares issued; and
 - (B) existing Shares transferred and, where existing Shares were purchased for transfer, the range of prices at which such Shares have been purchased,

upon the Release of the Vested Awards granted under the Plan 2022; and

- (iii) the aggregate number of Shares comprised in Awards granted under the Plan 2022 which have not been Released as at the end of the financial year under review.

3.10 **Role and Composition of the Committee.** It is intended that the Remuneration Committee shall be the Committee designated to administer the Plan 2022. In compliance with the requirements of the Listing Manual, a Participant of the Plan 2022 who is a member of the Committee shall not be involved in any deliberation or decision in respect of Awards granted or to be granted to or held by that member of the Committee.

3.11 **Financial Effects of the Plan 2022.** Singapore Financial Reporting Standards (International) 2, Share-based payment ("**SFRS(I) 2**"), prescribes the accounting treatment for share-based payment transactions. Participants may receive Shares or their equivalent cash value, or combinations thereof. In the event that the Participants receive Shares, the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit and loss account over the period between the Award Date and the Vesting Date of an Award. The total amount of the charge over the Vesting Period is determined by reference to the fair value of each Award granted at the Award Date and the number of Shares vested at the Vesting Date, with a corresponding credit to reserve account.

The amount charged to the profit and loss account would be the same whether the Company settles the Awards using new Shares or existing Shares. The amount of the charge to the profit and loss account also depends on whether or not the performance target attached to an Award is a "market condition", that is, a condition which is related to the market price of the Shares. 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 Shares granted at the grant date, and no adjustments to amounts charged to the profit and loss account is made if the market condition is not met. On the other hand, if the performance target is not a market condition, the probability of the target being met is not taken into account in estimating the fair value of the Shares granted at the grant date. Instead, it is subsequently considered at each accounting date in assessing whether the Awards would vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to the profit and loss account if the Awards do not ultimately vest.

The financial effects of the Company granting Awards under the Plan 2022 are as follows:

3.11.1 Share Capital

The Plan 2022 will result in an increase in the Company's issued share capital only if new Shares are issued to Participants. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted, and the prevailing market price of the Shares on the SGX-ST or such other stock exchange on which the Shares may for the time being be listed or quoted. However, if existing Shares are purchased for delivery to Participants or if treasury shares are transferred and delivered to Participants in lieu of issuing new Shares, the Plan 2022 will have no impact on the Company's issued share capital.

3.11.2 NTA

The proposed Plan 2022 is likely to result in a charge to the Company's consolidated income statement over the period from the Award Date to the Vesting Date for the Awards. The amount of the charge will be computed in accordance with SFRS(I) 2. When new Shares are issued under the Plan 2022, there would be no effect on the NTA. However, if instead of issuing new Shares to the Participants under the Plan 2022, existing Shares are purchased and held as treasury shares for delivery to Participants, the NTA would be impacted by the cost of the Shares purchased.

It should be noted that the delivery of Shares to Participants under the proposed Plan 2022 will generally be contingent upon the Participants meeting prescribed Performance Conditions and/or service conditions or being recognised as having performed and made contributions to the Group or such other conditions, if any.

3.11.3 EPS

The Plan 2022 is likely to result in a charge to the Company's consolidated income statement over the period from the Award Date to the Vesting Date of the Awards. The amount of the charge will be computed in accordance with SFRS(I) 2.

It should again be noted that the delivery of Shares to Participants under the proposed Plan 2022 will generally be contingent upon the Participants meeting prescribed Performance Conditions and/or service conditions or being recognised as having performed and made contributions to the Group or such other conditions, if any.

3.11.4 Dilutive Impact

It is expected that any dilutive impact of the Plan 2022 on the NTA and EPS would not be significant.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The Directors who have an interest in Shares and in Options as at the Latest Practicable Date are as follows:

Directors	Direct		Deemed		Number of outstanding Options
	Number of Shares	% of total issued Shares ⁽¹⁾	Number of Shares	% of total issued Shares ⁽¹⁾	
Tay Siew Choon	1,037,500	0.15	-	-	750,000
Patrick Ng Bee Soon	34,962,037	5.01	-	-	-
Ng Bee Bee ⁽²⁾	-	-	408,375,002	58.47	-
Jane Kimberly Ng Bee Kiok ⁽³⁾	-	-	408,809,502	58.53	-

Directors	Direct		Deemed		Number of outstanding Options
	Number of Shares	% of total issued Shares ⁽¹⁾	Number of Shares	% of total issued Shares ⁽¹⁾	
Soh Ee Beng	150,000	0.02	-	-	150,000
Fong Yue Kwong	-	-	-	-	150,000

Notes:

- (1) Based on the total number of issued Shares (excluding treasury shares) of 698,456,325 Shares. The Company does not have any subsidiary holdings.
- (2) The deemed interests of Ms Ng Bee Bee comprise the shareholdings of BOS Trustee Limited held under nominee's account (207,000,000 Shares), Shares in the joint names of Mr Ng Han Whatt, Ms Jane Kimberly Ng Bee Kiok and Ms Ng Bee Bee (191,250,000 Shares) and Shares held by her nominees (10,125,002 Shares).
- (3) The deemed interests of Ms Jane Kimberly Ng Bee Kiok comprise the shareholdings of BOS Trustee Limited held under nominee's account (207,000,000 Shares), Shares in the joint names of Mr Ng Han Whatt, Ms Jane Kimberly Ng Bee Kiok and Ms Ng Bee Bee (191,250,000 Shares) and Shares held by her nominees (10,559,502 Shares).

The interests of the Company's Substantial Shareholder (who is not also a Director) in Shares and Options as at the Latest Practicable Date are as follows:

Substantial Shareholders	Direct		Deemed		Number of outstanding Options
	Number of Shares	% of total issued Shares ⁽¹⁾	Number of Shares	% of total issued Shares ⁽¹⁾	
Ng Han Whatt ⁽²⁾	6,750,000	0.97	420,700,037	60.23	-

Notes:

- (1) Based on the total number of issued Shares (excluding treasury shares) of 698,456,325 Shares. The Company does not have any subsidiary holdings.
- (2) The deemed interests of Mr Ng Han Whatt comprise the shareholdings of BOS Trustee Limited held under nominee's account (207,000,000 Shares), Shares in the joint names of Mr Ng Han Whatt, Ms Jane Kimberly Ng Bee Kiok and Ms Ng Bee Bee (191,250,000 Shares) and Shares held by his nominees (22,450,037 Shares).

5. ANNUAL GENERAL MEETING

The 30th AGM, notice of which is sent to shareholders solely by electronic means via publication on our corporate website and the SGX website, will be convened and held by way of electronic means on Friday, 22 April 2022 at 2.30 p.m. for the purpose of, *inter alia*, considering and if thought fit, passing with or without modifications, the resolutions on the Proposals as set out in the Notice of AGM.

6. DIRECTORS' RECOMMENDATIONS

- 6.1 **Proposed Adoption of the Share Buyback Mandate.** The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution No. 8 as set out in the Notice of AGM.
- 6.2 **Proposed Adoption of the Plan 2022.** Mr Patrick Ng Bee Soon, Ms Ng Bee Bee (who is also the only Executive Director) and Ms Jane Kimberly Ng Bee Kiok (collectively, the "**Non-Participating Directors**") are not eligible to participate in Plan 2022 as they are controlling shareholders and/or associates of controlling shareholders.

Save for the Non-Participating Directors, all the other Non-Executive Directors of the Company (the "**Eligible Non-Executive Directors**") are eligible to participate in, and are therefore interested in, the Plan 2022. Accordingly, all the Eligible Non-Executive Directors have refrained from making any recommendation as to how Shareholders should vote in respect of Ordinary Resolution No. 9 as set out in the Notice of AGM.

For the reasons set out in paragraph 3.3, the Non-Participating Directors are of the opinion that the proposed adoption of the Plan 2022 is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of Ordinary Resolution No. 9 as set out in the Notice of AGM.

7. ABSTENTION FROM VOTING

There will not be "live" electronic voting at the AGM. Shareholders who wish to have their votes cast at the AGM must appoint the Chairman of the AGM as their proxy. The Chairman of the AGM will not accept appointments as proxy for voting at the AGM in respect of Ordinary Resolution No. 9 unless specific instructions have been given in the proxy instrument on how the Shareholder(s) appointing him wish their votes to be cast for Ordinary Resolution No. 9.

Shareholders who are entitled to participate in the Plan 2022 (including the Eligible Non-Executive Directors) must abstain from voting at the AGM in respect of Ordinary Resolution No. 9 and the Company will disregard any votes cast in respect of Ordinary Resolution No. 9 by these Shareholders.

8. RESPONSIBILITY STATEMENT

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

9. DOCUMENTS FOR INSPECTION

Copies of the following are available for inspection at the registered office of the Company during normal business hours up to and including the date of the AGM:

- (a) the Constitution; and
- (b) the Rules.

Please contact info@panunited.com.sg and telephone number: +65 6305 7373 to make an appointment.

Yours faithfully
For and on behalf of the Board of Directors of
PAN-UNITED CORPORATION LTD

Tay Siew Choon
Chairman/Independent Director

SCHEDULE – DEFINITIONS

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

"2021 AGM"	: The AGM held on 30 April 2021
"2021 Share Buyback Mandate"	: The Share Buyback Mandate renewed at the 2021 AGM
"Adoption Date"	: The date on which the Plan 2022 is adopted by the Company in general meeting
"AGM"	: The annual general meeting of the Company
"Associated Company"	: A company in which at least 20 per cent. but not more than 50 per cent. of its shares are held by the Company or the Group and over whose management the Company has control
"Associated Company Employee"	: Any employee of an Associated Company (including any Associated Company Executive Director)
"Associated Company Executive Director"	: A director of an Associated Company who performs an executive function
"Auditors"	: The auditors of the Company for the time being
"Average Closing Market Price"	: Has the meaning ascribed to it in paragraph 2.3(d) of this Letter
"Award"	: A contingent award of Shares granted under the Plan 2022
"Award Date"	: In relation to an Award, the date on which the Award is granted pursuant to the Plan 2022
"Award Letter"	: A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee
"Board"	: The board of Directors
"CDP"	: The Central Depository (Pte) Limited
"Clawback Event"	: Has the meaning ascribed to it in paragraph 3.7.9 of this Letter
"Clawback Period"	: Has the meaning ascribed to it in paragraph 3.7.9 of this Letter
"Committee"	: A committee comprising Directors duly authorised and appointed by the Board to administer the Plan 2022
"Companies Act"	: The Companies Act 1967, as amended or modified from time to time
"Company" or "PUC"	: Pan-United Corporation Ltd
"day of making of the offer"	: Has the meaning ascribed to it in paragraph 2.3(d) of this Letter
"Director"	: A director of the Company for the time being

"Eligible Non-Executive Directors"	: All Non-Executive Directors of the Company, save for the Non-Participating Directors
"EGM"	: The extraordinary general meeting of the Company
"EPS"	: Earnings per Share
"Group"	: The Company and its Subsidiaries
"Group Employee"	: Any employee of the Company or an employee with the Group (including any Group Executive Director)
"Group Executive Director"	: A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
"Highest Last Dealt Price"	: Has the meaning ascribed to it in paragraph 2.3(d) of this Letter
"Latest Practicable Date"	: 5 April 2022, being the latest practicable date prior to the finalisation of this Letter
"Letter"	: This letter to Shareholders dated 6 April 2022.
"Listing Manual"	: The Listing Manual of the SGX-ST, as amended and modified from time to time
"Listing Rules"	: The listing rules of the SGX-ST as set out in the Listing Manual
"Market Purchases"	: Has the meaning ascribed to it in paragraph 2.3(c) of this Letter
"Market Value"	: In relation to a Share, on any day: <ul style="list-style-type: none"> (a) the volume-weighted average price of a Share on the SGX-ST over the three (3) immediately preceding Trading Days; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable
"Maximum Price"	: Has the meaning ascribed to it in paragraph 2.3(d) of this Letter
"NAV"	: Net asset value
"Non-Executive Director"	: A director of: <ul style="list-style-type: none"> (a) the Company and/or any of its subsidiaries, other than a Group Executive Director; or (b) an Associated Company, other than an Associated Company Executive Director.

<i>"Non-Participating Directors"</i>	: Mr Patrick Ng Bee Soon, Ms Ng Bee Bee and Ms Jane Kimberly Ng Bee Kiok
<i>"Notice of AGM"</i>	: The notice of AGM dated 6 April 2022
<i>"NTA"</i>	: Net tangible assets
<i>"Off-Market Purchases"</i>	: Has the meaning ascribed to it in paragraph 2.3(c) of this Letter
<i>"Option"</i>	: A share option to subscribe for new Shares granted pursuant to the Scheme 2002
<i>"Participant"</i>	: A Group Employee, a Non-Executive Director, or an Associated Company Employee who has been granted an Award
<i>"Plan 2022"</i>	: The proposed PUC Share Plan to be adopted by the Company
<i>"Performance-related Award"</i>	: An Award in relation to which a Performance Condition is specified
<i>"Performance Condition"</i>	: In relation to a Performance-related Award, the condition specified on the Award Date in relation to that Award
<i>"Performance Period"</i>	: In relation to a Performance-related Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition(s) is (are) to be satisfied
<i>"Proposals"</i>	: The proposed renewal of the Share Buyback Mandate and the proposed adoption of the Plan 2022
<i>"PATMI"</i>	: Profit after tax and non-controlling interests
<i>"Record Date"</i>	: The date as at the close of business on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
<i>"Registrar"</i>	: The Registrar of Companies
<i>"Release"</i>	: In relation to an Award, the release of all or some of the Shares to which that Award relates in accordance with the Plan 2022 and, to the extent that any Shares which are the subject of the Award are not released pursuant to the Plan 2022, the Award in relation to those Shares shall lapse accordingly and " Released " shall be construed accordingly
<i>"Release Schedule"</i>	: In relation to an Award, a schedule in such form as the Committee shall approve, in accordance with which Shares which are the subject of that Award shall be Released at the end of each Vesting Period
<i>"Released Award"</i>	: An Award which has been Released in full or in part in accordance with the Plan 2022
<i>"Relevant Period"</i>	: The period commencing from the date of the AGM being the date on which the Share Buyback Mandate is passed, if approved by the

	Shareholders and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier
<i>"Retention Period"</i>	: In relation to an Award, such period commencing on the Vesting Date in relation to that Award as may be determined by the Committee on the Award Date
<i>"Rules"</i>	: The rules of the Plan 2022.
<i>"Scheme 2002"</i>	: The Pan-United Share Option Scheme which was adopted by Shareholders on 19 April 2002, and as amended and extended on 19 April 2012
<i>"SFA"</i>	: The Securities and Futures Act 2001, as amended or modified from time to time
<i>"SFRS(I) 2"</i>	: Singapore Financial Reporting Standards (International) 2
<i>"SGX-ST"</i>	: Singapore Exchange Securities Trading Limited
<i>"Share Buyback"</i>	: Buyback of Shares by the Company pursuant to the Share Buyback Mandate
<i>"Share Buyback Mandate"</i>	: A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Letter as well as the rules and regulations set forth in the Companies Act and the Listing Rules
<i>"Shareholders"</i>	: Registered holders for the time being of the Shares (other than the CDP), or in the case of depositors, depositors who have Shares entered against their name in the Depository Register
<i>"Shares"</i>	: Ordinary shares in the share capital of the Company
<i>"Subsidiary"</i>	: A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Companies Act
<i>"subsidiary holdings"</i>	: Has the meaning ascribed to it under the Listing Manual
<i>"Substantial Shareholder"</i>	: A Shareholder who has an interest in one or more voting Shares in the Company, and the total votes attached to that Share, or those Shares, is not less than five (5) per cent. of the total votes attached to all the voting shares in the Company
<i>"Take-over Code"</i>	: The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<i>"Trading Day"</i>	: A day on which the Shares are traded on the SGX-ST
<i>"usage"</i>	: Has the meaning ascribed to it in paragraph 2.3(f)(iii) of this Letter
<i>"Vesting"</i>	: In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and " Vest " and " Vested " shall be construed accordingly

"Vesting Date" : In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares shall be Vested pursuant to the Rules

"Vesting Period" : In relation to an Award, a period or periods, the duration of which is to be determined by the Committee on the Award Date, the expiry of which the relevant number of Shares which are subject to the applicable period shall be Vested to the relevant Participant on the relevant Vesting Date, subject to the Rules.

"year" : Calendar year, unless otherwise stated

"S\$" and "cents" : Singapore dollars and cents, respectively

"%" or "per cent." : Percentage or per centum

The terms "*depositor*" and "*Depository Register*" shall have the meanings ascribed to them respectively in Part 3AA of the SFA.

The term "*Constitution*" shall have the meaning ascribed to it in the Companies Act.

The term "*associate*" and "*controlling shareholder*" shall have the meanings ascribed to them in the Listing Manual.

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

Any reference in this Letter 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 or any statutory modification thereof and used in this Letter shall have the meaning assigned to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be.

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