

**CIRCULAR DATED 13 APRIL 2005**

**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 or other professional adviser immediately.

If you have sold all your shares in the capital of Inno-Pacific Holdings Ltd ("the Company"), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any statement made, opinion expressed or report contained in this Circular.



## **INNO-PACIFIC HOLDINGS LTD**

(Company Registration No. 197301788K)  
(Incorporated in the Republic of Singapore)

### **CIRCULAR TO SHAREHOLDERS**

**in relation to:-**

- (1) THE PROPOSED INNO-PACIFIC SHARE OPTION SCHEME; AND**
- (2) THE PROPOSED INNO-PACIFIC PERFORMANCE SHARE SCHEME**

#### **IMPORTANT DATES AND TIMES:-**

Last date and time for lodgement of Proxy Form	:	27 April 2005 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	29 April 2005 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	:	70 Shenton Way #03-02 Marina House Singapore 079118

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## DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:-

“Associate”	:	shall have the meaning ascribed to it in the Listing Manual as amended from time to time
“Auditors”	:	The auditors of the Company for the time being
“Award”	:	A contingent award of Shares granted under the Inno-Pacific Performance Share Scheme
“Board”	:	The board of directors of the Company for the time being
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	A committee comprising Directors duly authorised and appointed by the Board to administer the Schemes
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company” or “Inno-Pacific”	:	Inno-Pacific Holdings Ltd
“Control”	:	The capacity to dominate a decision making, directly or indirectly in relation to the financial and operating policies of the Company
“Controlling Shareholder”	:	A person exercising control over the Company and unless rebutted, a person who controls directly or indirectly a shareholding of 15% or more of the Company’s issued share capital
“Director”	:	A person holding the office of a director for the time being of the Company and/or its subsidiaries, as the case may be
“EGM”	:	The Extraordinary General Meeting of the Company, notice of which is set out on page 49 of this Circular, to be held on 29 April 2005 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
“EPS”	:	Earnings per Share
“Group”	:	The Company together with its subsidiaries
“Group Executive”	:	Any employee of the Group (including any Group Executive Director) selected by the Committee to participate in the Inno-Pacific ESOS and/or the Inno-

	:	Pacific Performance Share Scheme in accordance with the provisions thereof
“Group Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Inno-Pacific Performance Share Scheme”	:	The proposed Inno-Pacific Performance Share Scheme, as modified or altered from time to time
“Inno-Pacific ESOS”	:	The proposed Inno-Pacific Share Option Scheme, as modified or altered from time to time
“Latest Practicable Date”	:	13 April 2005, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“New Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options granted under the Inno-Pacific ESOS and/or pursuant to the vesting of the Awards granted under the Inno-Pacific Performance Share Scheme
“Non-Executive Director”	:	A Director of the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director
“NTA”	:	Net tangible assets
“NTA per Share”	:	Net tangible assets of the Company divided by the number of issued Shares
“Options”	:	The right to subscribe for Shares granted or to be granted pursuant to the Inno-Pacific ESOS
“Participants”	:	The persons for the time being holding Options and/or who have been granted Awards
“Schemes”	:	The Inno-Pacific ESOS and the Inno-Pacific Performance Share schemes
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such shareholders, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares of \$0.01 each in the capital of the Company

“subsidiaries”	:	shall have the meaning ascribed to it by the Companies Act
“Trading day”	:	A day on which the Shares are traded on the SGX-ST
“%”	:	Percentage or per centum
“\$” and “cents”	:	Singapore dollars and cents respectively

The words “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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

Words importing persons include corporations.

Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any word defined under the Companies Act and used in this Circular shall have the meaning assigned to it under the Companies Act.

Any reference to a time of day in this Circular shall be a reference to Singapore time.

# INNO-PACIFIC HOLDINGS LTD

(Company Registration No. 197301788K)  
(Incorporated in the Republic of Singapore)

## Directors:-

Dato' Moehamad Izat Emir (*Non-Executive Chairman*)  
Wong Chin Yong (*Managing Director and Chief Executive Officer*)  
Quek Chek Lan (*Independent Director*)  
Phang Ian Cher Shen (*Non-Executive Director*)  
Ong Kah Hock (*Independent Director*)  
Lim Kok Hui (*Independent Director*)  
Tay Yong Hua (*Independent Director*)

## Registered Office:-

70 Shenton Way  
#03-02 Marina House  
Singapore 079118

Date : 13 April 2005

To : The Shareholders of Inno-Pacific Holdings Ltd

Dear Sir/Madam

## 1. INTRODUCTION

The Board of Directors of Inno-Pacific Holdings Ltd (the "Company") proposes to implement the following Schemes :-

- (a) the Inno-Pacific ESOS; and
- (b) the Inno-Pacific Performance Share Scheme.

This Circular sets out information relating to, and the reasons for, the proposals.

The approval of the Shareholders for the adoption of the Inno-Pacific ESOS and Inno-Pacific Performance Share Scheme will be sought at the Extraordinary General Meeting ("EGM") of the Company to be held on 29 April 2005 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.

## 2. THE INNO-PACIFIC SHARE-BASED INCENTIVE SCHEMES

### 2.1 Introduction

The Company proposes to implement share-based incentive schemes in order to :-

- (a) foster an ownership culture within the Group to build a stronger identification by the employee with the long-term prosperity of the Company and create value for the Shareholders of the Company;
- (b) motivate Participants to achieve performance targets and a high level of contribution to the Group;

- (c) attract and retain talented key executives and directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;
- (d) attract potential employees with the relevant skills to contribute to the Group; and
- (e) give recognition to the contribution made or to be made by the Non-Executive Directors to the success of the Group.

To achieve the above objectives, the Company seeks to implement the following Schemes:-

- (a) the Inno-Pacific ESOS; and
- (b) the Inno-Pacific Performance Share Scheme.

The provisions of the Schemes take into account the provisions of the Companies Act which allow share options granted to an employee of a company or its related corporation (including any director holding office in an executive capacity) to have validity periods of up to 10 years, and the guidelines issued by the SGX-ST on share option schemes.

The purpose of this Circular is to provide Shareholders with information relating to the Schemes and to seek the approval of Shareholders at the EGM.

The SGX-ST has granted approval in-principle for the listing and quotation of the New Shares to be issued pursuant to the Schemes. Admission of the New Shares to, and quotation of the New Shares on the Main Board of the SGX-ST are in no way reflective of the merits of the Company, the Group or the Schemes.

### **3. THE INNO-PACIFIC ESOS**

The following is a summary of the principal rules of the Inno-Pacific ESOS. The detailed rules of the Inno-Pacific ESOS are set out at Appendix I of this Circular.

#### **3.1 Eligibility**

The following persons shall be eligible to participate in the Inno-Pacific ESOS:-

- (a) Group Executives (including Group Executive Directors) who have been employed by the Company for at least one (1) year at the commencement of the Inno-Pacific ESOS, have attained the age of 21 years and who hold such rank as may be designated by the Committee from time to time; and
- (b) Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

Controlling Shareholders and their associates are not eligible to participate in the Inno-Pacific ESOS.

#### **3.2 Option Entitlements**

The selection of a Participant and the number of Shares comprised in Options to be offered to a Participant shall be determined at the absolute discretion of the Committee, who shall take into account criteria such as his rank, job performance, years of service, potential for future development and his contribution to the success and development of the Group.

### 3.3 Size and Duration of the Inno-Pacific ESOS

The total number of New Shares over which Options may be granted pursuant to the Inno-Pacific ESOS, when added to the number of New Shares issued and issuable in respect of all Options granted thereunder and all Awards granted under the Inno-Pacific Performance Share Scheme and/or under such other share-based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the issued share capital of the Company on the day preceding the relevant date of grant.

As at the Latest Practicable Date, fifteen per cent. (15%) of the issued capital of the Company is approximately 76,785,115 Shares.

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

Notwithstanding the expiry or termination of the Inno-Pacific ESOS, any outstanding Options held by Participants prior to such expiry or termination will continue to remain valid.

### 3.4 Grant of Options

Options may be granted, at the discretion of the Committee, at any time during the period when the Inno-Pacific ESOS is in force.

In the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the second Market Day after the date on which such announcement is released.

An Option may be granted subject to such conditions as may be determined by the Committee in its absolute discretion on the date of grant of that Option.

### 3.5 Acceptance of Offer

Options are personal to the persons to whom they are granted and may not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, without the prior approval of the Committee. An individual who wishes to accept Options granted to him should do so, by completing, signing and returning the relevant acceptance form accompanied by payment of a nominal consideration of \$1.00, within thirty (30) days from the date of such grant, failing which the offer shall automatically lapse.

### 3.6 Subscription Price

Subject to adjustments under the Inno-Pacific ESOS, the subscription price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, to be either :-

- (a) a price which is equal to the average of the last-dealt price for the Shares on the SGX-ST over the five (5) consecutive Trading Days immediately preceding the date of grant of that Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST (the "Market Price"), or such higher price as may be determined by the Committee in its absolute discretion; 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 twenty per cent. (20%) of the Market Price in respect of that Option.

The Subscription Price shall, in no event, be less than the nominal value of a Share.

The flexibility to grant Options with discounted subscription prices is intended, *inter alia*, to enable the Group to offer competitive compensation and incentive packages to attract and retain talent, having regard to prevailing market practices for the recruitment and retention of talent. Having the discretion to grant Options at a discount to the Market Price will also make the Company less vulnerable to market sentiments which may affect the price of its Shares and/or stock market volatility at the time that offers of the grant of Options are to be made.

### 3.7 Exercise of Options

Options with subscription prices which are equal to, or higher than, the Market Price may be exercised at anytime after one (1) year from the date of grant. An Option may be exercised in whole or in part and in accordance with a vesting schedule and the conditions (if any) to be determined by the Committee on the date of grant of the respective Options.

Options with subscription prices which represent a discount to the Market Price may be exercised at any time after two (2) years from the date of grant. An Option may be exercised in whole or in part and in accordance with a vesting schedule and the conditions (if any) to be determined by the Committee on the date of grant of the respective Options.

All Options granted pursuant to the Inno-Pacific ESOS have a life-span of ten (10) years for Options granted to Group Executives and Group Directors while those granted to Non-Executive Directors shall have a life-span of five (5) years.

Shares allotted and issued on the exercise of Options shall be subject to all the provisions of the Articles of Association of the Company, and shall rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions for which the record date falls before the date on which the Option is exercised.

Holders of the Shares shall undertake to the Company that they will not sell, realise, dispose of or transfer any part of their shareholdings in the Company for a period of 3 months commencing on the date the Shares are allotted and issued to them on the exercise of Options.

Special provisions relating to the lapsing or earlier exercise of Options apply in certain circumstances, including the following :-

- (a) the Participant ceasing to be in the employment of the Company or the Group or for any reason whatsoever;
- (b) the ill health, injury, disability or death of a Participant;
- (c) the bankruptcy of a Participant;
- (d) the misconduct of a Participant;
- (e) a take-over, winding-up or reconstruction of the Company;
- (f) a compromise or arrangement, proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies;
- (g) a members' solvent voluntary winding-up (other than for amalgamation or reconstruction) of the Company; or

- (h) if an order or an effective resolution is passed for the winding-up of the Company on the basis of its insolvency.

#### **4. INNO-PACIFIC PERFORMANCE SHARE SCHEME**

The following is a summary of the principal rules of the Inno-Pacific Performance Share Scheme. The detailed rules of the Inno-Pacific Performance Share Scheme are set out in Appendix II of this Circular.

##### **4.1 Eligibility**

The following persons, shall be eligible to participate in the Inno-Pacific Performance Share Scheme:-

- (a) Group Executives who have attained the age of 21 years on or before the Commencement Date;
- (b) Group Executive Directors; and
- (c) Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

Controlling Shareholders and their associates are not eligible to participate in the Inno-Pacific Performance Share Scheme.

##### **4.2 Awards**

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant achieving prescribed performance target(s). Awards are released once the Committee is satisfied that the prescribed performance target(s) have been achieved. There are no vesting periods beyond the performance achievement periods.

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Inno-Pacific Performance Share Scheme shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period.

The Committee shall decide, in relation to each Award to be granted to a Participant :-

- (a) the date on which the Award is to be vested;
- (b) the number of Shares which are the subject of the Award;
- (c) the prescribed performance target(s);
- (d) the performance period during which the prescribed performance target(s) are to be satisfied; and
- (e) the extent to which the Shares under that Award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period. No Shares under the Award shall be released for the portion of the prescribed performance target(s) that is not satisfied by the Participant at the end of the prescribed performance period.

Awards may be granted at any time in the course of a financial year. An Award letter confirming the Award and specifying, *inter alia*, in relation to the Award, the prescribed performance target(s) and the performance period during which the prescribed performance target(s) are satisfied, will be sent to each Participant as soon as reasonably practicable after the making of an Award.

Special provisions for the vesting and lapsing of Awards apply in certain circumstances, including the following :-

- (1) the termination of the employment of a Participant;
- (2) the ill health, injury, disability or death of a Participant;
- (3) the bankruptcy of a Participant;
- (4) the misconduct of a Participant;
- (5) the Participant, being a Non-Executive Director, ceasing to be a Director of the Company or the relevant subsidiary of the Company for any reason whatsoever; and
- (6) a take-over, winding-up or reconstruction of the Company.

#### 4.3 Size and duration of the Inno-Pacific Performance Share Scheme

The total number of New Shares which may be issued pursuant to Awards granted under the Inno-Pacific Performance Share Scheme, when added to the number of New Shares issued and issuable in respect of all Options granted under the Inno-Pacific ESOS shall not exceed fifteen per cent. (15%) of the issued share capital of the Company on the day preceding the relevant date of Award.

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

Notwithstanding the expiry or termination of the Inno-Pacific Performance Share Scheme, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

#### 4.4 Operation of the Inno-Pacific Performance Share Scheme

Subject to prevailing legislation and SGX-ST guidelines, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares, deemed to be fully paid upon their issuance and allotment. The financial effects of the delivery of Shares to Participants upon vesting of the Awards are discussed in Section 9 of this Circular.

New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

Holders of the New Shares shall undertake to the Company that they will not sell, realise, dispose of or transfer any part of their shareholdings in the Company for a period of 3 months commencing on the date the New Shares are allotted and issued to them on the release of Awards.

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

## **5. ADJUSTMENTS AND ALTERATIONS UNDER THE SCHEMES**

### **5.1 Variation of Capital**

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

- (a) (i) in the case of the Inno-Pacific ESOS, the subscription price for the Shares, the nominal amount, class and/or number of Shares comprised in an Option to the extent unexercised; and
- (ii) in the case of the Inno-Pacific Performance Share Scheme, the nominal amount, class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the nominal amount, class and/or number of Shares over which future Options may be granted under the Inno-Pacific ESOS or future Awards may be granted under the Inno-Pacific Performance Share Scheme,

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

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

In the case of the Inno-Pacific ESOS, no such adjustment shall be made if as a result, the subscription price shall fall below the nominal amount of a Share.

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

### **5.2 Modifications or Alterations to the Schemes**

Each of the rules of the respective Schemes may be modified and/or altered from time to time by a resolution of the Committee, subject to compliance with the Listing Manual and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Options or Awards granted prior to such modification or alteration except with the written consent of such number of Participants under the relevant Scheme who, if they exercised their Options in full or if their Awards were released to them, would thereby become entitled to not less than three-quarters in nominal amount of all the Shares which would be issued upon exercise in full of all outstanding Options or Awards under the relevant Scheme, as the case may be.

No alteration shall be made to the rules of any of the Schemes to the advantage of the holders of the Options or Awards, as the case may be, except with the prior approval of Shareholders in general meeting.

## 6. DISCLOSURES IN ANNUAL REPORTS

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Schemes continue in operation :-

- (a) the names of the members of the Committee administering the Schemes.
- (b) in respect of the following Participants of the Schemes :-
  - (i) Directors of the Company;
  - (ii) Controlling Shareholders and their Associates; and
  - (iii) Participants (other than those in paragraph (i) above) who have been granted Options under the Inno-Pacific ESOS and/or who have received Shares pursuant to the release of Awards granted under the Inno-Pacific Performance Share Scheme which, in aggregate, represent five per cent. (5%) or more of the aggregate of the total number of New Shares available under the Inno-Pacific ESOS and the Inno-Pacific Performance Share Scheme collectively,

the following information:-

- 1. name of the Participant;
  - 2. the following particulars relating to Options granted under the Inno-Pacific ESOS:-
    - (a) Options granted during the financial year under review (including terms);
    - (b) aggregate number of Shares comprised in Options granted since the commencement of the Inno-Pacific ESOS to the end of the financial year under review;
    - (c) aggregate number of Shares arising from Options exercised since the commencement of the Inno-Pacific ESOS to the end of the financial year under review; and
    - (d) aggregate number of Shares comprised in Options outstanding as at the end of the financial year under review; and
  - 3. total number of New Shares issued to such Participant under the Inno-Pacific ESOS and/or the Inno-Pacific Performance Share Scheme during the financial year under review.
- (c) The number and proportion of Shares comprised in Options granted under the Inno-Pacific ESOS during the financial year under review:-
    - (i) at a discount of ten per cent. (10%) or less of the Market Price in respect of the relevant Option; and

- (ii) at a discount of more than ten per cent. (10%) of the Market Price in respect of the relevant Option.
- (d) In relation to the Inno-Pacific Performance Share Scheme, the following particulars:-
  - (i) the aggregate number of Shares comprised in Awards vested since the commencement of the Inno-Pacific Performance Share Scheme to the end of the financial year under review;
  - (ii) the aggregate number of New Shares issued which are comprised in Awards vested during the financial year under review; and
  - (iii) the aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review.

## **7. ROLE AND COMPOSITION OF THE COMMITTEE**

The Remuneration Committee (the “RC”) of the Company will be designated as the Committee responsible for the administration of the Schemes, and will comprise Directors as may be nominated by the Board to administer the Schemes.

The RC oversees executive development in the Group with the aim of building capable and committed management teams, through focused management and progressive policies which can attract and retain a pool of talented executives to meet the current and future growth of the Group.

In compliance with the requirements of the Listing Manual, a Participant of the Scheme who is a member of the RC shall not be involved in its deliberations in respect of Options or Awards (as the case may be) to be granted to or held by that member of the RC.

## **8. RATIONALE FOR THE SCHEMES**

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

The purpose of adopting more than one share plan is to give the Company greater flexibility to align the interests of employees, especially key executives, with those of Shareholders. It is also intended that the Schemes will complement each other in its continuing efforts to reward, retain and motivate employees to achieve better performance. The Schemes will further strengthen the Company’s competitiveness in attracting and retaining employees, especially employees who have the requisite knowledge, technical skills and experience whom the Company believes could contribute to the development and growth of the Group.

Unlike Options granted under the Inno-Pacific ESOS, the Inno-Pacific Performance Share Scheme contemplates the award of fully-paid Shares to executives after the pre-determined performance target(s) has been achieved. The Inno-Pacific Performance Share Scheme is targeted at key executives who are in the best position to drive the growth of the Company through superior performance. The Company believes that with the Inno-Pacific Performance Share Scheme in place, it will be more effective than merely having pure cash bonuses in place to motivate executives to work towards determined goals.

In addition, Awards granted under the Inno-Pacific Performance Share Scheme differ from Options granted under the Inno-Pacific ESOS in that a vesting period is normally imposed for Options granted under the Inno-Pacific ESOS before the Options can be exercised, while such vesting period is not applicable to Awards granted under the Inno-Pacific Performance Share Scheme. A performance target based Award may be granted, for example, on the successful completion of a project and therefore, under the Inno-Pacific Performance Share Scheme, Participants are encouraged to continue serving the Group beyond the achievement date of the pre-determined performance targets. An Option may be granted, for example, as a supplement to the remuneration packages for employees. The Company believes that with both Schemes in place, it will strengthen and enhance the Company's ability in attracting and retaining suitable talents.

The Options and/or Awards given to a particular Participant under the Inno-Pacific ESOS and/or the Inno-Pacific Performance Share Scheme and the proportion of Shares under each Scheme will be determined at the discretion of the Committee, who will take into account factors such as the Participant's capability, scope of responsibility, skill and vulnerability to leaving the employment of the Group. In addition, the Committee will also consider the compensation and/or benefits to be given to the Participant under any or both of the Schemes as well as such other share-based incentive schemes of the Company, if any. As our Group is currently divided into different business units, the Committee may also set specific criteria and performance targets for each of such business unit, taking into account factors such as (i) the Company's and the Group's business goals and directions for each financial year; (ii) the Participant's actual job scope and duties; and (iii) the prevailing economic conditions. In determining the extent of discounts to be given for the Options, one of the considerations which the Committee will take into account will be the improvement in the EPS in each financial year. When deciding on the number of Shares to be awarded under a Scheme to a Participant at any time, the Committee will also take into consideration the number of Shares to be awarded to that Participant under the other Scheme at that time, if any.

The Schemes will complement each other and serve as an additional and flexible incentive tool. The number of New Shares to be issued under both the Schemes and/or such other share-based incentive schemes of the Company will be subject to the maximum limit of 15% of the Company's total issued share capital.

#### *Rationale for participation by Non-Executive Directors*

While the Schemes cater principally to Group Executives, it is recognised that there are other persons who make significant contributions to the Group through their close working relationships with the Group, even though they are not employed within the Group. Such persons include the non-executive members of the Company's Board.

Our Non-Executive Directors are persons from different professions and working backgrounds. The Company regards these persons as a valuable resource pool not only for which the Group is able to tap for business contacts and networking but also for their experiences and insights. As it may not always be possible to compensate such persons fully or appropriately solely by way of directors' fees, which currently is the Company's only means of remunerating them, the two Schemes will provide the Company with further means to give recognition to such persons for their special assistance and contribution.

We acknowledge that the contributions by our Non-Executive Directors cannot be measured in the same way as full-time employees of the Group because of the different nature of their contributions and services. The grant of Options and/or the vesting of Awards to them under the respective Schemes are intended only as a token of our Company's appreciation for their work. For the purpose of assessing the contributions of the Non-Executive Directors, the Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by the Non-Executive Directors within the Board. In addition, the Committee will also consider the scope of advice given, the number of contacts and size of deals which the

Company is able to procure from the contacts and recommendations of the Non-Executive Directors.

The performance of our Non-Executive Directors and hence the number of Options and/or Awards that will eventually be granted and/or vested will be dependent on (i) an evaluation of the criteria stated above; (ii) the financial performance of the Company and the Group as a whole; (iii) the prevailing market conditions at the time of grant and/or Award; and (iv) overall remuneration package of that Non-Executive Director. The Committee may also decide that only Options be granted to our Non-Executive Directors and no Awards shall be made in any financial year or no grant and/or Award may be made at all.

It is envisaged that the offer and grant of Options and/or the vesting of Awards, and hence the number of Shares to be delivered to our Non-Executive Directors based on the formula above will be relatively small, in terms of frequency and numbers. Based on this, our Directors are of the view that the participation by our Non-Executive Directors in the respective Schemes will not compromise their independent status.

## **9. FINANCIAL EFFECTS OF THE SCHEMES**

### **9.1 Share capital**

The Schemes will result in an increase in the Company's issued share capital when the Options are exercised into New Shares and when New Shares are issued to Participants pursuant to the grant of the Awards. This will in turn depend on, *inter alia*, the number of Shares comprised in the Options to be granted and the Awards, the vesting schedules under the Options and the prevailing market price of the Shares on the SGX-ST.

### **9.2 Net tangible assets**

Under the Inno-Pacific ESOS, the issue of New Shares upon the exercise of Options will increase the Company's consolidated NTA by the aggregate exercise price of the New Shares issued. On a per Share basis, the effect is accretive if the exercise price is above the NTA per Share but dilutive otherwise.

As described in Section 9.3 (Costs to the Company) below, the Inno-Pacific Performance Share Scheme will result in a charge to the Company's profit and loss account equal to the fair value at each date of grant and no impact to the consolidated NTA of the Company.

Nonetheless, it should be noted that the delivery of Shares to Participants of the Inno-Pacific Performance Share Scheme is contingent upon the Participants meeting prescribed performance targets and conditions. Accordingly, it would have resulted in significant added value to the Company's consolidated NTA before the Shares are delivered.

### **9.3 Costs to the Company**

#### **Inno-Pacific ESOS**

In accordance with the Singapore Financial Reporting Standards ("FRS") which our Company's accounting statements are currently drawn up to, the grant of Options under the Inno-Pacific ESOS will not result in a direct impact on our Company's cashflow as, in contrast with the payment of cash bonuses since no cash outlay would be expended by our Company or our Group at the time of the grant of the Options.

Share options have value because the option to buy a company's share for a fixed price during an extended future time period is a valuable right, even if there are restrictions attached to such an option.



The fair value of an Option is an estimate of the amount that a willing buyer would pay to a willing seller for the Option on the date of the grant. While the Options such as those to be granted under the Inno-Pacific ESOS are non-transferable and not traded on the SGX-ST, the application of such pricing models to Options granted pursuant to the Inno-Pacific ESOS would result in a fair value being attributed to those Options at the time of their grant.

Under the Inno-Pacific ESOS, a nominal consideration of \$1.00 is payable by each Participant for all Options granted to him at the date of the offer. Hence, where the Options are granted at a discount to the fair market value, there would be a cost to the Company, the implications whereof will depend on the number of Options granted and the extent of the discount to the market value of the Shares. It should be noted that the higher the discount to the fair market value, the higher will the cost be to our Company in respect of such Option. Subject as aforesaid, as and when Options are exercised, the cash inflow will add to the NTA of the Company and the share capital base will grow. Where Options are granted with subscription prices that are set at a discount to the market prices for the Shares prevailing at the time of the grant of such Options, the amount of the cash inflow to the Company on the exercise of such Options would be diminished by the quantum of the discount given, as compared with the cash inflow that would have been received by the Company had the Options been granted at the Market Price of the Shares prevailing at the time of the grant.

In accordance with FRS, Options granted under the Inno-Pacific ESOS need to be recognised as an expense. The expense will be based on the fair value of the Options at the date of grant and will be recognised over the vesting period.

Details of the number of the Options pursuant to the Inno-Pacific ESOS, the number of Options exercised and the exercise price (as well as any applicable discounts) will have to be disclosed in our annual report.

**Inno-Pacific Performance Share Scheme**

In accordance with FRS, Awards granted under the Inno-Pacific Performance Share Scheme need to be recognised as an expense. The expense will be based on the fair value of the Awards at each date of grant and recognised at each financial reporting date of the Company.

Although the Inno-Pacific Performance Share Scheme will have a dilutive impact on the Company’s consolidated EPS, it should be noted that the delivery of Shares to Participants of the Inno-Pacific Performance Share Scheme is contingent upon the Participants meeting prescribed performance targets and conditions.

**10. PREVIOUS SCHEME**

The Company had implemented a previous share option scheme known as the KFC Executives’ Share Option Scheme 1988 (the “1988 Scheme”) which was approved and adopted by shareholders on 28 June 1988. The 1988 Scheme was for a duration of 10 years and had expired on 27 June 1998.

Particulars of the 1988 Scheme are as follows:-

Total number of options granted	Number of participants	Any material conditions to which the options are subject
2,265,000	24	Nil

None of the participants exercised the options granted under the 1988 Scheme and accordingly no shares were allotted under the 1988 Scheme.

Details of options granted to directors under the 1988 Scheme are as follows:-

Director	Dates options were granted	Number of options granted
Cheam Tat Pang	20 July 1988 18 April 1989	50,000 295,000
Chong Teck Fook Thomas	18 April 1989	300,000
Gopinath Pillai	18 April 1989	300,000
Herman Ronald Hochstadt	18 April 1989	90,000

None of the Directors exercised the options granted to them under the 1988 Scheme and accordingly no shares were allotted to any of the Directors under the 1988 Scheme.

#### **11. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on page 49 of this Circular, will be held on 29 April 2005 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 modifications the ordinary resolutions set out in the Notice of EGM.

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

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not less than 48 hours before the time fixed for the EGM. The completion and lodgment of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

#### **13. DIRECTORS' RECOMMENDATIONS**

The Directors are all eligible to participate in, and are therefore, interested in the Schemes. Accordingly the Directors have abstained from making any recommendation in respect of the Schemes. In view of their being potential participants of the Schemes, all the Directors shall abstain from voting in respect of Ordinary Resolutions 1, 2 and 3 relating to the adoption of the Schemes and the grant of Options under the Inno-Pacific ESOS with discounted subscription prices. Additionally, all employees of the Group, other persons who will benefit or are likely to benefit from the implementation of the Schemes will abstain from voting at the EGM on Resolutions 1, 2 and 3 in respect of Shares respectively held by them.

In addition, the Company will procure persons who are eligible to participate in the Schemes to abstain from voting on Ordinary Resolutions 1, 2 and 3 relating to the adoption of the Schemes and the grant of Options under the Inno-Pacific ESOS with discounted subscription prices.

The Company will also procure that interested Directors and persons who are eligible to participate in the Schemes will decline to accept appointment as proxies for Shareholders to vote on Ordinary Resolutions 1, 2 and 3 relating to the adoption of the Schemes and the grant of Options under the Inno-Pacific ESOS with discounted subscription prices unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the relevant ordinary resolution(s).

**14. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by all Directors who collectively and individually accept responsibility for this Circular and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statement in this Circular misleading.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents may be inspected at the registered office of the Company at 70 Shenton Way #03-02 Marina House Singapore 079118 during normal business hours from the date hereof up to and including the date of the EGM:-

- (a) the Memorandum and Articles of Association of the Company;
- (b) the proposed rules of the Inno-Pacific ESOS and Inno-Pacific Performance Share Scheme; and
- (c) the annual report of the Company for the financial year ended 31 December 2003.

Yours faithfully,  
INNO-PACIFIC HOLDINGS LTD

Wong Chin Yong  
Managing Director and Chief Executive Officer

**RULES OF THE INNO-PACIFIC SHARE OPTION SCHEME**

**1. Name of the Scheme**

The Scheme shall be called the “Inno-Pacific Share Option Scheme”.

**2. Definitions**

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

“Act”	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Adoption Date”	The date on which the Scheme is adopted by the Company in general meeting
“Aggregate Subscription Cost”	The total amount payable for the Shares to be subscribed for on the exercise of an Option
“Auditors”	The auditors for the time being of the Company
“Board”	The board of directors of the Company for the time being
“CDP”	The Central Depository (Pte) Limited
“Committee”	A committee comprising directors of the Company, duly authorised, appointed and nominated by the Board pursuant to the Rules to administer the Scheme
“Company” or “Inno-Pacific”	Inno-Pacific Holdings Ltd, a company incorporated in Singapore
“Controlling Shareholder”	A shareholder who, in relation to the Company, has control
“CPF”	The Central Provident Fund
“Grantee”	A person to whom an offer of an Option is made.
“Group”	The Company together with its Subsidiaries
“Group Executive”	A full-time employee who has been employed by the Company or any member of the Group for a minimum of one (1) year and who is selected by the Committee to participate in the Scheme in accordance with Rule 4.1(a)
“Group Executive Director”	A Director who performs an executive function within the Group
“Incentive Option”	The right to subscribe for Shares granted to or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 8.2

“Listing Manual”	The Listing Manual of the SGX-ST
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Market Price Option”	The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 8.1
“Non-Executive Director”	A Director of the Company and/or its subsidiaries, as the case may be, other than an Executive Director
“Offering Date”	The date on which an Option is granted pursuant to Rule 6.1
“Option”	A Market Price Option or an Incentive Option, as the case may be
“Option Period”	Subject as provided in Rules 9 and 10 and any other additional conditions as may be introduced by the Committee from time to time, the period for the exercise of an Option being :- <ul style="list-style-type: none"> <li>(a) In the case of an Option granted to a Group Executive (other than Options granted to Non-Executive Directors), a period commencing after the first anniversary of the Offering Date and expiring on (and including) the date immediately preceding the tenth anniversary of the Offering Date or such other shorter period as is determined by the Committee; and</li> <li>(b) In the case of an Option granted to Non-Executive Directors, a period commencing after the first anniversary of the Offering Date and expiring on (and including) the date immediately preceding the fifth anniversary of the Offering Date or such other shorter period as is determined by the Committee</li> </ul>
“Participant”	The holder of an Option
“Rules”	The rules of the Scheme, as the same may be amended from time to time
“Scheme”	The Inno-Pacific Share Option Scheme, as modified or altered from time to time
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“Shareholders”	The registered holders of the Shares or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
“Shares”	Ordinary shares of \$0.01 each in the capital of the Company
“Subscription Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option as determined in accordance with Rule 8.1 in relation to a Market Price Option, and Rule 8.2 in relation to an Incentive Option
“%”	Percentage or per centum

“\$” or “S\$” Singapore dollars

2.2 For the purposes of the Scheme:-

- (a) in relation to a Shareholder (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (b) unless rebutted, a person who holds directly or indirectly, a shareholding of 15% or more of the Company’s issued share capital shall be presumed to be a Controlling Shareholder; and
- (c) in relation to a Controlling Shareholder, his “associate” shall have the meaning ascribed to it by the Singapore Exchange Securities Trading Limited Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST (as modified, supplemented or amended from time to time).

2.3 The terms “Depositor” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.

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

2.5 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.

2.6 Any reference to a time of day shall be a reference to Singapore time.

2.7 Any reference in the Scheme 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 or any statutory modification thereof and used in the Scheme shall have the meaning assigned to it under the Companies Act.

### 3. Objectives

The Scheme is a share incentive scheme. The purpose of the Scheme is to provide an opportunity for Group Executives and Directors of the Group, including the Non-Executive Directors to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance. The Scheme is proposed on the basis that it is important to acknowledge the contribution, which is essential to the well-being and performance of the Group made by these categories of persons. The Company, by adopting the Scheme, will give these categories of persons a real and meaningful stake in the Company and will help to achieve the following objectives:-

- (a) the motivation of Participants to optimise performance standards and efficiency and to maintain a high level of contribution;
- (b) the retention of key employees whose contributions are important to the long term growth and performance of the Group;
- (c) the attainment of harmonious employer/staff relations, as well as the strengthening of working relationships with the Group’s close business associates; and

- (d) the development of a participatory style of management which promotes greater commitment and dedication amongst the employees and instills loyalty and a stronger sense of identification with the long term prosperity of the Group.

#### **4. Eligibility**

- 4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the Scheme at the absolute discretion of the Committee:-
  - (a) Group Executives who have attained the age of 21 years on or before the Offering Date;
  - (b) Group Executive Directors; and
  - (c) Non-Executive Directors.
- 4.2 Persons who are Controlling Shareholders and their associates shall not be eligible to participate in the Scheme.
- 4.3 For the purposes of paragraph 4.1(a) above, the secondment of a Group Executive to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.4 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by the Company or any other company within the Group.
- 4.5 Subject to the Companies Act and any requirements of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee.

#### **5. Limitations under the Scheme**

- 5.1 The aggregate number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of all Options granted under the Scheme (including such other Shares issued under such other share-based incentive schemes of the Company) shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company on the day preceding that date.
- 5.2 The number of Shares comprised in Market Price Options or, as the case may be, Incentive Options, to be offered to any Grantee in accordance with the Scheme shall be determined at the absolute discretion of the Committee, who shall take into account, in respect of a Group Executive, criteria such as rank, past performance, years of service and potential for future development of that Group Executive and the performance of the Company.

#### **6. Date of Grant**

- 6.1 The Committee may, subject as provided in Rule 12, grant Options at any time, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Options may only be granted on or after the second Market Day from the date on which the aforesaid announcement is released.
- 6.2 The Letter of Offer to grant the Option shall be in, or substantially in, the form set out in Schedule A, subject to such modification including, but not limited to, imposing restrictions on

the number of Options that may be exercised within particular sections of the relevant Option Period, as the Committee may from time to time determine.

## **7. Acceptance of Options**

- 7.1 An Option shall be personal to the Participant to whom it is granted and 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, unless with the prior approval of the Committee.
- 7.2 The closing date for the acceptance for the grant of any Option under this Rule 7 shall not be less than thirty (30) days and no later than 5.00 p.m. on the thirtieth (30) day from the Offering Date of that Option. The grant of an Option must be accepted by completing, signing and returning the Acceptance Form in, or substantially in, the form set out in Schedule B, subject to such modification as the Committee may from time to time determine, accompanied by payment of \$1.00 as consideration.
- 7.3 If a grant of an Option is not accepted in the manner as provided in Rule 7.2, such offer shall, upon the expiry of the Acceptance Period, automatically lapse and become null, void and of no effect.

## **8. Subscription Price**

- 8.1 Subject to any adjustment pursuant to Rule 12, the Subscription Price for each Share in respect of which a Market Price Option is exercisable shall be at a price (the "Market Price") equal to the average of the last dealt prices for the Shares on the SGX-ST over the five (5) consecutive Trading Days immediately preceding the Offering Date of that Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices.
- 8.2 Subject to any adjustment pursuant to Rule 12, the Subscription Price for each Share in respect of which an Incentive Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at a price which is set at a discount to the Market Price (as determined in accordance with Rule 8.1), provided that:-
- (a) the maximum discount shall not exceed twenty per cent. (20%) of the Market Price. In determining the quantum of such discount, the Committee shall take into consideration such criteria as the Committee may, in its absolute discretion, deem appropriate including but not limited to:-
    - (i) the performance of the Company and the Group;
    - (ii) the individual performance of the Participant; and
    - (iii) the contribution of the Participant to the success and development of the Company and/or the Group; and
  - (b) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of Options under the Scheme at such discount for the duration of the Scheme), rounded up to the nearest whole cent.



- 8.3 In no event shall the Subscription Price be less than the nominal value of a Share. Where the Subscription Price (as determined under Rule 8.1 or, as the case may be, Rule 8.2) is less than the nominal value of a Share, the Subscription Price shall be the nominal value.

## **9. Rights to exercise Options**

- 9.1 Subject as provided in this Rule 9 and Rule 10 and any other conditions as may be introduced by the Committee from time to time, each Option shall be exercisable, in whole or in part, during the Option Period as follows:-

- (a) in the case of a Market Price Option, a period commencing after the first anniversary of the Offering Date and expiring on the tenth (10<sup>th</sup>) anniversary of such Offering Date; and
- (b) in the case of an Incentive Option, a period commencing after the second anniversary of the Offering Date and expiring on the tenth (10<sup>th</sup>) anniversary of such Offering Date.

Provided Always that an Option shall be exercised, in the case where the Participant is a Group Executive or Group Executive Director, before the end of one hundred and twenty (120) months of the Offering Date or where the Participant is a Non-Executive Director, sixty (60) months from the Offering Date.

- 9.2 In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the Scheme until such time as it shall lapse in accordance with the Scheme.

- 9.3 An Option shall, to the extent unexercised, immediately lapse without any claim against the Company:-

- (a) subject to Rules 9.4 and 9.5, upon the Participant ceasing to be in the full-time employment of the Group, as the case may be, for any reason whatsoever; or
- (b) upon 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 such Option; or
- (c) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion; or
- (d) in the event that the Committee shall, at its discretion, deem it appropriate that such Option granted to a Participant shall so lapse on the grounds that any of the objectives of the Scheme (as set out in Rule 3) have not been met.

For the purpose of Rule 9.3(a), the Participant shall be deemed to have ceased to be so employed as of the earlier of the date the notice of resignation of employment or the cessation of his employment/appointment with the Group, as the case may be. For the avoidance of doubt, no Option shall lapse pursuant to Rule 9.3(a) in the event of any transfer of employment of a Participant within any company in the Group.

- 9.4 In any of the following events, namely:-

- (a) where the Participant ceases to be employed by the Group by reason of his:-
  - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
  - (ii) redundancy;

- (iii) retirement at or after the legal retirement age; or
  - (iv) retirement before the legal retirement age with the consent of the Committee,
- (b) or any other reason approved in writing by the Committee, he may exercise any unexercised Option :-
- (i) in the case where the cessation of employment or cessation to be a director, as the case may be, occurs after the first day of the Option Period in respect of such Option, within a period of eighteen (18) months after the date of such cessation of employment or such cessation to be a director, as the case may be, or before the expiry of the Option period in respect of that Option, whichever is earlier, and upon the expiry of such period the Option shall lapse; and
  - (ii) in the case where the cessation of employment or cessation to be a director, as the case may be, occurs before the first day of the Option Period in respect of such Option, within the period of 18 months after the first day of the Option period in respect of that Option, and upon expiry of such period the Option shall lapse.

9.5 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the discretion of the Committee, be exercised by the duly appointed personal representatives of the Participant :-

- (a) in the case where the death occurs after the first day of the Option Period in respect of such Option, within a period of eighteen (18) months after the date of such cessation of employment or such cessation to be a director, as the case may be, or before the expiry of the Option period in respect of that Option, whichever is earlier, and upon the expiry of such period the Option shall lapse; and
- (b) in the case where the death occurs before the first day of the Option Period in respect of such Option, within the period of 18 months after the first day of the Option period in respect of that Option, and upon expiry of such period the Option shall lapse.

## **10. Take-over and winding up of the Company**

10.1 Notwithstanding Rule 9 but subject to Rule 10.5, in the event of a take-over being made for the Shares, a Participant (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled to exercise in full or in part any Option held by him and as yet unexercised, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:-

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Option Period relating thereto); or
- (b) the date of expiry of the Option Period relating thereto,

whereupon the Option then remaining unexercised shall lapse and become null and void.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date,

the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 9, remain exercisable until the expiry of the Option Period relating thereto.

- 10.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled, notwithstanding Rule 9 but subject to Rule 10.5, to exercise any Option then held by him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon the Option shall lapse and become null and void.
- 10.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 10.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 10.4) and thereupon, each Participant (or his personal representatives) shall be entitled to exercise all or any of his Options at any time no later than two (2) business days prior to the proposed general meeting of the Company, by giving notice in writing to the Company, accompanied by a remittance for the Aggregate Subscription Cost whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.
- 10.5 If in connection with the making of a general offer referred to in Rule 10.1 or the scheme referred to in Rule 10.2 or the winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 10.
- 10.6 To the extent that an Option is not exercised within the periods referred to in this Rule 10, it shall lapse and become null and void.

## **11. Exercise of Options**

- 11.1 An Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in, or substantially in, the form set out in Schedule C, subject in each case to such modification as the Committee may from time to time determine. Such notice must be accompanied by a remittance for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, the relevant documentation required by the Committee and the Aggregate Subscription Cost.

- 11.2 All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 11.3 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Memorandum and Articles of Association of the Company, the Company shall, within ten (10) Market Days after the exercise of an Option, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.
- 11.4 The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.
- 11.5 Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 11.6 Shares allotted and issued on exercise of an Option shall be subject to all the provisions of the Memorandum and Articles of Association of the Company, and shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant exercise date of the Option, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 11.7 Holders of the Shares shall undertake to the Company that they will not sell, realise, dispose of or transfer any part of their shareholdings in the Company for a period of 3 months commencing on the date the Shares are allotted and issued to them on the exercise of Options.
- 11.8 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.

## **12. Variation of Capital**

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

- (a) the Subscription Price for the Shares, the nominal amount, class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the nominal amount, class and/or number of Shares over which Options may be granted under the Scheme,

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

12.2 Unless the Committee considers an adjustment to be appropriate:-

- (a) the issue of securities as consideration for an acquisition or a private placement of securities; or

- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

12.3 Notwithstanding the provisions of Rule 12.1:

- (a) no such adjustment shall be made:
  - (i) if the Subscription Price shall fall below the nominal amount of a Share and if such adjustment would, but for this paragraph (a), result in the Subscription Price being less than the nominal amount of a Share, the Subscription Price payable shall be the nominal amount of a Share; or
  - (ii) if as a result, the Participant receives a benefit that a Shareholder does not receive; and
  - (iii) unless the Committee after considering all relevant circumstances considers it equitable to do so;
- (b) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

12.4 Any increase in the issued share capital of the Company as a consequence of the exercise of the Options issued from time to time by the Company entitling holders thereof to subscribe for new Shares in the capital of the Company (including the exercise of any Options granted pursuant to this Scheme) or through any other share-based incentive schemes implemented by the Company will also not be regarded as a circumstance requiring adjustment.

12.5 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Subscription Price thereafter in effect and the nominal value, class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

### **13. Administration of the Scheme**

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

13.2 The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit including, but not limited to, imposing restrictions on the number of Options that may be exercised within particular sections of the relevant Option Period.

13.3 Any decision of the Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the quantum of discount applicable to an Incentive Option pursuant to Rule 8.2 or to disputes as to the interpretation of the Scheme or any rule, regulation, procedure thereunder or as to any rights under the Scheme).

#### 14. Notices and Annual Report

- 14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 14.3 The Company shall disclose the following in its annual report:-
- (a) the names of the members of the Committee administering the Scheme; and
  - (b) the information required in the table below for the following participants:-
    - (i) Directors of the Company;
    - (ii) An appropriate statement that none of the Controlling Shareholders and their associates were issued Options and/or had received Shares issued pursuant to the Scheme during the financial year under review;
    - (iii) Participants, other than those in (i) above, who receive five per cent. (5%) or more of the total number of options available under the Scheme:-

Name of Participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review

- (c) the number and proportion of options granted at a discount during the financial year under review, such information to be disclosed in respect of every ten per cent. (10%) discount range, up to twenty per cent. (20%); and
- (d) such other information as may be required by the Listing Manual or the Companies Act.

#### 15. Modifications to the Scheme

- 15.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby

become entitled to not less than three-quarters in nominal amount of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;

- (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of Shareholders in general meeting; and
- (c) no modification or alteration shall be made without due compliance with the Listing Manual, and such other regulatory authorities as may be necessary.

15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the rules or provisions of the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

#### **16. Terms of employment unaffected**

The terms of employment of a Participant (who is a Group Executive) shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

#### **17. Duration of the Scheme**

17.1 The 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 Adoption Date, provided always that the Scheme 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.

17.2 The Scheme may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company thereunder.

17.3 The termination of the Scheme shall not affect Options which have been granted and accepted as provided in Rule 7.2, whether such Options have been exercised (whether fully or partially) or not.

#### **18. Taxes**

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant.

#### **19. Costs and Expenses**

19.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank (collectively, the "CDP Charges").

19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

**20. Disclaimer of liability**

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 11.4.

**21. Disputes**

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

**22. Condition of Option**

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

**23. Governing law**

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



**INNO-PACIFIC SHARE OPTION SCHEME**

**LETTER OF OFFER  
(MARKET PRICE OPTION/INCENTIVE OPTION)**

Serial No. : \_\_\_\_\_

Date : \_\_\_\_\_

**Private & Confidential**

To: [Name]  
[Designation]  
[Address]

Dear Sir/Madam

We have the pleasure of informing you that, pursuant to the Inno-Pacific Share Option Scheme (the "Scheme"), you have been nominated by the Committee (the "Committee") appointed by the Board of Directors of Inno-Pacific Holdings Ltd (the "Company") to participate in the Scheme. Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, in consideration of the payment of a sum of \$1.00, an offer is hereby made to grant you a [Market Price/Incentive] Option (the "Option"), to subscribe for and be allotted \_\_\_\_\_ Shares at the price of \$ \_\_\_\_\_ for each Share.

**\* If you accept the offer, the Option Period and the number of Shares comprised in the Option which are exercisable will be as follows :-**

Option Period	Option exercisable in respect of the number of Shares comprised in the Option
From _____ to _____	(i) up to _____ %
From _____ to _____	(ii) up to _____ % (including (1) above)
After _____	(iii) 100%

The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Committee duly authorised and appointed to administer the Scheme.

The Option shall be subject to the rules of the Scheme, a copy of which is enclosed herewith.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of \$1.00 not later than 5.00 p.m. on \_\_\_\_\_, failing which this offer will lapse and shall thereafter be null and void.

Yours faithfully  
For and on behalf of  
Inno-Pacific Holdings Ltd

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Name :  
Designation:

*\*Conditions (if any) to be attached to the exercise of the Option will be determined by the Committee at its absolute discretion.*

**INNO-PACIFIC SHARE OPTION SCHEME**

**ACCEPTANCE FORM  
(MARKET PRICE OPTION/INCENTIVE OPTION)**

Serial No : \_\_\_\_\_

[Date]

To: The Committee  
 Inno-Pacific Share Option Scheme  
 Inno-Pacific Holdings Ltd  
 70 Shenton Way  
 #03-02 Marina House  
 Singapore 079118

Closing Time and Date for Acceptance of Offer	_____
Number of Shares offered	_____
Subscription Price for each Share	S\$ _____
Total Amount Payable (exclusive of the relevant CDP charges)	S\$ _____

I have read your Letter of Offer dated \_\_\_\_\_ and agree to be bound by the terms of the Letter of Offer and the Scheme referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the [Market Price/Incentive] Option to subscribe for \_\_\_\_\_ Shares at \$ \_\_\_\_\_ for each Share and enclose cash for \$1.00 in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificate(s) with CDP, my securities account with CDP, or my securities sub-account with a CDP Depository Agent (as the case may be) (collectively, the "CDP Charges").

I agree to keep all information pertaining to the grant of the Option to me confidential.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

**Please Print in Block Letters**

Name in full : \_\_\_\_\_  
Designation : \_\_\_\_\_  
Address : \_\_\_\_\_  
Nationality : \_\_\_\_\_  
NRIC/Passport\* No. : \_\_\_\_\_  
Signature : \_\_\_\_\_  
Date : \_\_\_\_\_

*\*Delete accordingly*

**Notes:-**

1. The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential"; and
3. The Participant shall be informed by the Company of the relevant CDP Charges payable at the time of the exercise of an Option.

**INNO-PACIFIC SHARE OPTION SCHEME**  
**FORM OF EXERCISE OF OPTION**  
**(MARKET PRICE OPTION/INCENTIVE OPTION)**

Total number of ordinary shares of S\$0.01 each (the "Shares") offered at S\$ \_\_\_\_\_ for each Share (the "Subscription Price") under the Scheme on \_\_\_\_\_ (Offering Date) \_\_\_\_\_

Number of Shares previously allotted thereunder \_\_\_\_\_

Outstanding number of Shares to be allotted thereunder \_\_\_\_\_

Number of Shares now to be subscribed \_\_\_\_\_

To: The Committee  
 Inno-Pacific Share Option Scheme  
 Inno-Pacific Holdings Ltd  
 70 Shenton Way  
 #03-02 Marina House  
 Singapore 079118

1. Pursuant to your Letter of Offer dated \_\_\_\_\_ and my acceptance thereof, I hereby exercise the [Market Price/Incentive] Option to subscribe for \_\_\_\_\_ Shares in Inno-Pacific Holdings Ltd (the "Company") at S\$\_\_\_\_\_ for each Share.

2. I request the Company to allot and issue the said Shares referred to in paragraph 1 above in the name of The Central Depository (Pte) Limited (the "Depository") to the credit of my securities account with the Depository or my securities sub-account with a Depository Agent specified below and to deliver the share certificate(s) relating thereto to the Depository. I further agree to bear such fees or other charges as may be imposed by the Depository and any stamp duty payable in respect thereof:-

\*(i) Direct Securities Account No. : \_\_\_\_\_

\*(ii) Securities Sub-Account No. : \_\_\_\_\_

Name of Depository Agent : \_\_\_\_\_

3. I enclose a \*cheque/cashier's order/banker's draft/postal order no. \_\_\_\_\_ for S\$ \_\_\_\_\_ in payment for the subscription of \$\_\_\_\_\_ for the total number of the said Shares and the CDP charges of \$\_\_\_\_\_.

4. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Inno-Pacific Share Option Scheme and the Memorandum and Articles of Association of the Company.

5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

**Please print in block letters**

Name in full : \_\_\_\_\_  
Designation : \_\_\_\_\_  
Address : \_\_\_\_\_  
Nationality : \_\_\_\_\_  
NRIC/Passport\* No. : \_\_\_\_\_  
Signature : \_\_\_\_\_  
Date : \_\_\_\_\_

*\* Delete accordingly*

**Note:-**

The form entitled "Form of Exercise of Option" must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".

## RULES OF THE INNO-PACIFIC PERFORMANCE SHARE SCHEME

### 1. Name of the Scheme

The Scheme shall be called the “Inno-Pacific Performance Share Scheme”.

### 2. Definitions

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

“Act”	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Adoption Date”	The date on which the Scheme is adopted by the Company in general meeting
“Awards”	The contingent award of Shares under the Scheme
“Auditors”	The auditors for the time being of the Company
“Board”	The board of directors of the Company for the time being
“CDP”	The Central Depository (Pte) Limited
“Commencement Date”	The date for the commencement of the Scheme
“Committee”	A committee comprising directors of the Company, duly authorised, appointed and nominated by the Board pursuant to the Rules to administer the Scheme
“Company” or “Inno-Pacific”	Inno-Pacific Holdings Ltd, a company incorporated in Singapore
“Controlling Shareholder”	A shareholder who, in relation to the Company, has control
“CPF”	The Central Provident Fund
“Group”	The Company together with its subsidiaries
“Group Executive”	A full-time employee who has been employed by the Company or any member of the Group for a minimum of one (1) year and who is selected by the Committee to participate in the Scheme in accordance with Rule 4.1(a)
“Group Executive Director”	A Director who performs an executive function within the Group
“Listing Manual”	The Listing Manual of the SGX-ST
“Market Day”	A day on which the SGX-ST is open for trading of securities

“New Shares”	The new Shares which may be issued and allotted from time to time pursuant to the vesting of the Awards granted under the Scheme
“Non-Executive Director”	A Director of the Company and/or its subsidiaries, as the case may be, other than an Executive Director
“Participant”	A person who is selected by the Committee to participate in the Scheme in accordance with these provisions
“Performance Targets”	The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the Scheme
“Rules”	The rules of the Scheme, as the same may be amended from time to time
“Scheme”	The Inno-Pacific Performance Share Scheme, as modified or altered from time to time
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“Shareholders”	The registered holders of the Shares or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
“Shares”	Ordinary shares of \$0.01 each in the capital of the Company
“%”	Percentage or per centum
“\$” or “S\$”	Singapore dollars

2.2 For the purposes of the Scheme:-

- (a) in relation to a Shareholder (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (b) unless rebutted, a person who holds directly or indirectly, a shareholding of 15% or more of the Company’s issued share capital shall be presumed to be a Controlling Shareholder; and
- (c) in relation to a Controlling Shareholder, his “associate” shall have the meaning ascribed to it by the Singapore Exchange Securities Trading Limited Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST (as modified, supplemented or amended from time to time).

2.3 The terms “Depositor” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.

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

2.5 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.



- 2.6 Any reference to a time of day shall be a reference to Singapore time.
- 2.7 Any reference in the Scheme 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 or any statutory modification thereof and used in the Scheme shall have the meaning assigned to it under the Companies Act.

### **3. Objectives**

The purpose of the Scheme is to provide an opportunity for Group Executives and Directors, who have met the Performance Targets to be enumerated not just through cash bonuses but also by an equity stake in the Company. The Scheme is also extended to Non-Executive Directors.

The Company believes that the retention of outstanding employees within the Group is paramount to the Group's long-term objective of pursuing continuous growth and expansion in its business and operations. The Group also acknowledges that it is important to preserve financial resources for future business developments and to withstand difficult times. As such, one of the Group's strategies is to contain the remuneration of its employees and executives which is a major component of the Group's operating costs.

The Scheme is formulated with those objectives in mind. It is hoped that through the Scheme, the Company would be able to remain an attractive and competitive employer and better able to manage its fixed overhead costs without compromising on performance standards and efficiency.

### **4. Eligibility**

- 4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the Scheme at the absolute discretion of the Committee:-
- (a) Group Executives who have attained the age of 21 years on or before the Commencement Date;
  - (b) Group Executive Directors; and
  - (c) Non-Executive Directors.
- 4.2 Persons who are Controlling Shareholders and their associates shall not be eligible to participate in the Scheme.
- 4.3 For the purposes of paragraph (a) above, the secondment of a Group Executive to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.4 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by the Company or any other company within the Group.
- 4.5 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee.

## **5. Limitations under the Scheme**

- 5.1 The aggregate number of Shares to be delivered pursuant to the vesting of the Awards on any date, when added to the number of Shares issued and issuable in respect of such other Shares issued and/or issuable under such other share-based incentive schemes of the Company shall not exceed fifteen per cent.(15%) of the issued Shares of the Company on the day preceding that date.
- 5.2 Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied that the Participant has achieved the Performance Targets.

## **6. Date of Grant**

The Committee may grant Awards at any time during the financial year of the Company, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

## **7. Awards**

- 7.1 Awards are personal to the Participant to whom it is given and 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, unless with the prior approval of the Committee.
- 7.2 Once an Award is finalised by the Committee, the Committee shall send an Award letter to the Participant confirming the said Award. The said Award letter shall specify *inter alia*, the following :-
- (a) the Performance Target(s) for the Participant;
  - (b) the performance period during which the Performance Target(s) shall be satisfied;
  - (c) the date on which the Award shall be vested; and
  - (d) the date on which the Shares comprised in the Award shall be released to the Participant.

## **8. Vesting of the Awards**

- 8.1 Notwithstanding that a Participant may have met his Performance Targets, no Awards shall be made:-
- (a) upon 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 such Award; or
  - (b) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion; or
  - (c) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the Scheme (as set out in Rule 3) have not been met.

8.2 A Participant shall be entitled to the New Shares under an Award so long as he has met the Performance Targets notwithstanding that he may have ceased to be employed by the Company after the fulfillment of such Performance Targets. For the purpose of this Rule 8.2, the Participant may cease to be so employed in any of the following events, namely :-

- (a) through 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; or
- (e) any other reason, the cessation of employment is approved by the Committee.

Save as provided and for the avoidance of doubt, the New Shares under an Award shall nevertheless be released to a Participant for as long as he has fulfilled his Performance Targets and notwithstanding a transfer of his employment within any company in the Group or any apportionment of Performance Targets within any company within the Group.

8.3 If a Participant has fulfilled his Performance Targets but dies before the New Shares under an Award are released, the New Shares under the Award shall in such circumstances be given to the personal representatives of the Participant.

## **9. Take-over and winding up of the Company**

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to the New Shares under the Awards if he has met the Performance Targets which falls within the period commencing on the date on which such offer for a take-over of the Company is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:-

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the last date on which the Performance Targets are to be fulfilled); or
- (b) the date of expiry of the period for which the Performance Targets are to be fulfilled.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Participant shall be obliged to fulfil such Performance Target until the expiry of such specified date or the expiry date of the Performance Target relating thereto, whichever is earlier, before the New Shares can be released to him .

9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, notwithstanding Rule 9 but subject to Rule 9.5, to any New Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

- 9.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that New Shares may have not been released to the Participants shall be deemed or become null and void.
- 9.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the New Shares under the Awards shall be released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Targets prior to the date that the members' voluntary winding-up shall be deemed to have been commenced or effective in law.
- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no Award shall be made in such circumstances.

## **10. Shares**

- 10.1 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Memorandum and Articles of Association of the Company, the Company shall, within ten (10) Market Days after the vesting of an Award, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.
- 10.2 The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.
- 10.3 Shares which are the subject of an Award shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 10.4 Shares issued and allotted upon the vesting of an Award shall be subject to all the provisions of the Memorandum and Articles of Association of the Company, and shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 10.5 Holders of the Shares shall undertake to the Company that they will not sell, realise, dispose of or transfer any part of their shareholdings in the Company for a period of 3 months commencing on the date the Shares are allotted and issued to them upon the vesting of Awards.
- 10.6 The Company shall keep available sufficient unissued Shares to satisfy the delivery of the Shares pursuant to vesting of the Awards.

## **11. Variation of Capital**

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

- (a) the nominal amount, class and/or number of Shares comprised in an Award; and/or
- (b) the nominal amount, class and/or number of Shares which may be granted under the Scheme,

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

11.2 Unless the Committee considers an adjustment to be appropriate:-

- (a) the issue of securities as consideration for an acquisition or a private placement of securities; or
- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

11.3 Notwithstanding the provisions of Rule 11.1:-

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

11.4 Any increase in the issued share capital of the Company as a consequence of the delivery of Shares pursuant to the vesting of Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company will also not be regarded as a circumstance requiring adjustment.

11.5 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the nominal value, class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

## **12. Administration of the Scheme**

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

12.2 The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit including, but not limited to:-

- (a) imposing restrictions on the number of Awards that may be vested within each financial year;
- (b) amending Performance Targets if by so doing, it would be a fairer measure of performance for a Participant or for the Scheme as a whole.

12.3 Any decision of the Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested) or to disputes as to the interpretation of the Scheme or any rule, regulation, procedure thereunder or as to any rights under the Scheme).

**13. Notices and Annual Report**

13.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.

13.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.

13.3 The Company shall disclose the following in its annual report:-

- (a) the names of the members of the Committee administering the Scheme; and
- (b) the information required for the following participants:-
  - (i) Directors of the Company;
  - (ii) An appropriate statement that none of the Controlling Shareholders and their associates had received Shares issued pursuant to the Scheme during the financial year under review;
  - (iii) Group Executives, other than those in (i) who received Shares pursuant to the vesting of the Awards granted under the Scheme which, in aggregate, represent five per cent. (5%) or more of the aggregate of the total number of New Shares available under the Scheme;
  - (iv) In respect of each Participant who received Shares, the number of Shares issued to him during the financial year under review;
  - (v) Total number of Shares under the Scheme :-

Name of Participant	Aggregate number of Shares comprised in Awards from commencement of Scheme to the end of financial year under review	Proportion of Shares comprised in Awards which have vested during financial year under review	Number of Shares comprised in Awards not released during financial year under review
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- (c) such other information as may be required by the Listing Manual or the Companies Act.

#### **14. Modifications to the Scheme**

- 14.1 Any or all the provisions of the 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 would be to the advantage of Participants under the Scheme shall be subject to the prior approval of Shareholder in general meeting; and
  - (b) no modification or alteration shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.
- 14.2 The Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the rules or provisions of the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 14.3 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Participants.

#### **15. Terms of employment unaffected**

The terms of employment of a Participant (who is a Group Executive) shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

#### **16. Duration of the Scheme**

- 16.1 The 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 Adoption Date, provided always that the Scheme 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.
- 16.2 The Scheme may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Awards shall be vested by the Company thereunder.
- 16.3 The termination of the Scheme shall not affect Awards which have been vested, whether such Shares have been delivered or not.

#### **17. Taxes**

All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the Scheme shall be borne by that Participant.

#### **18. Costs and expenses**

- 18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the

Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank (collectively, the "CDP Charges").

- 18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

**19. Disclaimer of liability**

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the New Shares on the SGX-ST in accordance with Rule 10.2.

**20. Disputes**

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

**21. Condition of Awards**

Every Award shall be subject to the condition that no Shares would be issued pursuant to the vesting of any Award if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

**22. Governing law**

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



## **INNO-PACIFIC HOLDINGS LTD**

(Company Registration No. 197301788K)

(Incorporated in the Republic of Singapore)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held on 29 April 2005 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 modifications the following resolutions as ordinary resolutions:-

#### **ORDINARY RESOLUTIONS**

##### **Resolution 1**

##### Inno-Pacific Share Option Scheme

That :-

- (a) a new share option scheme to be known as the "Inno-Pacific Share Option Scheme" (the "Inno-Pacific ESOS"), the details and rules whereof are set out in the Circular to Shareholders dated 13 April 2005, under which options ("Options") will be granted to selected employees of the Company, including Directors of the Company, and other selected participants, to subscribe for shares of \$0.01 each in the capital of the Company (the "Shares"), be and is hereby approved;
- (b) the Directors of the Company be and are hereby authorised:
  - (i) to establish and administer the Inno-Pacific ESOS;
  - (ii) to modify and/or amend the Inno-Pacific ESOS from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Inno-Pacific ESOS and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Inno-Pacific ESOS; and
- (c) the Directors of the Company be and are hereby authorised to offer and grant Options in accordance with the provisions of the Inno-Pacific ESOS and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Options under the Inno-Pacific ESOS, provided that the aggregate number of Shares to be issued pursuant to the Inno-Pacific ESOS and the Inno-Pacific Performance Share Scheme (as defined in Resolution 3) shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company from time to time.

##### **Resolution 2**

##### Grant of Options at a Discount to the Market Price under the Inno-Pacific ESOS

That, subject to and contingent upon the passing of Resolution 1 above, approval be given for Options to be granted under the Inno-Pacific ESOS with subscription prices which are subject to a discount to the market price for the Shares prevailing as at the date of grant of the respective Options (as determined in accordance with the rules of the Inno-Pacific ESOS), provided that the maximum

discount which may be given in respect of any Option shall not exceed twenty per cent. (20%) of the relevant market price in respect of that Option.

### **Resolution 3**

#### Inno-Pacific Performance Share Scheme

That :-

- (a) a new performance share scheme to be known as the "Inno-Pacific Performance Share Scheme" (the "Inno-Pacific Performance Share Scheme"), the details and rules whereof are set out in the Circular to Shareholders dated 13 April 2005, under which awards ("Awards") of fully-paid Shares will be issued free of charge, to selected employees of the Company, including Directors of the Company, and other selected participants, be and is hereby approved;
- (b) the Directors of the Company be and are hereby authorised:-
  - (i) to establish and administer the Inno-Pacific Performance Share Scheme;
  - (ii) to modify and/or amend the Inno-Pacific Performance Share Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Inno-Pacific Performance Share Scheme and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Inno-Pacific Performance Share Scheme; and
- (c) the Directors of the Company be and are hereby authorised to offer and grant Awards in accordance with the provisions of the Inno-Pacific Performance Share Scheme and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the Awards under the Inno-Pacific Performance Share Scheme, provided that the aggregate number of Shares to be issued pursuant to the Inno-Pacific ESOS (as defined in Resolution 1) and the Inno-Pacific Performance Share Scheme shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company from time to time.

By Order of the Board

Irene Liu  
Company Secretary  
Singapore, 13 April 2005

Notes:-

1. *A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy (or in the case of a corporation, appoint its authorised representative or proxy) to attend and vote in his stead.*
2. *A proxy need not be a member of the Company.*
3. *The Proxy Form must be lodged at the Company's registered office at 70 Shenton Way #03-02 Marina House Singapore 079118 not less than 48 hours before the time fixed for holding the Meeting.*

**INNO-PACIFIC HOLDINGS LTD**  
 (Company Registration No. 197301788K)  
 (Incorporated in the Republic of Singapore)

**IMPORTANT**

1. For investors who have used their CPF monies to buy shares in the capital of Inno-Pacific Holdings Ltd, this report is forwarded to them at the request of their CPF Approved Nominees and is sent 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  
 FOR EXTRAORDINARY GENERAL MEETING**

I/We, \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of **INNO-PACIFIC HOLDINGS LTD** hereby appoint:-

Name	Address	NRIC/ Passport No	No of shares Represented (%)

and/or

Name	Address	NRIC/Passport No	No of shares Represented (%)

or failing \*him/her, the Chairman of the meeting as \*my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on 29 April 2005 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 Meeting as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion, as \*he/they will on any other matter arising at the Meeting.

No.	ORDINARY RESOLUTIONS	For	Against
1	Adoption of the Inno-Pacific Share Option Scheme (the "Inno-Pacific ESOS")		
2	Grant of options under the Inno-Pacific ESOS at a discount to market price		
3	Adoption of the Inno-Pacific Performance Share Scheme		

*(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)*

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
 Signature of Shareholder(s)/Common Seal of Corporate Shareholder

\* Delete where applicable

**IMPORTANT : PLEASE READ NOTES OVERLEAF**

**NOTES:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), 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 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 member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 70 Shenton Way #03-02 Marina House Singapore 079118, not less than 48 hours before the time set for the meeting.
4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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 officer or attorney duly authorised.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) 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 which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
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 entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Ltd to the Company.