

CIRCULAR DATED 11 APRIL 2014

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this Circular or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred your shares (“**Shares**”) in the capital of InnoTek Limited (“**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred your Shares represented by physical share certificate(s), you should immediately forward this Circular and the attached Proxy Form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer, for onward transmission to the purchaser or the transferee.

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



CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED ADOPTION OF THE INNOTEK EMPLOYEES' SHARE OPTION SCHEME 2014**
- (2) THE PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS UNDER THE 2014 SCHEME AT A DISCOUNT**
- (3) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	26 April 2014 at 9.45 a.m.
Date and time of Extraordinary General Meeting	:	28 April 2014 at 9.45 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting to be held at 9.30 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	The Casuarina Suite A Level 3, Raffles Hotel 1 Beach Road Singapore 189673

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DEFINITIONS

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

- “2000 Scheme”** : The InnoTek Employees’ Share Option Plan (formerly known as the Magnecomp Employees’ Share Option Plan) which was adopted by the Company on 18 September 2000 and which terminated in February 2006
- “2008 Scheme”** : The InnoTek Employees’ Share Option Scheme II which was adopted by Shareholders at an extraordinary general meeting of the Company held on 30 April 2008
- “2008 Scheme Committee”** : The committee comprising Directors duly authorised and appointed by the Board to administer the 2008 Scheme
- “2013 AGM”** : The annual general meeting of the Company held on 29 April 2013
- “2014 Scheme”** : The InnoTek Employees’ Share Option Scheme 2014, as modified or altered from time to time
- “2014 Scheme Committee”** : A committee comprising Directors duly authorised and appointed by the Board to administer the 2014 Scheme
- “Articles”** : The Articles of Association of the Company
- “Associate”** : (a) In relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) In relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board”** : The board of directors of the Company
- “CDP”** : The Central Depository (Pte) Limited
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “Company”** : InnoTek Limited
- “Control”** : The capacity to dominate decision making, directly or indirectly in relation to the financial and operating policies of the Company

“Controlling Shareholder”	: A person who (a) holds directly or indirectly fifteen per cent. (15%) or more of the aggregate number of issued Shares (excluding Treasury Shares) (unless otherwise determined by the SGX-ST), or (b) in fact exercises Control over the Company
“Date of Grant”	: The date on which an Option is granted to a Participant pursuant to the Rules of the 2014 Scheme
“Director”	: A person holding the office of a director of the Company for the time being
“EGM”	: The Extraordinary General Meeting of the Company, notice of which is set out on pages 39 to 41 of this Circular, to be held on 28 April 2014 at 9.45 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting to be held at 9.30 a.m. on the same day and at the same place)
“EPS”	: Earnings per Share
“Grantee”	: A person to whom an offer of an Option is made
“Group”	: The Company together with its Subsidiaries
“Independent Director”	: An independent director of the Company
“Latest Practicable Date”	: 1 April 2014, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The listing manual of the SGX-ST, as amended, modified and/ or supplemented from time to time
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“Market Price”	: A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five (5) consecutive Market Days immediately preceding the Date of Grant of an Option, as determined by the 2014 Scheme 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
“Non-Executive Director”	: A director of the Company and/or any of its Subsidiaries, as the case may be, who does not perform an executive function
“Notice of EGM”	: The notice of EGM set out on pages 39 to 41 of this Circular
“NTA”	: Net tangible assets
“Offer Date”	: The date on which an offer to grant an Option is made pursuant to the 2014 Scheme
“Option”	: An option granted under the 2014 Scheme
“Participant”	: A person who is selected by the 2014 Scheme Committee to participate in the 2014 Scheme in accordance with Rule 4 of the 2014 Scheme
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SGX-ST”	: The Singapore Exchange Securities Trading Limited

“Shareholders”	: Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the persons named as Depositors in the Depository Register maintained by CDP and whose Securities Accounts are credited with those Shares
“Shares”	: Ordinary shares in the capital of the Company
“Share Purchase Mandate”	: The proposed mandate to enable the Company to purchase or otherwise acquire its issued Shares
“Share Purchases”	: The purchase or acquisition of issued Shares by the Company in accordance with the Companies Act
“Subsidiaries”	: Shall have the meaning ascribed to it by Section 5 of the Companies Act
“Take-over Code”	: The Singapore Code on Take-overs and Mergers
“Treasury Shares”	: Shares which are purchased by the Company in circumstances in which Section 76H of the Companies Act applies and have been held by the Company continuously since the Treasury Shares were so purchased
“%”	: percentage or per centum
“\$” and “cents”	: Singapore dollars and cents respectively

The terms **“Depositor”**, **“Depository Agent”** 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 and *vice versa*.

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

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

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

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

References to persons shall, where applicable, include corporations and limited liability partnerships.

INNOTEK LIMITED
(Company Registration No.: 199508431Z)
(Incorporated in the Republic of Singapore)

LETTER TO SHAREHOLDERS

Directors:

Robert S. Lette (Non-Executive and Independent Chairman)
Yong Kok Hoon (Executive Director)
Peter Tan Boon Heng (Independent Director)
Steven Chong Teck Sin (Independent Director)

Registered Office:

1 Finlayson Green #15-02
Singapore 049246

11 April 2014

To: The Shareholders of InnoTek Limited

Dear Sir / Madam

- (1) THE PROPOSED ADOPTION OF THE INNOTEK EMPLOYEES' SHARE OPTION SCHEME 2014**
- (2) THE PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OPTIONS UNDER THE 2014 SCHEME AT A DISCOUNT**
- (3) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

1. INTRODUCTION

- 1.1 The Directors propose to convene an EGM to be held on 28 April 2014 to seek Shareholders' approval for:
 - (a) the proposed adoption of the InnoTek Employees' Share Option Scheme 2014;
 - (b) the proposed grant of authority to offer and grant Options under the 2014 Scheme at a discount; and
 - (c) the proposed renewal of the Share Purchase Mandate.
- 1.2 The purpose of this Circular is to provide Shareholders with information on, as well as the rationale for, the abovementioned proposals which will be tabled at the EGM.
- 1.3 The SGX-ST takes no responsibility for the accuracy of the statements made, opinions expressed or reports contained in this Circular.

2. THE INNOTEK EMPLOYEES' SHARE OPTION SCHEME 2014

2.1 Background

On 30 April 2008, the Company adopted an employees' share option scheme known as the "InnoTek Employees' Share Option Scheme II" ("**2008 Scheme**") to replace the 2000 Scheme.

The rules of the 2008 Scheme provided that the 2008 Scheme would continue to be in force at the discretion of the 2008 Scheme Committee, subject to a maximum period of five (5) years commencing on the first date on which an option is granted under the 2008 Scheme.

As the first options granted under the 2008 Scheme were on 10 March 2009, the 2008 Scheme accordingly expired on 9 March 2014 and the 2008 Scheme Committee can no longer grant further options under the 2008 Scheme. However, the rules of the 2008 Scheme will continue to govern the outstanding options granted under the 2008 Scheme. Please refer to paragraph 2.2 of this Circular for further details on the Company's previous share schemes.

The Company is seeking the approval of Shareholders at the EGM to adopt a new employees' share option scheme to be known as the "InnoTek Employees' Share Option Scheme 2014", to replace the 2008 Scheme.

2.2 Details of Previous Share Schemes

2.2.1 2008 Scheme

As mentioned above, the 2008 Scheme had expired on 9 March 2014. However, the terms of the 2008 Scheme continue to apply to options that have been granted under the 2008 Scheme and which remain outstanding. The full rules of the 2008 Scheme were set out in Appendix 1 to the circular to Shareholders dated 15 April 2008, which is available on the website of the SGX-ST.

As at the Latest Practicable Date, an aggregate of 3,188,000 Shares were issued and allotted pursuant to the exercise of options under the 2008 Scheme and options in respect of a further 6,000,000 Shares are still outstanding. Options were granted to an aggregate of approximately 108 participants under the 2008 Scheme. The 2008 Committee had exercised its discretion under the 2008 Scheme to impose certain performance-linked conditions on some of the options granted.

The following are details of options granted under the 2008 Scheme to Directors:

<u>Name of Director</u>	<u>Date of Grant</u>	<u>No. of Shares comprised in Options granted</u>	<u>No. of Shares comprised in Options exercised</u>	<u>No. of Shares comprised in Options outstanding</u>
Yong Kok Hoon	10 March 2009	490,000	490,000	-
Yong Kok Hoon	23 May 2013	2,000,000	-	2,000,000

No options were granted under the 2008 Scheme to participants who are Controlling Shareholders and their Associates.

2.2.2 2000 Scheme

The 2000 Scheme was terminated in February 2006. All the options which were granted under the 2000 Scheme have already lapsed.

2.3 Rationale for the 2014 Scheme

The 2008 Scheme expired in March 2014 and the Company is proposing to adopt the 2014 Scheme to replace the 2008 Scheme.

The 2014 Scheme will provide eligible Participants with an opportunity to participate in the equity of the Company as well as to motivate them towards better performance through increased loyalty and dedication to the Company. The 2014 Scheme, which forms an integral and important component of a remuneration and compensation plan, is designed to primarily reward and retain executive directors and employees whose services are crucial to the Group's well-being, development and success.

By implementing the 2014 Scheme, the Company will continue to be able 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 2014 Scheme will continue to enhance 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.

2.4 Summary of the Rules of the 2014 Scheme

The following is a summary of the principal terms of the 2014 Scheme and is qualified in its entirety by reference to the more detailed information of the 2014 Scheme as set out in the Rules of the 2014 Scheme in the Appendix to this Circular.

2.4.1 Size of the 2014 Scheme

The maximum total number of Shares in respect of which Options may be granted under the 2014 Scheme, when added to:

- (i) the number of new Shares issued and issuable in respect of all options granted under the 2008 Scheme; and
- (ii) the number of Treasury Shares delivered in respect of Options and options granted under the 2008 Scheme,

shall not exceed fifteen per cent. (15%) of the issued share capital of the Company (excluding Shares held by the Company as Treasury Shares) from time to time.

The size of the 2014 Scheme is intended to accommodate the potential pool of Participants arising from a broad base of eligible Participants, and to support the use of Options in the Company's overall long-term compensation strategy. The Company is of the view that the size of the 2014 Scheme is reasonable, after taking into account the issued share capital of the Company, the contributions by its Directors and employees, the number and potential increase in number of employees and the grant of the Options over the duration of the 2014 Scheme. In order for the 2014 Scheme to achieve its objective, the 2014 Scheme must be of a sufficient size to allow an adequate number of Options to be issued to existing and future Directors and employees.

The number of Options offered must also be significant enough to constitute a meaningful reward for contribution to the Group. However, this does not mean that the 2014 Scheme Committee will issue Options up to the prescribed limit. The 2014 Scheme Committee will exercise its discretion in deciding the number of Options to be granted to each employee, which will depend on, *inter alia*, the employee's performance and value to the Group.

2.4.2 Eligibility

Under the Rules of the 2014 Scheme, employees of the Group (including Directors) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date, are not undischarged bankrupts at the relevant time, shall be eligible to participate in the 2014 Scheme at the absolute discretion of the 2014 Scheme Committee.

Non-Executive Directors (including Independent Directors) will not be eligible to participate in the 2014 Scheme.

Controlling Shareholders and their Associates will not be eligible to participate in the 2014 Scheme.

2.4.3 Maximum Entitlement

The aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the 2014 Scheme shall be determined at the absolute discretion of the 2014 Scheme Committee.

In reaching its decisions, the 2014 Scheme Committee shall take into account, where applicable, criteria such as rank, past performance, years of service and potential contribution of the Grantee.

2.4.4 Grant of Options

The 2014 Scheme Committee may offer to grant Options to Grantees at any time during the period when the 2014 Scheme is in force, except that no Options shall be granted during the period commencing two (2) weeks before the announcement of the Company's quarterly financial statements and one (1) month before the announcement of the Company's full-year financial statements. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers to grant Options may only be made on or after the second (2nd) Market Day from the date on which such announcement is made.

2.4.5 Acceptance of Options

An Option offered to a Grantee shall be accepted by the Grantee within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the thirtieth (30th) day from such Offer Date by completing, signing and returning the relevant acceptance form accompanied by payment of S\$1.00

as consideration. If a grant of an Option is not accepted in the foregoing manner, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.

The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 1,000 Shares.

2.4.6 Exercise Price

Subject to any adjustments, the exercise price for each Share shall be determined by the 2014 Scheme Committee, in its absolute discretion, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount for each Share shall not exceed twenty per cent. (20%) of the Market Price (or such other percentage or amount as may be determined by the 2014 Scheme Committee and permitted by the SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grant of Shares under the 2014 Scheme at a discount not exceeding the specified maximum discount.

2.4.7 Exercise Period and Exercise of Options

Options granted with the exercise price set at the Market Price shall only be exercisable after the first (1st) anniversary of the Date of Grant of such Option whereas Options granted with the exercise price set at a discount to the Market Price shall only be exercisable after the second (2nd) anniversary of the Date of Grant of such Option.

An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by giving the relevant written exercise notice to the Company accompanied by a remittance for the full amount of the aggregate exercise price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the 2014 Scheme Committee may require.

Special provisions in the 2014 Scheme dealing with the lapse or earlier exercise of Options apply in certain circumstances, including but not limited to (a) the termination of the Participant's employment in the Group; (b) the misconduct or bankruptcy of the Participant; (c) the death of the Participant; (d) a take-over of the Company; or (e) the winding-up of the Company, are set out in the Rules of the 2014 Scheme.

2.4.8 Rights of Shares Acquired

Shares allotted and issued and/or transferred upon the exercise of an Option shall be subject to all provisions of the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights (including voting rights), allotments or other distributions, the record date for which is prior to the date such Option is exercised.

2.4.9 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, distribution or otherwise) shall take place, the exercise price, class and/or number of Shares comprised in the Option to the extent unexercised and/or the number and/or class of shares over which Options may be granted under the 2014 Scheme shall be adjusted by the 2014 Scheme Committee in its sole and absolute discretion. Notwithstanding the foregoing, any determination by the 2014 Scheme 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 of the Company for the time being (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable. No such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

Unless the 2014 Scheme Committee considers an adjustment to be appropriate, the following shall not be regarded as a circumstance requiring adjustment:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (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;
- (c) the issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; and
- (c) the increase in the number of issued Shares as a consequence of the exercise of options or other convertibles 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 the 2014 Scheme).

2.4.10 Administration of the 2014 Scheme

The 2014 Scheme shall be administered by the 2014 Scheme Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the 2014 Scheme Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

The 2014 Scheme Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the 2014 Scheme) for the implementation and administration of the 2014 Scheme as they think fit including, but not limited to:

- (a) imposing restrictions on the number of Options that may be granted within each financial year; and
- (b) amending performance targets if by so doing, it would be a fairer measure of performance for a Participant or for the 2014 Scheme as a whole.

The 2014 Scheme Committee shall further have the power, from time to time, to impose additional conditions (not being inconsistent with the 2014 Scheme) in respect of the exercise of any Options granted to a Participant pursuant to the 2014 Scheme.

2.4.11 Duration of the 2014 Scheme

The 2014 Scheme shall continue to be in force at the discretion of the 2014 Scheme Committee, subject to a maximum period of five (5) years commencing on the first Date of Grant provided always that the 2014 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.

2.5 Rationale for Grant of Options at a Discount

Under the 2014 Scheme, the exercise price of Options granted will be determined by the 2014 Scheme Committee. The 2014 Scheme Committee may grant Options with or without a discounted exercise price. In the event that Options are granted at a discount, the discount shall not exceed twenty per cent. (20%) of the Market Price.

The ability to offer Options at a discount to the Market Price of the Shares will give the Company flexibility in structuring the Options granted, and ensures that the Company maintains the competitiveness of its compensation strategy. The Company may utilise the Options as a means to reward Participants for their outstanding performance as well as to motivate them to continue to excel and attract new talent into the Company. Being able to grant Options at a discount allows the Company to acknowledge a Participant's contributions where such means is more meaningful than paying a cash bonus, as these Options operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Options granted at Market Price. This serves as an additional method available to the Company for compensating employees rather than through salaries, salary increments and cash bonuses as it enables the Company to introduce an effective manner of motivating Participants to maximise their performance, which will in turn create better value for the Shareholders.

Further, because Options granted with a discount under the 2014 Scheme are subject to a longer investing period (two years) than those granted at the Market Price (one year), holders of such Options are encouraged to have a long term view of the Company, thereby promoting staff and employee retention and reinforcing their commitment to the Company.

The Company believes that the maximum twenty per cent. (20%) discount to the Market Price of the Shares is sufficient to allow for flexibility in the 2014 Scheme, while minimising the potential dilutive effect to the Shareholders arising from the 2014 Scheme.

2.7 Financial Effects

2.7.1 Share capital

The 2014 Scheme will result in an increase in the Company's number of issued Shares to the extent that new Shares will be allotted and issued upon the exercise of the Options granted under the 2014 Scheme. This number of new Shares issued will in turn depend on, *inter alia*, the number of new Shares comprised in the Options, the number of Options that are exercised and the exercise price of the Options.

If Treasury Shares are delivered to the Participants, the 2014 Scheme would have no effect on the number of issued Shares. Similarly, there would be no change to the number of issued Shares if the relevant Options are not exercised.

2.7.2 NTA

The issue of Shares upon the exercise of the Options will increase the Company's and the Group's consolidated NTA by the aggregate exercise price of the Shares issued. On a per Share basis, the effect on the NTA of the Company is accretive if the exercise price is above the Company's and the Group's consolidated NTA per Share, but dilutive if otherwise.

2.7.3 EPS

The 2014 Scheme will have a dilutive impact on the Company's and the Group's consolidated EPS, following the increase in the Company's number of issued Shares to the extent that new Shares are allotted and issued pursuant thereto.

2.7.4 Potential Cost of Options

Financial Reporting Standard 102 relating to share-based payments requires the recognition of an expense in respect of Options granted under the 2014 Scheme. The expense will be based on the fair value of the Options at each Date of Grant. This fair value is normally estimated by applying the option pricing model at the Date of Grant, taking into account the terms and conditions of the grant of the Options and recognised as a charge to the Company's consolidated Profit and Loss Statement ("**P&L Statement**") over the period from the Date of Grant to the vesting date (the "**Vesting Period**"), with a corresponding credit to the Company's reserve account.

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

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 Background

It is a requirement under the Companies Act that a company that wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders at a general meeting. A Share Purchase Mandate authorising the Company to purchase or otherwise acquire issued Shares was first approved by Shareholders at the extraordinary general meeting held on 1 November 2007 and subsequently renewed at each annual general meeting of the Company including the last annual general meeting held on 29 April 2013 ("**2013 AGM**").

The Share Purchase Mandate was expressed to take effect on the date of the passing of Resolution 9 at the 2013 AGM and to expire on the date of the forthcoming annual general meeting of the Company. Accordingly, the Directors are proposing to seek Shareholders' approval for the renewal of the Share Purchase Mandate.

3.2 Rationale for the Share Purchase Mandate

The Directors and management are constantly seeking to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Company and the Group. A share purchase at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Share Purchases provide the Company with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. Share Purchases also allow the Directors to exercise control over the share structure of the Company and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or the NTA per Share of the Company.

During the period when the Share Purchase Mandate is in force, the Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares if and when the circumstances permit. The Share Purchase Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued, to help mitigate short-term market volatility and to offset the effects of short-term speculation. The Share Purchase Mandate will also allow the Directors to effectively manage and minimise the dilution impact (if any) associated with share option schemes and performance share plans.

While the Share Purchase Mandate would authorise Share Purchases of up to ten per cent. (10%) of the issued share capital of the Company as at the date of the EGM if the Share Purchase Mandate is approved, Shareholders should note that Share Purchases pursuant to the Share Purchase Mandate may not be carried out to the full ten per cent. (10%) limit as authorised and no Share Purchases would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.

3.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on the Share Purchase Mandate, if renewed at the EGM, are the same as those previously approved by Shareholders at the 2013 AGM and, for the benefit of Shareholders, are summarised below.

3.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased by the Company is limited to that number of Shares representing not more than ten per cent. (10%) of the issued Shares as at the date of the extraordinary general meeting at which the renewal of the Share Purchase Mandate is approved. Any Shares which are held in treasury will be disregarded for purposes of computing the ten per cent. (10%) limit.

Purely for illustrative purposes, based on 223,835,428 issued Shares as at the Latest Practicable Date (which excludes the 22,821,000 Treasury Shares held by the Company as at the Latest Practicable Date) and assuming no further Shares are issued or repurchased and held as Treasury Shares, on or prior to the EGM, the purchase by the Company of up to the maximum limit of ten per cent. (10%) of its issued Shares (excluding the 22,821,000 Treasury Shares) will result in the Share Purchases of 22,383,542 Shares.

3.3.2 Duration of Authority

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

- (i) the next annual general meeting of the Company is held or required by law to be held;
- (ii) Share Purchases have been carried out to the full extent mandated; or
- (iii) the authority contained in the Share Purchase Mandate is varied or revoked.

3.3.3 Manner of Share Purchases

Share Purchases may be made by way of:

- (i) on-market purchases ("**Market Purchases**") transacted on the SGX-ST and/or on any other securities exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"), through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or
- (ii) off-market purchases otherwise than on a securities exchange, in accordance with an equal access scheme ("**Off-Market Purchases**").

The Directors may impose such terms and conditions, which are consistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

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

In addition, pursuant to the Listing Manual and the Companies Act, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document or notice to all Shareholders which must contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the maximum number of Shares or the maximum percentage of ordinary issued share capital authorised to be purchased or acquired;
- (iii) the maximum price which may be paid for the Shares;
- (iv) the date on which the Share Purchase Mandate is to expire, being a date that must not be later than the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is earlier;
- (v) the sources of funds to be used for the share purchases including the amount of financing and its impact on the Company's financial position;
- (vi) the period and procedures for acceptances;
- (vii) the reasons for the proposed Share Purchases;
- (viii) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (ix) whether the Share Purchases, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (x) details of any Share Purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid for the Share Purchases; and

- (xi) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

3.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors and must not exceed:

- (a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter) of the Shares; and
- (b) in the case of an Off-Market Purchase, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares,

(in each case, “**Maximum Price**”).

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares on the SGX-ST, or as the case may be, Other Exchange, were recorded immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five (5)-day period; and

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

3.4 **Status of Purchased Shares**

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as Treasury Shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company, which are cancelled and not held as Treasury Shares.

3.5 **Treasury Shares**

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

3.5.1 Maximum Holdings

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

3.5.2 Voting and Other Rights

The Company will not have the right to attend or vote at meetings and to receive any dividends in respect of the Treasury Shares.

However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller amount is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

3.5.3 Disposal and Cancellation

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

- (a) sell the Treasury Shares (or any of them) for cash;
- (b) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to an employees' share scheme;

- (c) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the Treasury Shares (or any of them); or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “**usage**”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after such usage and the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.6 Source of Funds

Under the Companies Act, Share Purchases by the Company may be made out of the Company’s capital or distributable profits provided that:

- (a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business during the period of 12 months immediately following the date of purchase; and
- (b) the value of the Company’s assets is not less than the value of its liabilities (including contingent liabilities) and will not after the Share Purchases become less than the value of its liabilities (including contingent liabilities).

The Company will use its internal resources and/or external borrowings to finance its Share Purchase.

Where the consideration paid by the Company for the Share Purchase is made out of distributable profits, such consideration (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the Share Purchase is made out of capital, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares but the amount available for the distribution of cash dividends by the Company will not be reduced. Where the Share Purchase is made out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profit proportionately by the total amount of the purchase price.

Where the Share Purchase is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and Shareholders’ funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the Share Purchase is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

However, the Directors do not propose to exercise the Share Purchase Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

3.7 Financial Effects

The financial effects on the Company and the Group arising from Share Purchases which may be made pursuant to the Share Purchase mandate will depend on factors such as the aggregate number of Shares purchased, the purchase prices paid at the relevant time, how the Share Purchase is funded, whether the Shares purchased or acquired are held as Treasury Shares or immediately cancelled on purchase or acquisition as well as how the Shares if held as Treasury Shares, are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act.

Accordingly, it is not possible for the Company to calculate or quantify the actual impact of purchases that may be made pursuant to the Share Purchase Mandate on the NTA and EPS.

3.7.1 Illustrative Financial Effects

Based on the audited accounts of the Company and Group for the financial year ended 31 December 2013 (“FY2013”) (please refer to pages 42 to 114 of the Annual Report of the Company for FY2013), the Company has distributable reserves of approximately S\$10,652,000 to effect Market Purchases. However, for illustrative purposes only, and based on the assumptions that:

- (i) the Company purchases 22,383,542 Shares representing ten per cent. (10%) of its issued share capital as at the Latest Practicable Date;
- (ii) the aforesaid 22,383,542 Shares are purchased at S\$0.33 per Share, being a price representing one hundred and five per cent. (105%) of the Average Closing Price as at the Latest Practicable Date; and
- (iii) the Company has sufficient funds to purchase the Shares as at 1 January 2013,

the impact of the Share Purchase pursuant to the Share Purchase Mandate on the Group’s and the Company’s audited financial statements for the financial year ended 31 December 2013 is set out below.

For purposes of this illustration, it is assumed that the Company is using only internal sources to finance the Share Purchase.

	Group		Company	
	Before Share Purchase⁽¹⁾	After Share Purchase⁽²⁾	Before Share Purchase⁽¹⁾	After Share Purchase⁽²⁾
	S\$’000	S\$’000	S\$’000	S\$’000
As at 31 December 2013				
Shareholders’ Funds	162,433	155,046	98,788	91,402
NTA	161,668	154,281	98,788	91,402
Current Assets	139,645	132,258	36,374	28,987
Current Liabilities	91,607	91,607	872	872
Working Capital	48,038	40,651	35,502	28,115
Total Borrowings	10,060	10,060	-	-
Number of Shares (’000)				
Issued and Paid-up Share Capital (Net of Treasury Shares)	223,835	201,452	223,835	201,452
Weighted Average Number of Issued and Paid-up Shares	223,881	201,493	223,881	201,493
Financial Ratios				
NTA per Share (cents)	72.2	76.6	44.1	45.4
Gearing Ratio ⁽³⁾	(0.11)	(0.07)	(0.10)	(0.03)
Current Ratio (times)	1.52	1.44	41.7	33.2
EPS (cents)	0.41	0.46	0.71	0.79

Notes:-

- (1) The NTA per Share and EPS was calculated based on 223,835,428 issued Shares at the Latest Practicable Date and weighted average number of issued Shares of 223,880,853 for FY2013 respectively before adjusting for the Share Purchase.
- (2) The NTA per Share and EPS was calculated based on 201,497,311 issued Shares at the Latest Practicable Date and weighted average number of issued Shares of 201,497,311 for FY2013 respectively after adjusting for the Share Purchase.
- (3) The Gearing ratio is based on net cash which was total borrowings less cash and cash equivalent at the end of FY2013.

As at 31 December 2013, the Group and the Company had cash and cash equivalent balances of S\$27,787,000 and S\$10,286,000 respectively. As illustrated above, the Share Purchase will have the effect of reducing the working capital of the Group and the Company as at 31 December 2013 from S\$48,038,000 to S\$40,651,000 and S\$35,502,000 to S\$28,115,000 respectively. The Share

Purchase will increase the NTA of the Group as at 31 December 2013 from 72.2 cents to 76.6 cents and increase the NTA of the Company as at 31 December 2013 from 44.1 cents to 45.4 cents. It is assumed that the Share Purchase is funded through internal funds.

Assuming that the Share Purchase had taken place on 1 January 2013, the consolidated basic earnings per Share of the Group for FY2013 would increase from 41 cents to 46 cents while the earnings per Share of the Company for FY2013 would increase from 71 cents to 79 cents.

Shareholders should note that the financial effects set out in this paragraph are purely for illustrative purposes only and are in no way indicative of the Company's real financial position or a forecast of the Group's and the Company's financial figures.

3.8 Tax Implications

Under Section 10J of the Income Tax Act, Chapter 134 ("**Income Tax Act**"), a company which buys back its own shares using its distributable profits is regarded as having paid a dividend to the shareholders from whom the shares are acquired.

There will be no tax implications to the Company when it uses its contributed capital to buy back its Shares.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share Purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

3.9 Listing Rules and Listing Status

The Listing Rules specifies that a listed company shall report all Share Purchases to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of the Share Purchase; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement shall include, *inter alia*, details of the total number of Shares purchased, the number of Shares cancelled, the purchase price per Share or the highest and lowest prices paid for such Shares (as applicable), the consideration (including stamp duties and clearing charges paid or payable for the Shares) and the number of issued Shares (excluding Treasury Shares) after purchase, in the form prescribed under the Listing Manual.

While the Listing Manual does not expressly prohibit any Share Purchase by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed Share Purchase, the Company will not undertake any Share Purchase pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, to comply with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period of two (2) weeks immediately preceding the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and the period of one (1) month immediately preceding the announcement of the Company's annual (full-year) results.

The Listing Manual requires a listed company to ensure that at least ten per cent. (10%) of its shares are in the hands of the public. The "public", as defined under the Listing Manual, are persons other than the Directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its Subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, approximately 125,381,128 of the issued Shares are in the hands of the public (as defined above), representing 56.06% of the issued share capital of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate and all such Shares purchased are held by the public, the number of Shares in the hands of the public would be reduced to 102,997,586 Shares, representing 51.13% of the reduced share capital of the Company.

Accordingly, the Company is of the view that there is sufficient number of Shares held by public Shareholders which would permit the Company to undertake Share Purchases through Market Purchases to the full 10% limit and the number of Shares remaining in the hands of the public will not fall to such a level as to:

- (i) adversely affect the listing status of the Shares on the SGX-ST;
- (ii) cause market illiquidity; or
- (iii) adversely affect the orderly trading of the Shares.

3.10 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any Share Purchase are set out below.

3.10.1 Obligation to make a Take-over Offer

Under the Take-over Code, a person will be required to make a general offer for a public company if:

- (i) he acquires thirty per cent. (30%) or more of the voting rights of the company; or
- (ii) he holds between thirty per cent. (30%) and fifty per cent. (50%) of the voting rights of the company and he increases his voting rights in the company by more than one per cent. (1%) in any six (6)-month period.

If, as a result of any Share Purchase by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

3.10.2 Persons Acting in Concert

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

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the Subsidiaries of (i);
 - (iv) the fellow Subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

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

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

3.10.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of Share Purchases by the Company, the voting rights in the Company of such Directors and their concert parties:

- (i) increase to thirty per cent. (30%) or more; or
- (ii) in the event that such Directors and their concert parties hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

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

Under Appendix 2 to the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of Share Purchases by the Company, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Purely for illustrative purposes, on the basis of 223,835,428 issued Shares as at the Latest Practicable Date (which excludes the 22,821,000 Treasury Shares held by the Company as at the Latest Practicable Date), and assuming that no further Shares are issued on or prior to the EGM, not more than 22,383,542 Shares (representing ten per cent. (10%) of the issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate, if so approved by Shareholders at the EGM.

Further assuming that:

- (i) the Share Purchase Mandate is validly and fully exercised prior to the next annual general meeting of the Company;
- (ii) there is no change to the number of issued Shares at the time of such exercise;
- (iii) the re-purchased Shares are not acquired from the substantial Shareholders and are deemed cancelled immediately upon purchase;
- (iv) there is no change in the holding of Shares of the substantial Shareholders between the Latest Practicable Date and the date of the EGM; and
- (v) the substantial Shareholders do not sell or otherwise dispose of their holding of Shares,

the shareholdings of the substantial Shareholders would be changed as follows:

Substantial Shareholders	Before Share Purchase		After Share Purchase	
	No. of Shares	%	No. of Shares	%
Advantec Holding SA	83,382,300	37.25	83,382,000	41.39
Trustee of Chandaria Trust I	83,832,300	37.45	83,832,000	41.61
Gazelle Capital Pte Ltd	13,442,000	6.01	13,442,000	6.67
Lim Teck-Ean	13,442,000	6.01	13,442,000	6.67
Lim Su-Lynn	13,442,000	6.01	13,442,000	6.67

* Please refer to paragraph 4 of this Circular for additional details on the substantial Shareholders' shareholdings in the Company.

As illustrated above, Advantec Holding SA and Trustee of Chandaria Trust I may incur an obligation to make a general offer to other Shareholders under the Take-over Code due to the Share Purchase Mandate. However, the Securities Industry Council had on 22 November 2007 confirmed that neither Advantec Holding SA nor Trustee of Chandaria Trust I will incur such a general offer obligation arising from the exercise by the Company of the Share Purchase Mandate.

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

3.11 Information on Prior Share Purchases in the last 12 months

For the last 12 months immediately preceding the Latest Practicable Date, the Company had purchased or acquired an aggregate of 117,000 Shares by way of Market Purchases pursuant to the Share Purchase Mandate approved by Shareholders at the 2013 AGM. Brief particulars of such Market Purchases are as follows:

Number of Shares purchased	Price Paid per Share	Total consideration paid (including transaction costs)	Cancelled or Held as Treasury Shares
17,000	S\$0.28	S\$4,805.22	Treasury Shares
100,000	S\$0.28	S\$28,074.15	Treasury Shares

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

4.1 Directors' Interest

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Robert S. Lette ⁽¹⁾	—	—	40,000	0.02
Yong Kok Hoon ⁽²⁾	—	—	1,040,000	0.46

Notes:

- (1) Mr. Robert S. Lette's deemed interest comprises 40,000 Shares held in the name of HSBC (Singapore) Nominees Pte Ltd.
- (2) Mr. Yong Kok Hoon's deemed interest comprises 1,040,000 Shares held in the name of HSBC (Singapore) Nominees Pte Ltd.

4.2 Substantial Shareholders' Interests

The interests of the substantial Shareholders in the Shares as recorded in the Register of substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Advantec Holding SA ⁽¹⁾	22,571,000	10.08	60,811,300	27.17
Trustee of Chandaria Trust I ⁽²⁾	-	-	83,832,300	37.45
Gazelle Capital Pte. Ltd ⁽³⁾	1,000,000	0.45	12,442,000	5.56
Lim Teck-Ean ⁽⁴⁾	-	-	13,442,000	6.01
Lim Su-Lynn ⁽⁵⁾	-	-	13,442,000	6.01

Notes:

- (1) Advantec Holding SA is deemed to be interested in 60,811,300 Shares held through the following:
- (i) HSBC (Singapore) Nominees Pte Ltd in respect of 40,811,300 Shares; and
- (ii) United Overseas Bank Nominees Pte Ltd in respect of 20,000,000 Shares.

- (2) Trustee of Chandaria Trust I is deemed to be interested in 83,382,300 Shares held by Advantec Holding SA as well as a further 450,000 Shares held by Metchem Engineering SA, both of which are wholly-owned by the Chandaria Trust I.
- (3) Gazelle Capital Pte. Ltd. is deemed to be interested in 12,442,000 Shares held through the following:
 - (i) MBB Nominees (Singapore) Private Limited in respect of 1,600,000 Shares;
 - (ii) Maybank Kim Eng Securities Pte. Ltd. in respect of 5,000,000 Shares;
 - (iii) Sing Investments & Finance Nominees (Pte) Ltd in respect of 1,842,000 Shares; and
 - (iv) Hong Leong Finance Limited in respect of 4,000,000 Shares.
- (4) Lim Teck-Ean is deemed to be interested in the 13,442,000 Shares held by Gazelle Capital Pte. Ltd.
- (5) Lim Su-Lynn is deemed to be interested in the 13,442,000 Shares held by Gazelle Capital Pte. Ltd.

5. DIRECTORS' RECOMMENDATIONS

5.1 The Proposed Adoption of the 2014 Scheme and the Proposed Grant of Authority to Offer and Grant Options under the 2014 Scheme at a Discount

Under Rules 4.2 and 4.3 of the 2014 Scheme, Non-Executive Directors (including Independent Directors) and Controlling Shareholders and their Associates are not eligible to participate in the 2014 Scheme. Having considered, *inter alia*, the rationale for the 2014 Scheme, the Directors (save for Mr. Yong Kok Hoon, being a Director (other than a Non-Executive Director) who will be eligible to participate in, and is therefore interested in the 2014 Scheme) are of the opinion that the proposed adoption of the 2014 Scheme and the proposed grant of authority to offer and grant Options under the 2014 Scheme at a discount respectively are in the best interests of the Company. Accordingly, the Directors (save for Mr. Yong Kok Hoon) recommend that Shareholders vote in favour of Resolution 1 and Resolution 2 relating to the proposed adoption of the 2014 Scheme and the proposed grant of authority to offer and grant Options under the 2014 Scheme at a discount respectively as set out in the Notice of EGM.

5.2 The Proposed Renewal of the Share Purchase Mandate

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 3 relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 39 to 41 of this Circular, will be held on 28 April 2014 at 9.45 a.m. at The Casuarina, Suite A, Level 3, Raffles Hotel, 1 Beach Road, Singapore 189673 (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the resolutions set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote on their behalf are requested to complete, sign and return the attached proxy form ("**Proxy Form**") in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company by 9.45 a.m. on 26 April 2014, not later than 48 hours before the time fixed for the EGM. The completion and lodgment of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes. In such event, the relevant Proxy Form will be deemed to be revoked.

7.2 Abstention from Voting

Any Shareholder who is eligible to participate in the 2014 Scheme (such as employees of the Company and its Subsidiaries) must abstain from voting at the EGM in respect of Resolution 1 and Resolution 2 relating to the proposed adoption of the 2014 Scheme and the proposed grant of authority to offer and grant Options under the 2014 Scheme at a discount respectively. Such Shareholder should also not accept nominations as proxies or otherwise for voting at the EGM in respect of Resolution 1 and Resolution 2 unless specific instructions have been given in the Proxy Form on how the Shareholders wish their votes to be cast for Resolution 1 and/or Resolution 2 to the proposed at the EGM.

7.3 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a Shareholder 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.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed adoption of the 2014 Scheme, the proposed grant of authority to offer and grant Options under the 2014 Scheme at a discount and the proposed renewal of the Share Purchase Mandate, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

9. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 1 Finlayson Green #15-02 Singapore 049246 during normal business hours from the date of this Circular up to (and including) the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Rules of the 2014 Scheme; and
- (c) the Annual Report of the Company for the financial year ended 31 December 2013.

Yours faithfully
For and on behalf of the
Board of Directors of
InnoTek Limited

Robert S. Lette
Chairman

APPENDIX

RULES OF THE INNOTEK EMPLOYEES' SHARE OPTION SCHEME 2014

1. **Name of the Scheme**

The Scheme shall be known as the **"InnoTek Employees' Share Option Scheme 2014"**.

2. **Definitions**

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

"2008 Scheme"	The InnoTek Employees' Share Option Scheme II which was adopted by Shareholders at an extraordinary general meeting of the Company held on 30 April 2008
"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
"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 to administer the Scheme
"Companies Act"	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Company"	InnoTek Limited, a company incorporated in the Republic of Singapore
"Control"	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of the Company
"Controlling Shareholder"	A person who (a) holds directly or indirectly fifteen per cent. (15%) or more of the aggregate number of issued Shares (excluding Treasury Shares) (unless otherwise determined by the SGX-ST), or (b) in fact exercises Control over the Company
"CPF"	The Central Provident Fund
"Director"	A person holding the office of director for the time being, of the Company
"Date of Grant"	The date on which an Option is granted to a Participant pursuant to Rule 7.1
"Exercise Period"	The period for the exercise of an Option, being a period commencing: (a) after the first (1 st) anniversary of the Date of Grant and expiring on the fifth (5 th) anniversary of such Date of Grant in the case of an Option granted with the Exercise Price set at the Market Price; and (b) after the second (2 nd) anniversary of the Date of Grant and expiring on the fifth (5 th) anniversary of such Date of Grant in the case of an Option granted with the Exercise Price set at a discount to the Market Price
"Exercise Price"	The price at which an Option Holder shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 9 (subject to any adjustment pursuant to Rule 10)

“Grantee”	A person to whom an offer of an Option is made
“Group”	The Company together with its Subsidiaries
“Listing Manual”	The Listing Manual of the SGX-ST, as amended, modified and/or supplemented from time to time
“Market Day”	A day on which the SGX-ST is open for trading of securities
“Market Price”	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five (5) consecutive Market Days immediately preceding the Date of Grant of an 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
“Non-Executive Director”	A director of the Company and/or its Subsidiaries, as the case may be, other than one who performs an executive function
“Offer Date”	The date on which an offer to grant an Option is made pursuant to the Scheme
“Option”	The right to subscribe for Shares granted or to be granted to a Participant pursuant to the Scheme
“Option Holder”	The holder of an Option
“Option Shares”	Shares obtained pursuant to an exercise of the Options
“Participant”	A person who is selected by the Committee to participate in the Scheme in accordance with these provisions
“Record Date”	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
“Rules”	The rules of the Scheme, as the same may be amended from time to time
“Scheme”	The InnoTek Employees’ Share Option Scheme 2014, 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 in the capital of the Company
“Subsidiary”	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Companies Act
“Treasury Shares”	Shares which are purchased by the Company in circumstances in which Section 76H of the Companies Act applies and have been held by the Company continuously since the Treasury Shares were so purchased
“%”	Percentage or per centum
“\$” or “S\$”	Singapore dollars

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

- 2.3 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 the Listing Manual or any statutory modification thereof, and used in this Scheme, shall have the meaning assigned to it under the Companies Act or the Listing Manual or any modification thereof, as the case may be.
- 2.4 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.
- 2.5 References to persons shall, where applicable, include corporations and limited liability partnerships.
- 2.6 Any reference to a time of day and dates in this Scheme shall be a reference to Singapore time and dates unless otherwise stated.

3. Objectives of the Scheme

The purpose of the Scheme is to provide an opportunity for Participants who have contributed significantly to the growth and performance of the Group and who satisfy the eligibility criteria as set out in Rule 4 of the Scheme, to participate in the equity of the Company.

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.

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 Employees of the Group (including Directors) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date, are not undischarged bankrupts at the relevant time, shall be eligible to participate in the Scheme at the absolute discretion of the Committee.
- 4.2 Non-Executive Directors are not eligible to participate in the Scheme.
- 4.3 Controlling Shareholders and Associates of Controlling Shareholders are not entitled to participate in the Scheme.
- 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. Maximum Entitlement

- 5.1 Subject to Rules 4, 6, and 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the absolute discretion of the Committee.
- 5.2 In reaching its decisions, the Committee shall take into account, where applicable, criteria such as rank, past performance, years of service and potential contribution of the Grantee.

6. Limitations on Size of the Scheme

- 6.1 The total number of Shares in respect of which Options may be granted under the Scheme, when added to:-
- (i) the number of new Shares issued and issuable in respect of all options granted under the 2008 Scheme; and
 - (ii) the number of Treasury Shares delivered in respect of Options and options granted under the 2008 Scheme,

shall not exceed fifteen per cent. (15%) of the issued share capital of the Company (excluding Shares held by the Company as Treasury Shares) from time to time.

7. Grant of Options

- 7.1 The Committee may, save as provided in Rules 4, 5 and 6, offer to grant Options to Grantees-at any time during the period when the Scheme is in force, except that no Options shall be granted during the period commencing two (2) weeks before the announcement of the Company's quarterly financial statements and one (1) month before the announcement of the Company's full-year financial statements. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers to grant Options may only be made on or after the second (2nd) Market Day from the date on which such announcement is made.
- 7.2 An offer to grant an Option shall be made by way of a letter (the "**Letter of Offer**") in the form or substantially in the form set out in Appendix A, subject to such amendments as the Committee may determine from time to time.

8. Acceptance of Options

- 8.1 An Option offered to a Grantee pursuant to Rule 7 shall be accepted by the Grantee within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the thirtieth (30th) day from such Offer Date by:
- (a) completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Appendix B, subject to such amendments as the Committee may determine from time to time, accompanied by payment of S\$1.00 as consideration or such other amount (the "**Consideration**") and such other documentation as the Committee may require, and
 - (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Scheme in accordance with these Rules.
- 8.2 If a grant of an Option is not accepted in the manner as provided in Rule 8.1, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.
- 8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 which does not strictly comply with the Rules of the Scheme.
- 8.4 Options are personal to Grantees and Option Holders to whom they are offered or granted, as the case may be, and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Option Holder's duly appointed personal representative as provided in Rule 11.8 in the event of the death of such Option Holder.
- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 1,000 Shares. The Committee shall, within fifteen (15) Market Days of receipt of the Acceptance Form and consideration, acknowledge receipt of the same.
- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null, void and of no effect and the relevant Option Holder shall have no claim whatsoever against the Company.
- 8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:-
- (a) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period;
 - (b) the Grantee dies prior to his acceptance of the Option;
 - (c) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option;

- (d) the Grantee being a Participant ceases to be in the employment of the Group or (being a Director) ceases to be a Director of the Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or
- (e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

9. Exercise Price

9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share shall be determined by the Committee, in its absolute discretion, at:-

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that:-
 - (i) the maximum discount for each Share shall not exceed twenty per cent. (20%) of the Market Price (or such other percentage or amount as may be determined by the Committee and permitted by the SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grant of Shares under the Scheme at a discount not exceeding the specified maximum discount.

9.2 In making any determination under Rule 9.1 on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:-

- (a) the performance of the Company and/or its Subsidiaries, as the case may be;
- (b) the years of service and individual performance of the eligible Participant;
- (c) the contribution of the eligible Participant to the success and development of the Company and/or the Group; and
- (d) the prevailing market conditions.

10. Variation of Capital

10.1 Subject to Rule 10.3, 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, the Exercise Price, class and/or number of Shares comprised in the Option to the extent unexercised and/or the number and/or class of shares over which Options may be granted under the Scheme shall be adjusted by the Committee in its sole and absolute discretion.

10.2 Unless the Committee considers an adjustment to be appropriate and subject to Rule 10.3:-

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (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 (including any renewal of such mandate) is in force;
- (c) the issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; and
- (d) the increase in the number of issued Shares as a consequence of the exercise of options or other convertibles 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 the Scheme),

shall not normally be regarded as a circumstance requiring adjustment.

10.3 Notwithstanding the provisions of Rule 10.1:-

- (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.

10.4 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify each Option Holder (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 new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

11. Exercise Period

11.1 Options granted with the Exercise Price set at the Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by an Option Holder after the first (1st) anniversary of the Date of Grant of such Option but prior to the expiry of such Option, or such earlier date as may be determined in accordance with these Rules, failing which all unexercised Options shall immediately lapse and become null and void and the Option Holder shall have no claim against the Company.

11.2 Options granted with the Exercise Price set at a discount to the Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by an Option Holder after the second (2nd) anniversary of the Date of Grant of such Option but prior to the expiry of such Option, or such earlier date as may be determined in accordance with these Rules, failing which all unexercised Options shall immediately lapse and become null and void and the Option Holder shall have no claim against the Company.

11.3 Subject to these Rules, Options granted under the Scheme will have a life span of five (5) years from the respective Date of Grant.

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

- (a) upon the bankruptcy of the Option Holder or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or
- (b) in the event of misconduct on the part of the Option Holder, as determined by the Committee in its absolute discretion.

11.5 If an Option Holder ceases to be employed by the Group by reason of his:-

- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (b) redundancy;
- (c) retirement at or after a normal retirement age; or
- (d) retirement before that age with the consent of the Committee, or for any other reason approved in writing by the Committee,

he may, at the absolute discretion of the Committee exercise any unexercised Option within the relevant Exercise Period for such Option and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If an Option Holder ceases to be employed by a Subsidiary:-

- (a) by reason of the Subsidiary, by which he is principally employed, ceasing to be a company within the Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within the Group; or
- (b) for any other reason, provided the Committee gives its consent in writing,

he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Exercise Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 For the purposes of Rule 11.5, Rule 11.6 and Rule 11.10, an Option Holder shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

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

11.9 If an Option Holder, who is also a Director, or a director of a Subsidiary, ceases to be a Director or a director of a Subsidiary, as the case may be, for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Exercise Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.10 Save as provided in Rules 11.5, 11.6 and 11.9, if an Option Holder ceases for any reason whatsoever to be employed by the Group, any unexercised Options shall lapse and become null and void on the earlier of:-

- (a) the date falling one (1) month from the date on which the Option Holder is deemed in accordance with Rule 11.7 to have ceased to be employed by the Group; and
- (b) the relevant date of expiry of the Exercise Period relating to such Options.

Any Options which are not exercisable in accordance with Rules 11.1 and 11.2 on the date on which an Option Holder is deemed in accordance with Rule 11.7 to have ceased to be employed by the Group shall immediately lapse and become null and void on such date.

12. Exercise of Options, Allotment, and Listing of Shares

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by an Option Holder giving notice in writing to the Company in or substantially in the form set out in Appendix C (the “**Exercise Notice**”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option. The Option Holder shall fully exercise his or her Options before the expiry of such Options. Options not exercised prior to the expiry of the Option shall be null and void.

12.2 Subject to:-

- (a) such consent or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules and the Memorandum and Articles of Association of the Company, the Company shall, as soon as practicable after the exercise of an Option by an Option Holder but in any event within ten (10) Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot and issue or transfer to the Option Holder the Shares in respect of which such Option has been exercised by the Option Holder and (where required) within five

(5) Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Option Holder by ordinary post or such other mode of delivery as the Committee may deem fit.

- 12.3 The Company shall as soon as practicable after the exercise of an Option, apply to the SGX-ST for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Option Holder pursuant to any adjustment made in accordance with Rule 10.
- 12.4 The Company will arrange for the Option Shares, which are allotted upon the exercise of an Option by an Option Holder, to be registered through intermediaries.
- 12.5 Shares allotted and issued and/or transferred upon the exercise of an Option shall be subject to all provisions of the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights (including voting rights), allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.
- 12.6 Except as set out in Rule 12.2 and subject to Rule 10, an Option does not confer on an Option Holder any right to participate in any new issue of Shares.
- 12.7 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.
- 12.8 Every Option shall be subject to the condition that no Shares would 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.

13. Modifications to the Scheme

- 13.1 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 Shareholders 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.
- 13.2 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).
- 13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Participants.

14. Duration of the Scheme

- 14.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of five (5) years commencing on the first Date of Grant 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.
- 14.2 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 granted by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted in accordance with these Rules, whether such Options have been exercised (whether fully or partially) or not.

15. Take-over and Liquidation of the Company

15.1 In the event of a take-over offer being made for the Company, Option Holders (including Option Holders holding Options which are then not exercisable pursuant to the provisions of Rules 11.1 and 11.2) holding Options as yet unexercised shall, notwithstanding Rules 11 and 12, but subject to Rule 15.5, be entitled to exercise such Options in full or in part during the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the 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 (6) month period, at the recommendation of the offeror and with the approvals of the Committee and (if so required) the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Exercise Period relating thereto); and
- (b) the relevant date of the expiry of the Exercise Period relating thereto,

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

Provided Always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Companies Act and, being entitled to do so, gives notice to the Option Holders that it intends to exercise such rights on a specified date, all Options shall remain exercisable by the Option Holders until such specified date or the expiry of the respective Exercise Periods relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void Provided That the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11.3, remain exercisable until the expiry of the Option.

15.2 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 corporation or corporations, Option Holders (including Option Holders holding Options which are then not exercisable pursuant to the provisions of Rules 11.1 and 11.2) shall notwithstanding Rules 11 and 12, but subject to Rule 15.5, be entitled to exercise any Option then held by them 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 Exercise Period relating thereto), whereupon any unexercised Option shall lapse and become null and void.

15.3 If an order or an effective resolution is passed 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.

15.4 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 despatches such notice to each member of the Company give notice thereof to all Option Holders (together with a notice of the existence of the provisions of this Clause) and thereupon, each Option Holder (or his legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not 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 full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given 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 Option Holder credited as fully paid.

15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding up referred to Rule 15.4 above, 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 Option Holders, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, an Option Holder holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.

15.6 If the events stipulated in this Rule 15 should occur, to the extent that an Option is not exercised within the respective periods referred to herein in this Rule 15, it shall lapse and become null and void.

16. Administration of the Scheme

- 16.1 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.
- 16.2 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 Options that may be granted within each financial year; and
 - (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.
- 16.3 The Committee shall further have the power, from time to time, to impose additional conditions (not being inconsistent with the Scheme) in respect of the exercise of any Options granted to a Participant pursuant to the Scheme.
- 16.4 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 in all cases including any disputes as to the interpretation of the Scheme or any rule, regulation, procedure thereunder or as to any rights under the Scheme.

17. Notices

- 17.1 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.
- 17.2 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.

18. Terms of employment unaffected

- 18.1 The terms of employment of a Participant 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.
- 18.2 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company, or any Subsidiary.

19. Taxes

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

20. Costs and expenses

- 20.1 Each Option Holder shall be responsible for all 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, the Option Holder's securities account with CDP, or the Option Holder's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank (collectively, the "**CDP Charges**").
- 20.2 Save for the taxes referred to in Rule 19 and such other costs and expenses expressly provided in the Scheme to be payable by the Option Holder, 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 issue and allotment of the Shares pursuant to the exercise of any Option shall be borne by the Company.

21. 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 and allotting the Option Shares or in applying for or procuring the listing and quotation for the Option Shares on the SGX-ST.

22. Governing law

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

23. Disclosure in Annual Report

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

- (a) the names of the members of the Committee; and
- (b) the information required in the table below for the following Participants:-
 - (i) Directors of the Company;
 - (ii) Participants who are Controlling Shareholders and their Associates;
 - (iii) Participants (other than those in paragraphs (i) and (ii) 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 names of and number and terms of Options granted to each director or employee of the parent company and its subsidiaries who receives five per cent. (5%) or more of the total number of Options available to all directors and employees of the parent company and its subsidiaries, during the financial year under review;
- (d) the aggregate number of Options granted to the directors and employees for the financial year under review, and since the commencement of the Scheme to the end of the financial year under review; and
- (e) the number and proportion of Options granted at a discount during the financial year under review in respect of every 10% discount range, up to the maximum quantum of discount granted.

24. Abstention from Voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Scheme.

INNOTEK EMPLOYEES' SHARE OPTION SCHEME 2014

LETTER OF OFFER

Serial No: _____

Date:

To: Name
Designation
Address

Private and Confidential

Dear Sir/Madam,

1. We have the pleasure of informing you that, pursuant to the InnoTek Employees' Share Option Scheme 2014 ("**Scheme**"), you have been nominated to participate in the Scheme by the Committee ("**Committee**") appointed by the Board of Directors of InnoTek Limited ("**Company**") to administer the Scheme. Terms as defined in the Rules of the Scheme shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option ("**Option**"), to subscribe for and be allotted _____ Shares at a price of S\$_____ per Share.
- 2A. Without prejudice and in addition to the Rules of the Scheme, the exercise of all or any part of the Option shall be conditional on and subject to: *insert additional conditions, if applicable*
3. 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.
4. The Option shall be subject to the Rules of the Scheme, a copy of which is available for inspection at the business address of the Company.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on _____, failing which this offer will lapse.

Yours faithfully,
For and on behalf of
InnoTek Limited

Name:
Designation:

INNOTEK EMPLOYEES' SHARE OPTION SCHEME 2014

ACCEPTANCE FORM

Serial No: _____

Date:

To: The Committee
 InnoTek Employees' Share Option Scheme 2014
 InnoTek Limited
 1 Finlayson Green #15-02
 Singapore 049246

Closing Date for Acceptance of Offer	:	_____
Number of Shares Offered	:	_____
Exercise Price for each Share	:	_____
Total Amount Payable	:	_____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the Rules of 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 Option to subscribe for _____ Shares at S\$_____ per Share. I enclose cash for S\$1.00 in payment for the purchase of the Option.

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

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I further acknowledge and confirm that you have not made any representation to induce me to accept the offer in respect of the said Option 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 where inapplicable*

Note: Option Shares must be accepted in full or in multiples of 1,000.

INNOTEK EMPLOYEES' SHARE OPTION SCHEME 2014

EXERCISE NOTICE

Total number of ordinary shares (" Shares ") offered at S\$_____ per Share (" Exercise Price ") under the Scheme on _____ (Date of Grant)	:	_____
Number of Shares previously allotted thereunder	:	_____
Outstanding balance of Shares to be allotted thereunder	:	_____
Number of Shares now to be subscribed	:	_____

To: The Committee
 InnoTek Employees' Share Option Scheme 2014
 InnoTek Limited
 1 Finlayson Green #15-02
 Singapore 049246

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for Shares in InnoTek Limited ("**Company**") at S\$_____ per Share.
2. I enclose a *cheque/ cashier's order / banker's draft / postal order no. _____ for S\$_____ by way of subscription for the total number of the said Shares.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Rules of the InnoTek Employees' Share Option Scheme 2014 and the Memorandum and Articles of Association of the Company.
4. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.
5. I request the Company to allot and issue the said Shares in the name of The Central Depository (Pte) Ltd ("**CDP**") for credit of my *Securities Account with CDP/ Sub-Account with the Depository Agent / CPF Investment Account with my Agent Bank specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP in respect thereof.

Please Print in Block Letters

Name in Full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

*Direct Securities Account No. : _____

OR

*Sub-Account No. : _____

*Name of Depository Agent : _____

OR

*CPF Investment Account No. : _____

*Name of Agent Bank : _____

Signature : _____

Date : _____

**Delete where inapplicable.*

INNOTEK LIMITED
(Company Registration No. 199508431Z)
(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 at The Casuarina Suite A, Level 3, Raffles Hotel, 1 Beach Road, Singapore 189673, on 28 April 2014 at 9.45 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the following Resolutions:-

Ordinary Resolution 1: The Proposed Adoption of the InnoTek Employees' Share Option Scheme 2014 ("Scheme")

That a new employee share option scheme to be known as the "InnoTek Employees' Share Option Scheme 2014" (the "**Scheme**"), the details and rules of which are set out in the Circular to Shareholders dated 11 April 2014 (the "**Circular**"), be and is hereby approved and adopted substantially in the form set out in the rules of the Scheme, and the Directors of the Company ("**Directors**") be and are hereby authorised to appoint and authorise the Remuneration Committee comprising Directors appointed by the Board:

- (a) to establish and administer the Scheme;
- (b) to modify and/or amend the Scheme from time to time provided that such modification and/or amendment is effected in accordance with the rules of the 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 Scheme; and
- (c) to offer and grant options ("**Options**") in accordance with the rules of the Scheme (as may be modified from time to time) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Options under the Scheme, whether granted during the subsistence of this authority or otherwise, provided that the aggregate number of Shares to be issued pursuant to the Scheme when added to:
 - (i) the number of new ordinary shares in the capital of the Company ("**Shares**") issued and issuable in respect of all options granted under the InnoTek Employees' Share Option Scheme which was adopted by the Company on 30 April 2008 ("**2008 Scheme**"); and
 - (ii) the number of treasury shares delivered in respect of the Options and options granted under the 2008 Scheme,

shall not exceed fifteen per cent. (15%) of the issued Shares of the Company (excluding Shares held by the Company as treasury shares) from time to time.

Ordinary Resolution 2: Proposed Grant of Authority to Offer and Grant Options under the Scheme at a Discount

That subject to and contingent upon the passing of Ordinary Resolution 1, the Directors of the Company be and are hereby authorised to offer and grant Options in accordance with the rules of the Scheme with exercise prices set at a discount to the Market Price (as defined in the Circular), provided that such discount does not exceed the 20% limit set by the Singapore Exchange Securities Trading Limited.

Ordinary Resolution 3: Proposed Renewal of the Share Purchase Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), the exercise by the Directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
 - (i) market purchase(s) on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and/or any other securities exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

- (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Purchase Mandate**");

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next Annual General Meeting of the Company is held; and
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

- (c) in this Resolution:

"Average Closing Price" means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares on the SGX-ST or, as the case may be, Other Exchange were recorded immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis below) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Maximum Percentage" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
 - (ii) in the case of an off-market purchase of a Share, 110% of the Average Closing Price of the Shares; and
- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

BY ORDER OF THE BOARD

Linda Sim Hwee Ai
Company Secretary
11 April 2014

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 Finlayson Green, #15-02, Singapore 049246 not less than 48 hours before the time appointed for holding the EGM.

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INNOTEK LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199508431Z)

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____ (Name)

Of _____ (Address)

Being a member/members of InnoTek Limited (the “**Company**”), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

And/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, demand for a poll at the extraordinary general meeting (“**EGM**”) of the Company to be held at The Casuarina Suite A, Level 3, Raffles Hotel, 1 Beach Road, Singapore 189673 on 28 April 2014 at 9.45 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) and at any adjournment thereof. The proxy if to vote on the business before the meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the EGM.

No.	Ordinary Resolutions relating to:	For	Against
1	Proposed Adoption of the InnoTek Employees’ Share Option Scheme 2014		
2	Proposed Grant of Authority to Offer and Grant Options under the InnoTek Employees’ Share Option Scheme 2014 at a Discount		
3	Proposed Renewal of the Share Purchase Mandate		

(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 EGM)

Dated this _____ day of _____ 2014.

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

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of shares of the Company ("**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 of Singapore (the "**Companies Act**")), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. This instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 1 Finlayson Green, #15-02, Singapore 049246 not less than 48 hours before the time appointed for the EGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such persons as it thinks fit to act as its representative at the EGM in accordance with Section 179 of the Companies Act.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by the Central Depository (Pte) Limited to the Company.