

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

This Appendix is circulated to the Shareholders of GSS Energy Limited (“**Company**”) together with the Company’s Annual Report 2015 (as defined herein). Its purpose is to explain to the Shareholders the rationale of and to provide information pertaining to: (a) the proposed adoption of the Share Buy-Back Mandate (as defined herein); (b) the proposed adoption of the GEL Scheme (as defined herein); and (c) the proposed grant of Options (as defined herein) at a discount under the GEL Scheme, and to seek Shareholders’ approval of the same at the Annual General Meeting to be held on **22 April 2016 at 10.00 a.m. at Blk 4012 Ang Mo Kio Ave 10 #05-01 Techplace I, Singapore 569628.**

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2015.

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

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2015 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund (“**CPF**”) monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Stamford Corporate Services Pte. Ltd. (“**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr. Bernard Lui.
(Tel: 6389 3089 or email: bernard.lui@morganlewis.com)

GSS ENERGY LIMITED
(Company Registration Number: 201432529C)
(Incorporated in the Republic of Singapore)

APPENDIX

TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 6 APRIL 2016

IN RELATION TO

- (A) THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE;**
- (B) THE PROPOSED ADOPTION OF THE GSS ENERGY LIMITED EXECUTIVES’ SHARE OPTION SCHEME; AND**
- (C) THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE GSS ENERGY LIMITED EXECUTIVES’ SHARE OPTION SCHEME**

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

- “ACRA”** : Accounting and Corporate Regulatory Authority of Singapore
- “AGM”** : Annual General Meeting of the Company. Unless the context otherwise requires, **“AGM”** shall refer to the annual general meeting to be held on 22 April 2016
- “Annual Report 2015”** : The Company’s annual report for the financial year ended 31 December 2015
- “Appendix”** : This appendix to the Notice
- “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, and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board”** : The board of Directors of the Company as at the date of this Appendix
- “CDP”** : The Central Depository (Pte) Limited
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules”** : Listing Manual Section B: Rules of Catalist of the SGX-ST, as may be amended, varied or supplemented from time to time
- “Committee”** : A committee of Directors duly authorised and appointed by the Board to administer the GEL Scheme
- “Company”** : GSS Energy Limited
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
- “Constitution”** : The Memorandum of Association and/or Articles of Association of the Company, as amended, supplemented or modified from time to time
- “Control”** : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company

DEFINITIONS

“Controlling Shareholder”	:	A person who:- (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises Control over a company
“CPF”	:	Central Provident Fund
“Date of Grant”	:	The date on which an Option is granted to a Participant pursuant to the GEL Scheme
“Directors”	:	The directors of the Company as at the date of this Appendix
“Employee”	:	A confirmed full-time employee of the Group (including an Executive Director) who is selected by the Committee to participate in the GEL Scheme
“EPS”	:	Earnings per Share
“Executive Director”	:	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function
“FY” or “Financial Year”	:	Financial year ended or ending 31 December, as the case may be
“GEL Scheme”	:	The proposed share option scheme, known as the GSS Energy Limited Executives’ Share Option Scheme, as modified or altered from time to time
“GEL Scheme Rules”	:	The rules of the GEL Scheme, as may be amended or modified from time to time
“Group”	:	The Company and its subsidiaries, collectively
“Latest Practicable Date”	:	28 March 2016, being the latest practicable date prior to the printing of this Appendix
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Price”	:	The average of the last dealt prices for a Share, as determined by reference to the daily Official List (as defined in the Catalist Rules) published by the SGX-ST for a period of five (5) consecutive trading days immediately preceding the Offering Date of that Option, provided always that in the case of a Market Day on which the Shares of the Company are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediate preceding Market Day on which the Shares were traded, rounded up 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 an Executive Director
“Notice”	:	The Notice of Annual General Meeting dated 6 April 2016
“NTA”	:	Net tangible assets

DEFINITIONS

“ Offering Date ”	:	The date on which the offer of the grant of an Option is made pursuant to the rules of the GEL Scheme
“ Options ”	:	The right to subscribe for Shares granted pursuant to the rules of the GEL Scheme
“ Participants ”	:	The holder of an Option
“ Securities Account ”	:	A securities account maintained by a Depositor with CDP, but does not include a securities account maintained with a Depository Agent
“ Securities and Futures Act ”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“ SGX-ST ”	:	Singapore Exchange Securities Trading Limited
“ Shares ”	:	An ordinary share in the capital of the Company
“ Share Buy-Back ”	:	Buy-back of Shares by the Company pursuant to the Share Buy-Back Mandate
“ Share Buy-Back Mandate ”	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Catalyst Rules
“ Shareholders ”	:	Registered holders of Shares, except that where the registered holder is the Central Depository (Pte) Limited, the term “ Shareholder ” shall, in relation to those Shares, mean the Depositors whose Securities Accounts are credited with Shares
“ Shares ”	:	Ordinary shares in the share capital of the Company
“ Sponsor ”	:	Stamford Corporate Services Pte. Ltd.
“ Subscription Price ”	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with the rules of the GEL Scheme
“ Substantial Shareholder ”	:	A Shareholder who has an interest in not less than 5% of the issued Shares, as defined under section 81 of the Companies Act
“ Take-over Code ”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“ S\$ ” and “ cents ”	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore
“ % ”	:	Per centum or percentage

The terms “**Depositors**”, “**Depository**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in section 81SF of the Securities and Futures Act.

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

DEFINITIONS

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

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

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

LETTER TO SHAREHOLDERS

GSS ENERGY LIMITED

(Company Registration Number: 201432529C)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr. Chin Siew Gim (Non-Executive Chairman, Independent Director)
Mr. Yeung Kin Bond, Sydney (Executive Director)
Mr. Tan Kay Guan (Executive Director)
Mr. Ng Say Tiong (Executive Director)
Mr. Suyulianto Badung Tariono (Executive Director)
Mr. Chee Sanford (Independent Director)
Mr. Kuek Eng Chye, Anthony (Independent Director)

Registered Office:

50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

6 April 2016

To: The Shareholders of GSS Energy Limited

Dear Sir/Madam

- (A) THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE;
 - (B) THE PROPOSED ADOPTION OF THE GEL SCHEME; AND
 - (C) THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE GEL SCHEME
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1. INTRODUCTION

1.1 Annual General Meeting

Reference is made to the Notice of Annual General Meeting of GSS Energy Limited (the “**Company**”) dated 6 April 2016, accompanying the Annual Report of the Company for the financial year ended 31 December 2015, convening the Annual General Meeting of the Company (“**AGM**”) which is scheduled to be held on 22 April 2016 and the Ordinary Resolutions 7, 8 and 9 in relation to the proposed adoption of the Share Buy-Back Mandate, the proposed adoption of the GEL Scheme and the proposed grant of Options at a discount under the GEL Scheme respectively, under the heading “Special Business” set out in the Notice.

1.2 Purpose of this Appendix

The purpose of this Appendix is:

- (a) to provide the Shareholders with details in respect of the proposed adoption of the Share Buy-Back Mandate; and
- (b) to provide the Shareholders with details in respect of the proposed adoption of the GEL Scheme and the proposed grant of Options at a discount under the GEL Scheme.

The Sponsor and the SGX-ST take no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

LETTER TO SHAREHOLDERS

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

2.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the Constitution. Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and the Catalyst Rules and such other laws and regulations as may for the time being be applicable. As the Company is listed on Catalyst, it is also required to comply with Part XI of Chapter 8 of the Catalyst Rules, which relates to the purchase or acquisition by an issuer of its own shares.

It is a requirement under the Companies Act and the Catalyst Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting. Accordingly, the Company is seeking approval from Shareholders at the AGM for the proposed adoption of the Share Buy-Back Mandate.

If approved by Shareholders at the AGM, the authority conferred by the Share Buy-Back Mandate will continue to be in force until the next AGM of the Company (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM).

2.2 Rationale for the Share Buy-Back Mandate

The Share Buy-Back Mandate would give the Company the flexibility to undertake buy-backs of the Shares at any time, subject to market conditions, during the period when the Share Buy-Back Mandate is in force. A Share Buy-Back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Further, amongst others, a Share Buy-Back provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The Directors also expect that Share Buy-Backs may help mitigate against short term volatility of the Company's share price and offset the effects of short term speculation. Share Buy-Backs will also allow the Directors greater control over the Company's share capital structure, dividend payout and cash reserves.

The buy-back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share of the Company and the Group.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will only be made when the Directors believe that such purchases or acquisitions would benefit the Company and its Shareholders and would not have a material adverse effect on the financial position of the Company.

2.3 Terms of the Share Buy-Back Mandate

The authority and limitations placed on purchases and acquisitions of Shares by the Company under the Share Buy-Back Mandate are summarised below:

(a) 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 that may be purchased or acquired is limited to that number of Shares representing not more than 10% of the issued share capital of the Company (excluding treasury shares), ascertained as at the date of the AGM at which the Share Buy-Back Mandate is approved ("**Approval Date**"), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the relevant period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered (excluding treasury shares that may be held by the Company from time to time). For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares will be disregarded.

LETTER TO SHAREHOLDERS

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company of 496,158,657 Shares (excluding any treasury shares) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 49,615,865 Shares (representing approximately 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earlier of:

- (i) the date on which the next AGM of the Company is held or required by law or the Constitution to be held;
- (ii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting; or
- (iii) the date on which the Share Buy-Back is carried out to the full extent mandated.

The Share Buy-Back Mandate may be renewed at each AGM or other general meeting of the Company.

(c) Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of, *inter alia*:

- (i) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Catalist Rules.

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

- (i) offers for the purchase of issued Shares shall be made to every person who holds issued Shares to purchase 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 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;
 - (ab) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (ac) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

LETTER TO SHAREHOLDERS

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

- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed Share Buy-Back;
 - (iv) the consequences, if any, of Share Buy-Backs by the Company that will arise under the Take-over Code or other applicable takeover rules;
 - (v) whether the Share Buy-Back, if made, would have any effect on the listing of the Shares on the SGX-ST;
 - (vi) details of any Share Buy-Backs (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme) made by the Company in the previous 12 months, giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (vii) whether the shares purchased by the Company will be cancelled or kept as treasury shares.
- (d) Maximum purchase price

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

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

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter) of the Shares,

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

For the above purposes:

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

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

LETTER TO SHAREHOLDERS

2.4 Status of Purchased Shares under the Share Buy-Back Mandate

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.5 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 provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holdings

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

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

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

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

LETTER TO SHAREHOLDERS

In addition, under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued Shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds for Share Buy-Back

In purchasing Shares under the Share Buy-Back Mandate, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. The Company may not buy Shares on Catalist for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Catalist Rules. The buy-back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, 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 (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**");
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits available for the distribution of cash dividends by the total amount of the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits available for the distribution of cash dividends proportionately by the total amount of the Purchase Price.

The Company may use internal resources and/or external borrowings to fund purchases of Shares pursuant to the Share Buy-Back Mandate.

The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.7 Financial Effects of the Share Buy-Back Mandate

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2015 and are not necessarily representative of future financial performance of the Group. Although the proposed Share Buy-Back Mandate would authorise the Company to buy-back up to 10% of the Company's issued Shares, the Company may not necessarily buy-back or be able to buy-back 10% of the issued Shares in full.

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy-Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. The purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. The Directors do not propose to exercise the Share Buy-Back Mandate to such

LETTER TO SHAREHOLDERS

an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buy-Back Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group. The financial effects presented in this section of the Appendix are based on the assumptions set out below:

(a) Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued share capital of the Company comprised 496,158,657 Shares (excluding any treasury shares).

(b) Illustrative Financial Effects

Purely for illustrative purposes, on the basis of 496,158,657 Shares (excluding any treasury shares) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of approximately 10% of its issued Shares will result in the purchase of 49,615,865 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 49,615,865 Shares at the Maximum Price of S\$0.074 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 49,615,865 Shares is approximately S\$3.67 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 49,615,865 Shares at the Maximum Price of S\$0.084 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 49,615,865 Shares is approximately S\$4.17 million.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

- (i) the Share Buy-Back Mandate had been effective on 1 September 2014;
- (ii) such Share purchases are funded solely by internal cash of the Group;
- (iii) transaction costs incurred during the Share Buy-Back pursuant to the Share Buy-Back Mandate are assumed to be insignificant and have thus been ignored for the purpose of computing the financial effects;
- (iv) the completion of the issuance of 76,000,000 consideration shares ("**Consideration Shares**") to Javal Petral Energy Pte Ltd ("**JPEL**") for the acquisition of Cepu Sakti Energy Pte Ltd on 10 September 2014 had taken place as at 31 August 2014;
- (v) the cancellation of the Consideration Shares by way of capital reduction had taken place as at 31 August 2014;
- (vi) the placement of 80,000,000 Shares on 10 September 2014 had taken place as at 31 August 2014; and
- (vii) the placement of 99,540,000 Shares on 12 January 2016 had taken place as at 31 August 2014,

LETTER TO SHAREHOLDERS

the financial effects of:

- (aa) the acquisition of 10% of the issued shares of the Company by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and held as treasury shares (“**Scenario A**”); and
- (bb) the acquisition of 10% of the issued shares of the Company by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and cancelled (“**Scenario B**”),

on the audited consolidated financial results of the Group and the Company for FY2015, are set out below:

Scenario A – Purchases made entirely out of capital and held as treasury shares

As at 31 December 2015	Group			
	Market Purchase		Off-Market Purchase	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000
Loss attributable to owners of the Company	(19,073)	(19,073)	(19,073)	(19,073)
Share Capital	73,458	73,458	73,458	73,458
Accumulated Losses	(31,718)	(31,718)	(31,718)	(31,718)
Translation Reserve	252	252	252	252
Capital Reserve	(22,800)	(22,800)	(22,800)	(22,800)
Other Reserve	(5,900)	(5,900)	(5,900)	(5,900)
Treasury Shares	–	(3,672)	–	(4,168)
Shareholders' Equity	13,292	9,620	13,292	9,124
Total Equity ⁽¹⁾	13,748	10,076	13,748	9,580
NTA ⁽²⁾	13,141	9,469	13,141	8,973
Current Assets	29,794	26,122	29,794	25,626
Current Liabilities	(23,273)	(23,273)	(23,273)	(23,273)
Working Capital	6,521	2,849	6,521	2,353
Total Borrowings	–	–	–	–
Cash and Cash Equivalents	10,230	6,558	10,230	6,062
Net Debt ⁽³⁾	Net Cash	Net Cash	Net Cash	Net Cash
Number of Shares as at 31 December 2015 ('000)	496,159	446,543	496,159	446,543
Weighted average number of Shares as at 31 December 2015 ('000)	496,159	446,543	496,159	446,543
Financial Ratios				
NTA per Share (cents) ⁽²⁾	2.65	2.12	2.65	2.01
Gearing Ratio (times) ⁽⁴⁾	–	–	–	–
Current Ratio (times) ⁽⁵⁾	1.28	1.12	1.28	1.10
Basic EPS (cents) ⁽⁶⁾	(3.84)	(4.27)	(3.84)	(4.27)

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Notes:

- (1) Total Equity equals Shareholders' Equity plus non-controlling interests.
- (2) NTA equals Total Equity less intangible assets and Minority Interest. NTA per Share equals NTA divided by the number of shares as at 31 December 2015.
- (3) Net Debt means total borrowings less cash and cash equivalents.
- (4) Gearing Ratio equals Net Debt divided by Total Equity.
- (5) Current Ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals loss attributable to owners of the company divided by the weighted average number of shares as at 31 December 2015.

As at 31 December 2015	Company			
	Market Purchase		Off-Market Purchase	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
Loss attributable to owners of the Company	(48,831)	(48,831)	(48,831)	(48,831)
Share Capital	73,458	73,458	73,548	73,548
Accumulated Losses	(48,831)	(48,831)	(48,831)	(48,831)
Treasury Shares	–	(3,672)	–	(4,168)
Shareholders' Equity	24,627	20,955	24,627	20,459
Total Equity ⁽¹⁾	24,627	20,955	24,627	20,459
NTA ⁽²⁾	24,627	20,955	24,627	20,459
Current Assets	6	6	6	6
Current Liabilities	(6,085)	(9,757)	(6,085)	(10,253)
Working Capital	(6,079)	(9,751)	(6,079)	(10,247)
Total Borrowings	–	–	–	–
Cash and Cash Equivalents	–	–	–	–
Net Debt ⁽³⁾	–	–	–	–
Number of Shares as at 31 December 2015 ('000)	496,159	446,543	496,159	446,543
Weighted average number of Shares as at 31 December 2015 ('000)	496,159	446,543	496,159	446,543
Financial Ratios				
NTA per Share (cents) ⁽²⁾	4.96	4.69	4.96	(4.58)
Gearing Ratio (times) ⁽³⁾	–	–	–	–
Current Ratio (times) ⁽⁴⁾	–	–	–	–
Basic EPS (cents) ⁽⁵⁾	(9.84)	(10.94)	(9.84)	(10.94)

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Notes:

- (1) Total Equity equals Shareholders' Equity plus non-controlling interests.
- (2) NTA equals Total Equity less intangible assets. NTA per Share equals NTA divided by the number of shares as at 31 December 2015.
- (3) Net Debt means total borrowings less cash and cash equivalents.
- (4) Gearing Ratio equals Net Debt divided by Total Equity.
- (5) Current Ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals profit attributable to owners of the company divided by the weighted average number of shares as at 31 December 2015.

Scenario B – Purchases made entirely out of capital and cancelled

As at 31 December 2015	Group			
	Market Purchase		Off-Market Purchase	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
Loss attributable to owners of the Company	(19,073)	(19,073)	(19,073)	(19,073)
Share Capital	73,458	69,786	73,458	69,290
Accumulated Losses	(31,718)	(31,718)	(31,718)	(31,718)
Translation Reserve	252	252	252	252
Capital Reserve	(22,800)	(22,800)	(22,800)	(22,800)
Other Reserve	(5,900)	(5,900)	(5,900)	(5,900)
Shareholders' Equity	13,292	9,620	13,292	9,124
Total Equity ⁽¹⁾	13,748	10,076	13,748	9,580
NTA ⁽²⁾	13,141	9,469	13,141	8,973
Current Assets	29,794	26,122	29,794	25,626
Current Liabilities	(23,273)	(23,273)	(23,273)	(23,273)
Working Capital	6,521	2,849	6,521	2,353
Total Borrowings	–	–	–	–
Cash and Cash Equivalents	10,230	6,558	10,230	6,062
Net Debt ⁽³⁾	Net cash	Net cash	Net cash	Net cash
Number of Shares as at 31 December 2015 ('000)	496,159	446,543	496,159	446,543
Weighted average number of Shares as at 31 December 2015 ('000)	496,159	446,543	496,159	446,543
Financial Ratios				
NTA per Share (cents) ⁽²⁾	2.65	2.12	2.65	2.01
Gearing Ratio (times) ⁽⁴⁾	–	–	–	–
Current Ratio (times) ⁽⁵⁾	1.28	1.12	1.28	1.10
Basic EPS (cents) ⁽⁶⁾	(3.84)	(4.27)	(3.84)	(4.27)

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Notes:

- (1) Total Equity equals Shareholders' Equity plus non-controlling interests.
- (2) NTA equals Total Equity less intangible assets and Minority Interest. NTA per Share equals NTA divided by the number of shares as at 31 December 2015.
- (3) Net Debt means total borrowings less cash and cash equivalents.
- (4) Gearing Ratio equals Net Debt divided by Total Equity.
- (5) Current Ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals loss attributable to owners of the company divided by the weighted average number of shares as at 31 December 2015.

As at 31 December 2015	Company			
	Market Purchase		Off-Market Purchase	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
Loss attributable to owners of the Company	(48,831)	(48,831)	(48,831)	(48,831)
Share Capital	73,458	73,458	73,548	73,548
Accumulated Losses	(48,831)	(48,831)	(48,831)	(48,831)
Shareholders' Equity	24,627	69,786	24,627	69,290
Total Equity ⁽¹⁾	24,627	20,955	24,627	20,459
NTA ⁽²⁾	24,627	20,955	24,627	20,459
Current Assets	6	6	6	6
Current Liabilities	(6,085)	(9,757)	(6,085)	(10,253)
Working Capital	(6,079)	(9,751)	(6,079)	(10,247)
Total Borrowings	-	-	-	-
Cash and Cash Equivalents	-	-	-	-
Net Debt ⁽³⁾	-	-	-	-
Number of Shares as at 31 December 2015 ('000)	496,159	446,543	496,159	446,543
Weighted average number of Shares as at 31 December 2015 ('000)	496,159	446,543	496,159	446,543
Financial Ratios				
NTA per Share (cents) ⁽²⁾	4.96	4.69	4.96	4.58
Gearing Ratio (times) ⁽³⁾	-	-	-	-
Current Ratio (times) ⁽⁴⁾	-	-	-	-
Basic EPS (cents) ⁽⁵⁾	(9.84)	(10.94)	(9.84)	(10.94)

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Notes:

- (1) Total Equity equals Shareholders' Equity plus non-controlling interests.
- (2) NTA equals Total Equity less intangible assets. NTA per Share equals NTA divided by the number of shares as at 31 December 2015.
- (3) Net Debt means total borrowings less cash and cash equivalents.
- (4) Gearing Ratio equals Net Debt divided by Total Equity.
- (5) Current Ratio equals current assets divided by current liabilities.
- (6) Basic EPS equals profit attributable to owners of the company divided by the weighted average number of shares as at 31 December 2015.

The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buy-Back Mandate will be exercised with a view to enhance the EPS and/or NAV per Share of the Group.

Shareholders should note that the financial effects set out above, based on the respective aforesaid assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited consolidated financial results of the Group for FY2015, and is not representative of the future financial performance of the Group.

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or otherwise acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a buy-back before execution.

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of a share buy-back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.9 Catalist Rules

As at the Latest Practicable Date, approximately 53.09% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 50.46%.

The Directors will use their best efforts to ensure that the Company does not effect buy-back of Shares if the buy-back of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

Under the Catalist Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in section 2.3(d) of this Appendix, conforms to this restriction.

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Additionally, the Catalist Rules also specifies that a listed company shall report all purchases or acquisitions of its shares 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 purchase of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of an offer under such scheme.

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

While the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two (2) weeks before the announcement of the Company’s financial statements for each of the first three quarters of its Financial Year, or one (1) month immediately preceding the announcement of the Company’s annual full-year results respectively.

2.10 Take-Over Obligations

(a) Obligation to make a Take-over Offer

Pursuant to the Take-over Code, an increase of a Shareholder’s proportionate interest in the voting rights of the Company resulting from a share buy-back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”).

Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company’s voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

(b) 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 following persons will, *inter alia*, be presumed to be acting in concert:

- (i) 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);

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- (ii) A company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (iii) A company with any of its pension funds and employee share schemes;
- (iv) A person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (v) A financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (vi) Directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) Partners; and
- (viii) An individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions and companies controlled by any of the above and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights.

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

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

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

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 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.

The Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholders are, or may be regarded as parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a Share Buy-Back.

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The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the proposed Share Buyback Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity before they acquire any Shares in the Company during the period when the proposed Share Buyback Mandate is in force.

2.11 Details of the Shares bought by the Company in the previous 12 months

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

2.12 Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase of Shares on Catalist or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

3. THE PROPOSED GEL SCHEME

3.1 Approval in-principle for the GEL Scheme

On 1 April 2016, the SGX-ST granted its approval in-principle for the listing and quotation of the new Shares to be issued pursuant to the GEL Scheme on the Catalist subject to (a) compliance with the SGX-ST's listing requirements and (b) Shareholders' approval for the GEL Scheme at the AGM. The approval of the SGX-ST shall not be taken as an indication of the merits of the GEL Scheme, the new Shares issued pursuant to the GEL Scheme, the Company, its subsidiaries and their securities.

Shareholders should note that the passing of Ordinary Resolution 9 relating to the proposed grant of Options at a discount under the GEL Scheme is conditional on the passing of Ordinary Resolution 8 relating to the proposed adoption of the GEL Scheme. This means that if Ordinary Resolution 8 relating to the relating to the proposed adoption of the GEL Scheme is not approved, Ordinary Resolution 9 relating to the proposed grant of Options at a discount under the GEL Scheme will not be passed.

3.2 Rules of the GEL Scheme

The GEL Scheme Rules in their entirety are set out in Annexure A to this Appendix, and a summary of the rules is set out below.

3.3 Rationale for the GEL Scheme

The GEL Scheme is a share incentive scheme. The purpose is to provide an opportunity for Employees to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance.

The GEL Scheme is to acknowledge the contributions made by the Employees to the well-being and prosperity of the Group and to allow them to have a real and meaningful stake in the Company at a relatively low direct cost. The GEL Scheme will help to achieve the following objectives:

- (a) motivation of the Employees to optimise their performance standards and efficiency and to maintain a high level of contribution;

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- (b) retention and recruitment of key staff whose contribution are important to the long-term growth and profitability of the Group; and
- (c) the development of a participatory style of management that promotes greater commitment and dedication amongst the Employees and instills loyalty and a stronger sense of identification with the Group.

3.4 Eligibility of Participants

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the GEL Scheme:

- (a) Employees;
- (b) Executive Directors; and
- (c) Non-Executive Directors,

provided that, as of the Offering Date, such persons have attained the age of 21 years and are not undischarged bankrupts.

Subject to the absolute discretion of the Committee, the Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the GEL Scheme, provided that the participation of each Controlling Shareholder or his Associate and each grant of an Option to any of them may only be effected with the specific prior approval of Shareholders in general meeting by a separate resolution.

3.5 Participation by Non-Executive Directors in the GEL Scheme

It is proposed that the GEL Scheme be extended to Non-Executive Directors (which includes the independent Directors of the Company) who work closely with the Company and by reason of their relationships with the Company, are in a position to give input and contribute their experience, knowledge and expertise to the development and prosperity of the Group. Although the Non-Executive Directors are not involved in the day to day management of the Group, these Directors serving in a non-executive capacity bring to the Group their wealth of knowledge, business expertise and contacts in the business community. They play a crucial role in helping the Group shape the business strategy and further the business interest of the Group by allowing the Group to draw on their different backgrounds and diverse working experiences. By implementing the GEL Scheme and giving Non-Executive Directors an opportunity to participate in the equity of the Company, their working relationships with the Company will be enhanced as it will instil in them a greater sense of involvement. The extension of the GEL Scheme to Non-Executive Directors will also enable the Company to continue to attract capable individuals to sit on the Board as Non-Executive Directors.

Safeguards against abuse

In order to minimise any potential conflicts of interests, the Company does not intend to grant Options of significant sizes to Non-Executive Directors (which includes the independent Directors of the Company). In particular, in the event that any Options are granted to the Non-Executive Directors, the quantum of such Options will not be of such significance as will affect or compromise the independence of such Non-Executive Directors. In this connection, it is anticipated that the aggregate number of Options granted to Non-Executive Directors over the duration of the GEL Scheme will not amount to more than 5% of the total number of Options available for grant under the GEL Scheme. As a safeguard against abuse, no member of the Committee shall be involved in any deliberation in respect of Options to be granted to him.

The Board is of the view that the participation by the Non-Executive Directors in the GEL Scheme will not compromise their independent status. The Non-Executive Directors as at the Latest Practicable Date are Mr. Chin Siew Gim, Mr. Chee Sanford and Mr. Kuek Eng Chye, Anthony.

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3.6 Participation by Controlling Shareholders and their Associates in the GEL Scheme

The key objectives of the proposed GEL Scheme are to motivate key executives (including Directors and Employees) to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that the proposed GEL Scheme may be more effective than cash bonuses in motivating employees to work towards pre-determined targets and/or to put in their best efforts whilst at the same time allowing the Company to offer competitive incentives and remuneration packages.

To this end, key executives including the Controlling Shareholders and their Associates shall be treated equally as the Controlling Shareholders and their Associates are important to the development and success of the Group. As such, regardless of whether they are Controlling Shareholders or Associates of Controlling Shareholders, the Company's view is that all deserving and eligible participants should be equally entitled to take part and benefit from the Company's fair and equitable system of remuneration.

Although the Controlling Shareholders and their Associates may already have shareholding interests in the Company, the extension of the GEL Scheme to include them ensures that they are similarly entitled, with the other eligible employees of the Group who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. The Directors are of the view that the Company should have a fair and equitable system to reward the eligible persons who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or their Associates.

In terms of the basis for determining the quantum of Options to be granted to each Controlling Shareholder and/or Associate of a Controlling Shareholder, factors which will be taken into account include the designation, capability, experience, skills, expertise, scope of responsibility and years of service of the Participant as well as his overall past and potential contributions to the growth and development of the Group.

Safeguards against abuse

As a safeguard against abuse of the GEL Scheme, all members of the Board (and not just members of the Committee) who are not Controlling Shareholders or their Associates will be involved in deliberations in respect of Options to be granted to or held by Controlling Shareholders and their Associates and the terms and conditions, including the performance targets and vesting periods, attached to such Options. Examples of performance targets to be set for Controlling Shareholders and their Associates include targets based on criteria such as the Group's profitability growth, return of Shareholders' funds and other financial indicators, penetration into new markets, management skills and succession planning.

Specific approval of the independent Shareholders is required for the grant of Options to Controlling Shareholders and their Associates as well as the actual number of and terms of such Options. In seeking such independent Shareholders' approval, clear justification as to their participation, the number of new Shares and the terms of Options to be granted to the Controlling Shareholders and their Associates will need to be provided.

The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and their Associates in the proposed GEL Scheme.

3.7 Entitlement of Participants

An Option represents the right of a Participant to subscribe for Shares in consideration for the Subscription Price upon the exercise of the Option.

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Subject to limitations under the GEL Scheme Rules and any other limits as may be prescribed by the SGX-ST, the number of Shares over which an Option may be granted to each Employee or Executive Director shall be determined by the Committee in its absolute discretion, taking into account factors such as his rank, performance, length of service and potential for future development. In determining the number of Shares over which an Option may be granted to a Non-Executive Director, the Committee may take into account factors such as his services and the contributions made by him to the Group and the Board.

3.8 Size and Duration of the GEL Scheme

In compliance with the requirements of the Catalist Rules, the aggregate number of Shares for which Options may be granted on any date under the GEL Scheme, when added to the number of Shares issued and/or issuable in respect of:

- (a) all Options granted under the GEL Scheme; and
- (b) all Shares, options or awards granted under any other share option scheme or share scheme of the Company then in force (if any),

shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares) on the day immediately preceding that date. By way of illustration, based on an issued share capital of the Company of 496,158,657 Shares as at the Latest Practicable Date, the maximum number of Shares which may be issued upon the exercise of the Options in respect of all options granted under the GEL Scheme and in respect of all options or awards granted under any other share option schemes or share schemes of the Company is 74,423,798.

Furthermore, the aggregate number of Shares over which Options may be granted under the Scheme to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the GEL Scheme, and the number of Shares over which an Option may be granted under the GEL Scheme to each Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the GEL Scheme.

The GEL Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the GEL Scheme is adopted by Shareholders, provided always that the GEL Scheme may be continued for any period thereafter with the approval of the Shareholders in a general meeting and of any relevant authorities which may then be required, subject to compliance with any applicable laws and regulations. The GEL Scheme may also be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting.

3.9 Grant of Options at a Discounted Price

Under the GEL Scheme, the Subscription Price of the Options granted will be determined by the Committee. The Committee has the discretion to grant Options at a discounted Subscription Price. In the event that Options are granted at a discount, the discount shall not exceed 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 and to motivate them to continue to excel, as well as attract new talent for 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 the 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.

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Further, because Options granted with a discount under the GEL Scheme are subject to a longer vesting period (two (2) years) than those granted at the Market Price (one (1) year), the Participants 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 20% discount to the Market Price of the Shares is sufficient to allow for flexibility in the GEL Scheme, while minimising the potential dilutive effect to the Shareholders arising from the GEL Scheme.

3.10 Subscription Price of Options

Subject to adjustments under the GEL Scheme Rules, the Subscription Price for the Shares in respect of which an Option is exercisable shall be fixed by the Committee in its absolute discretion at:

- (a) the Market Price; or
- (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price and is approved by Shareholders in a general meeting in a separate resolution.

In determining whether to give a discount and the quantum of such discount in respect of the Subscription Price, the Committee may take into account factors such as the performance of the Group, years of service and individual performance of the Participant, his contribution to the success and development of the Group, and prevailing market and economic conditions.

3.11 Operations of the GEL Scheme

Subject to prevailing legislation and the Catalyst Rules, the Company, in its sole and absolute discretion, will deliver Shares to Participants in relation to an exercise of an Option, by way of either:

- (a) an issue of new Shares, deemed to be fully paid upon their issuance and allotment; or
- (b) delivering existing Shares to the Participant, whether such existing Shares are purchased or acquired pursuant to the Share Buy-Back Mandate or (to the extent permitted by law) held as treasury shares.

In determining whether to issue and allot new Shares or the delivery of existing Shares to the Participants upon the exercise of the Options, the Company and the Committee will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement.

Existing Shares procured by the Company for transfer on the exercise of an Option shall be subject to all the provisions of the Constitution, shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant exercise date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

3.12 Role and Composition of the Committee

The Committee is the designated body responsible for administering the GEL Scheme. The Committee shall comprise at least three (3) members appointed by the Board. The members must be Directors of the Company and shall comprise at least two (2) Non-Executive Directors.

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In compliance with the requirements of the Catalist Rules, a Participant of the GEL Scheme, who is a member of the Committee, shall not be involved in its deliberations in respect of Options to be granted to or held by that member of the Committee.

3.13 Financial Effects of the GEL Scheme

(a) Potential Costs of Options

The grant of Options under the GEL Scheme will result in an increase in the Company's issued share capital to the extent that new Shares are issued to the Participants pursuant to the exercise of the Options. This will in turn depend on, *inter alia*, the number of Shares comprised in the Options to be issued. As such, there would be no impact on the Company's number of issued shares if the relevant Options are not exercised.

Based on the Singapore Financial Reporting Standard ("**FRS**"), no cash outlays would be expended by the Company at the time Options are issued by it (as compared with cash bonuses). However, the Company would recognise an expense in the financial statements based on the fair value of the Option at the grant date. FRS 102 is effective for the financial statements of the Company for the financial year beginning 1 January 2015.

Participants will receive Shares in settlement of the Options, and the Options would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Options would be recognised as a charge to the income statement over the vesting period of an Option and a corresponding credit to reserve account. For Options granted, the total amount of the charge over the vesting period is generally measured based on the fair value of each Option granted. This is normally estimated by applying the option pricing model at the Date of Grant.

Before the end of the vesting period, at each accounting year end, the estimate of the number of Options that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement is made. This accounting treatment has been referred to as the "**modified grant date method**", because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest but no adjustment is made to changes in the fair value of the Shares since the Date of Grant. The amount charged to the income statement would be the same whether the Company settles the Options using treasury shares, new Shares or existing Shares ("**equity settlement**").

(b) Share Capital

The GEL Scheme will result in an increase in the Company's issued share capital when new Shares are issued to the Participants pursuant to the exercise of Options. This increase will in turn depend on, *inter alia*, the number of Shares comprised in the Options, and the prevailing market price of the Shares on the SGX-ST. However, there will be no change to the Company's issued share capital where Options (when exercised) are satisfied by treasury shares held by the Company.

(c) Earnings per Share

The GEL Scheme will have a dilutive effect on the Company's consolidated EPS following the increase in the Company's issued share capital to the extent that new Shares are issued to the Participants pursuant to the GEL Scheme.

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(d) NTA

The issue of new Shares upon the exercise of the Options under the GEL Scheme will increase the consolidated NTA of the Company by the aggregate Subscription Price of the new Shares. On a per Share basis, the effect on the NTA of the Company is accretive if the Subscription Price is above the NTA per Share but dilutive otherwise.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors or Substantial Shareholders has any direct or indirect interest in the GEL Scheme (other than through their respective shareholdings in the Company):

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Mr. Tan Kay Guan	652,000	0.13	–	–
Mr. Yeung Kin Bond, Sydney ⁽²⁾	–	–	76,275,000	15.37
Substantial Shareholders				
Roots Capital Asia Limited	76,275,000	15.37	–	–

Notes:

- (1) The percentage of issued share capital is calculated on the basis of 496,158,657 Shares, excluding any treasury shares, as at the Latest Practicable Date.
- (2) Mr. Yeung Kin Bond, Sydney is deemed to have an interest in the 76,275,000 Shares held by Roots Capital Asia Limited.

5. ABSTENTION FROM VOTING

Shareholders who are entitled to participate in the GEL Scheme should abstain from voting at the AGM on Ordinary Resolutions 8 and 9 as set out in the Notice of AGM, and should decline appointment as proxies for voting at the AGM in respect of the aforesaid resolutions, unless specific instructions have been given in the proxy form on how the votes are to be cast for each of the aforesaid resolutions.

As all the Directors are entitled to participate in the GEL Scheme, the Directors shall abstain from voting at the AGM in respect of Ordinary Resolutions 8 and 9 as set out in the Notice of AGM relating to the proposed adoption of the GEL Scheme and the proposed grant of Options at a discount under the GEL Scheme. The Directors shall also decline to accept the appointment of proxies for any Shareholder to vote in respect of the said resolutions unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of such resolutions.

6. DIRECTORS' RECOMMENDATIONS

6.1 The Proposed Share Buy-Back Mandate

The Directors, all of whom are independent for the purposes of the proposed Share Buy-Back Mandate, having considered, *inter alia*, the terms, the rationale and the benefits of the proposed Share Buy-Back Mandate, are of the view that the proposed Share Buy-Back Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of Ordinary Resolution 7, being the ordinary resolution relating to the proposed adoption of the Share Buy-Back Mandate, at the AGM.

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6.2 The Proposed GEL Scheme

The Directors are eligible to participate, and are therefore interested in the GEL Scheme and shall therefore refrain from making any recommendations in relation to the proposed adoption of the GEL Scheme.

Please refer to the rules of the GEL Scheme set out in Annexure A to this Appendix for the list of persons who are eligible to participate in the GEL Scheme.

6.3 The Proposed Grant of Options at a Discount under the GEL Scheme

The Directors are eligible to participate, and are therefore interested in the GEL Scheme and shall therefore refrain from making any recommendations in relation to the proposed grant of Options at a discount under the GEL Scheme.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed Share Buy-Back Mandate, the proposed GEL Scheme, the proposed grant of Options at a discount under the GEL Scheme, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix 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 Appendix in its proper form and context.

8. ADVICE TO SHAREHOLDERS

As different Shareholders would have different investment objectives and profiles with specific investment objectives, financial situation, tax position or unique needs or constraints, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

9. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the AGM.

The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the AGM if he subsequently wishes to do so. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time appointed for the AGM.

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10. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 during normal business hours from the date of this Appendix to the date of the forthcoming AGM scheduled to be held on 22 April 2016:

- (i) the Constitution;
- (ii) the Annual Report 2015; and
- (iii) the rules of the GEL Scheme.

Yours faithfully,
For and on behalf of the Board of Directors of
GSS Energy Limited

Ng Say Tiong
Executive Director

ANNEXURE A – RULES OF THE GEL SCHEME

1. Name of Scheme

The Scheme shall be called the “GSS Energy Limited Executives’ Share Option Scheme” (“**GEL Scheme**”).

2. Definitions

Unless the context otherwise requires, the following words or expressions shall have the following meanings :

“Act”	The Companies Act, Chapter 50 of Singapore as amended or modified from time to time
“Adoption Date”	The date on which the GEL Scheme is adopted by the Company in general meeting
“Aggregate Subscription Cost”	The total amount payable for the Shares to be subscribed for on the exercise of an Option
“Associate”	<p>(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <ul style="list-style-type: none">(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; <p>(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</p>
“Auditors”	The auditors for the time being of the Company
“Board”	The board of Directors of the Company
“CDP”	The Central Depository (Pte) Limited
“Committee”	A committee of Directors duly authorised and appointed by the Board to administer the GEL Scheme
“Company”	GSS Energy Limited, a company incorporated in Singapore
“Control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company

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“Controlling Shareholder”	A shareholder who: <ul style="list-style-type: none">(a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Shares held by the Company as treasury shares) (unless otherwise determined by the SGX-ST that a person who satisfies this sub-paragraph is not a controlling shareholder); or(b) in fact exercise Control over the Company
“Date of Grant”	The date on which an Option is granted to a Participant pursuant to the GEL Scheme
“Depository Agent”	An entity registered as a depository agent with CDP for the purpose of maintaining securities sub-accounts for its own account and for the account of others
“Director”	A director for the time being of the Company
“Employee”	A confirmed full-time employee of the Group (including an Executive Director) who is selected by the Committee to participate in the GEL Scheme in accordance with Rule 5(a)
“Executive Director”	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function
“Executive Option”	The right to subscribe for Shares granted to an Employee pursuant to the GEL Scheme and for the time being subsisting
“Financial Year”	Each period of 12 months at the end of which the accounts of the Company are drawn up and audited, or any period of more or less than 12 months at the end of which the accounts of the Company are drawn up and audited, for the purpose of laying the same before an annual general meeting of the Company
“GEL Scheme Rules”	The rules of the GEL Scheme, as may be amended or modified from time to time
“Grantee”	A person to whom an offer of an Option is made
“Group”	The Company and its subsidiaries
“GEL Scheme”	The GSS Energy Limited Executives’ Share Option Scheme, as amended or modified from time to time
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Market Price”	The average of the last dealt prices for a Share, as determined by reference to the daily Official List (as defined in the Catalist Rules) published by the SGX-ST for a period of five (5) consecutive trading days immediately preceding the Offering Date of that Option, provided always that in the case of a Market Day on which the Shares of the Company are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediate preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices

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“Non-Executive Director”	A director of the Company and/or its subsidiaries, as the case may be, other than an Executive Director
“Non-Executive Option”	The right to subscribe for Shares granted to a Non-Executive Director pursuant to the GEL Scheme and for the time being subsisting
“Offering Date”	The date on which the offer of the grant of an Option is made pursuant to Rule 9
“Option”	An Executive Option or a Non-Executive Option
“Option Period”	(a) <u>Executive Option</u> The period for the exercise of an Option, being a period commencing on the 1 st anniversary of the Date of Grant and expiring on the day preceding the 5 th anniversary of such Date of Grant, subject as provided in Rules 15 and 16 and any other conditions as may be introduced by the Committee from time to time, provided that where the Subscription Price for the Shares comprised in an Option is set at a discount to the market price for a Share (as determined in accordance with Rule 8), such Option may not be exercised before the 2 nd anniversary of the Date of Grant. (b) <u>Non-Executive Option</u> The period for the exercise of an Option, being a period commencing on the 1 st anniversary of the Date of Grant and expiring on the day preceding the 3 rd anniversary of such Date of Grant, subject as provided in Rules 15 and 16 and any other conditions as may be introduced by the Committee from time to time, provided that where the Subscription Price for the Shares comprised in an Option is set at a discount to the market price for a Share (as determined in accordance with Rule 8), such Option may not be exercised before the 2 nd anniversary of the Date of Grant.
“Option Price”	The price payable by a Grantee on the acceptance of the offer of an option, being the sum of \$1.00
“Participant”	The holder of an Option
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“Shares”	Ordinary shares in the capital of the Company
“Subscription Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option (as determined in accordance with Rule 8)
“Substantial Shareholders”	A Shareholder who has an interest in not less than 5% of the issued Shares, as defined under section 81 of the Companies Act
“Trading Day”	A day on which Shares are traded on the SGX-ST
“\$”	Singapore dollars
“%”	Per centum

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

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

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

3. Objectives of the GEL Scheme

The GEL Scheme is a share incentive scheme. The purpose is to provide an opportunity for Employees of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance.

The GEL Scheme seeks to acknowledge the contributions made by the Employees to the well-being and prosperity of the Group and to allow them to have a real and meaningful stake in the Company at a relatively low direct cost.

The Scheme will help to achieve the following objectives:

- (a) motivation of the Employees to optimise their performance standards and efficiency and to maintain a high level of contribution;
- (b) retention and recruitment of key staff whose contribution are important to the long-term growth and profitability of the Group; and
- (c) the development of a participatory style of management that promotes greater commitment and dedication amongst the employees and instills loyalty and a stronger sense of identification with the Group.

4. Administration of the Scheme

- (a) The GEL Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board. No member of the Committee shall be involved in any deliberation or decision-making in respect of any Options to be offered or granted to him.
- (b) The Committee shall comprise at least three (3) members appointed by the Board. Members must be Directors of the Company and shall comprise at least two (2) Non-Executive Directors. The Committee may invite other management staff or engage external consultants to assist it in its work.
- (c) The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the GEL Scheme) for the administration and implementation of the GEL Scheme, as it thinks fit.
- (d) Any decision made by the Committee pursuant to any provision of the GEL Scheme (other than a matter specifically governed by the Act, SGX-ST or other external governing bodies or in relation to any matter to be certified by the Auditors) including any decisions pertaining to disputes as to the interpretation of any Rule, regulation or procedure thereunder or as to any rights under the GEL Scheme, shall be final and binding.
- (e) All decisions or actions of the Committee with respect to the interpretation, administration and/or implementation of the GEL Scheme shall be by affirmative vote of a simple majority of the members or by a written instrument signed by a majority of the members of the Committee. ONLY in the event of a tie, the Chairman of the Committee shall be requested to make a casting vote.

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- (f) The Committee will establish and maintain a register showing the particulars of the holders of Option Certificates under the GEL Scheme and the number of Shares exercisable under the Options held by them.
- (g) A shareholder who is entitled to participate in the GEL Scheme shall not vote at any general meeting in respect of any ordinary resolutions relating to the GEL Scheme. The Participant shall not accept nominations or proxies or otherwise for voting at any general meeting in respect of the aforesaid resolutions unless specific instructions have been given in the proxy instrument on how the shareholder, whom the Participant is representing, wish his votes to be cast for each of the resolutions. In particular, shareholders who are eligible to participate in the GEL Scheme shall abstain from voting on the following resolutions, where applicable: (i) implementation of the GEL Scheme; (ii) the maximum discount which may be given in respect of any Option; and (iii) participation by and grant of Options to Controlling Shareholders and their Associates.

5. Eligibility

- (a) The following persons shall be eligible to participate in the GEL Scheme:
 - (i) Employees who have attained the age of 21 years and above on or before the relevant Offering Date and who, in the absolute discretion of the Committee, are selected to participate in the GEL Scheme;
 - (ii) Executive Directors who, in the absolute discretion of the Committee, are selected to participate in the GEL Scheme;
 - (iii) Non-Executive Directors who, in the absolute discretion of the Committee, are selected to participate in the GEL Scheme in recognition of his/her services to the Group;
 - (iv) Controlling Shareholders and their Associates who are confirmed full-time Employees who have attained the age of 21 years and above on or before the relevant Offering Date; and
 - (v) Any Employee who qualifies under 5(a)(i) above and is seconded to any associated company of the Company or to any other company outside the Group in which the Company and/or Group has an equity interest, and who, in the absolute discretion of the Committee, is selected to participate in the GEL Scheme.

For the purpose of 5(a)(v), the secondment of a full-time Employee to an associated company of the Company or other company outside the Group in which the Company and/or Group has an equity interest, shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time Employee.

- (b) Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 5(a) above shall be eligible to participate in the GEL Scheme provided that:
 - (i) their participation; and
 - (ii) the actual number and terms of any Options to be granted to them,

have been approved by the independent shareholders at a general meeting in separate resolutions for each person and, in respect of each such person, in separate resolutions for each of his participation and the actual number and terms of any Options to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the GEL Scheme of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant.

ANNEXURE A – RULES OF THE GEL SCHEME

- (c) Subject to the prevailing laws and any regulations or directives issued by the SGX-ST, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other companies with the Group or otherwise.
- (d) Directors and employees of the Company's parent company and its subsidiaries (other than the Company and the Company's subsidiaries) are not entitled to participate in the GEL Scheme.

6. Limitations under the GEL Scheme

The total number of Shares to be issued by the Company in respect of which Options are granted to Participants on any date, when added to the number of Shares issued and issuable in respect of all Options under the GEL Scheme and the number of Shares issued and issuable in respect of all options or awards granted under any other share option schemes or share schemes of the Company shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares of the Company) on the day immediately preceding the Offering Date.

The aggregate number of Shares which may be issued or transferred pursuant to Options under the GEL Scheme to Participants who are Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the GEL Scheme.

The number of Shares which may be issued or transferred pursuant to Options under the GEL Scheme to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the GEL Scheme.

The rationale for the above-said size limit is to provide maximum flexibility of the Company to reward Participants using a human resource incentive tool that is rapidly gaining recognition and acceptability in major economies worldwide.

7. Shares offered under Options

- (a) The number of Shares over which Options may be offered to Grantees who are selected by the Committee to participate in the GEL Scheme shall be determined by the Committee at its absolute discretion.
- (b) In determining the number of Shares to be offered to an Employee or an Executive Director under an Executive Option, the Committee may take into consideration factors such as (but not limited to) his rank, performance, length of service and potential for future development. In determining the number of Shares to be offered to a Non-Executive Director under a Non-Executive Option, the Committee may take into consideration factors such as his services and the contributions made by him to the Group and the Board.

8. Subscription Price

- (a) Subject to any adjustment pursuant to Rule 14, the Subscription Price for each Share in respect of which an option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee, at:
 - (i) Market Price; or
 - (ii) a price which is set at a discount to the Market Price, provided that:
 - (aa) the maximum discount shall not exceed 20% of the Market Price; and
 - (bb) the shareholders of the Company in a general meeting shall have authorised the making of offers and grants of Options under the GEL Scheme at a discount not exceeding the maximum discount as aforesaid in a separate resolution.

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- (b) In making any determination under Rule 8(a)(ii) 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:
 - (i) the performance of the Company and its subsidiaries, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth;
 - (ii) the years of service and individual performance of the eligible Participant;
 - (iii) the contribution of the eligible Participant to the success and development of the Company and/or the Group; and
 - (iv) the prevailing market and economic conditions.
- (c) In the event that the Company is no longer listed on the Catalist Board of the SGX-ST or any other relevant stock exchange or trading in the Shares on the Catalist Board of the SGX-ST is suspended for any reason for 14 days or more, the Subscription Price for each Share in respect of an Option is exercisable shall be the fair market value of each such Share as determined by the Committee in good faith.

9. Method of Offer

- (a) The Committee shall before each Offering Date determine the following:
 - (i) the Grantee to whom an offer of an Option is to be made under the GEL Scheme;
 - (ii) the number of Shares for which an Option is to be offered to the Grantee;
 - (iii) the Subscription Price as determined in accordance to Rule 8; and
 - (iv) such other terms, if any, not inconsistent with the terms of the GEL Scheme as the Committee may think fit to impose as terms to the offer of the Option.
- (b) Each offer of the grant of an Option shall specify the number of Shares offered under the Option, the Subscription Price and the closing date and time for accepting the offer. The Letter of Offer to grant an Option shall be in or substantially in the form set out in Appendix I (subject to modification by the Committee from time to time).
- (c) If the offer of the grant of an Option is not accepted in the manner as provided in Rule 11(a), such offer shall upon the expiration of the period for acceptance, automatically lapse and shall be null and void and of no effect.

10. Offers of Options

- (a) Offers of the grant of Options may be made by the Committee to the Grantees selected by the Committee to participate in the GEL Scheme at any time and from time to time, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers of the grant of Options may only be made after the Market Day from the date on which the aforesaid announcement is released.
- (b) An Option is personal to the Grantee to whom it is offered and may not be transferred, charged, assigned or otherwise disposed of or encumbered, in whole or in part, without the prior approval of the Committee.
- (c) The Committee will, on the date of acceptance of an offer by a Grantee in accordance with Rule 11(a), issue to the Grantee who has accepted the offer, a certificate in relation to the

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Option granted (“**Option Certificate**”) under the Common Seal of the Company or in such other form as the Committee may determine. If an Option Certificate becomes worn out, defaced, destroyed or lost, the Committee will, upon the written application of the Grantee, replace it on production of such evidence as may be required to be provided by the Grantee on such terms as the Committee may determine.

- (d) Options granted under the GEL Scheme will not be listed on the SGX-ST.

11. Acceptance of Offers

- (a) To accept an offer of the grant of an Option made under Rule 9, the Grantee must complete, sign and return an Acceptance Form not later than the relevant closing date/time for the acceptance of the offer, as set out in the Letter of Offer, accompanied by payment of the Option Price as consideration. The relevant closing date shall not be shorter than 21 calendar days from the Offering Date of that Option. The Acceptance Form shall be in or substantially in the form set out in Appendix II (subject to modification by the Committee from time to time).
- (b) Any Grantee who fails to return a duly completed Acceptance Form with the Option Price on or before the closing date/time as set out in the Letter of Offer issued pursuant to Rule 9 shall be deemed to have rejected the offer, and an Acceptance Form received after the closing date and time specified in the Letter of Offer shall not be valid.

12. Exercise of Options

- (a) An Option may not normally be exercised before the commencement of the Option Period relating to that Option, and no Option shall be capable of exercise after the expiration of the Option Period relating to that Option. Subject as aforesaid, and as may be otherwise provided in these Rules, an Option shall be exercisable by a Participant at any time during the Option Period applicable to that Option.
- (b) To exercise an Option, a Participant must give notice of exercise (“**Exercise Notice**”) in writing to the Company. The Exercise Notice must be accompanied by the Option Certificate, full payment of the Aggregate Subscription Cost, the CDP charges (if applicable) referred to in Rule 24 and such other documentation as the Committee may in its absolute discretion require. The Exercise Notice shall be in or substantially in the form set out in Appendix III (subject to modification by the Committee from time to time).
- (c) Subject as otherwise provided in these Rules, an Option shall be treated as validly exercised upon receipt by the Company of the duly completed and signed Exercise Notice, the remittance of the Aggregate Subscription Cost, the relevant CDP charges (if applicable) and the other documentation (if any) required by the Committee.

13. Rights on Exercise of Option

- (a) The Company shall, as soon as practicable after the exercise of an Option, allot and issue the relevant Shares and apply to the SGX-ST and any other stock exchange on which the Shares are quoted, for permission to deal in and for quotation of such Shares. Shares which are allotted on the exercise of an Option by a Participant shall be issued (at the election of the Participant) in the name of CDP or its nominees for credit to the Participant’s securities account with CDP or sub-account maintained with a Depository Agent. In the event that the Shares are not listed on the SGX-ST, the Shares will be allotted and issued in the name of the Participant.
- (b) If a Participant exercises an Option partially and the number of Shares in respect of which an Option Certificate has been lodged with the Company exceeds the number of Shares which are the subject of the Exercise Notice, the Committee will issue a new Option Certificate to the Participant for the balance of the Shares which have not been exercised under such Option Certificate.

ANNEXURE A – RULES OF THE GEL SCHEME

- (c) Subject to such consents or other required action of any competent authority under regulations or enactments for the time being in force as may be necessary and subject to compliance with these Rules, the Company shall within 10 market days after the exercise of the Option allot the Shares and within five (5) market days from the date of such allotment, issue and despatch to CDP, certificates in respect of the Shares by ordinary post (or such other mode as the Committee may deem fit).
- (d) Shares which are allotted upon the exercise of an Option will upon issue rank *pari passu* in all respects with the then existing issued Shares except that the new Shares shall not be entitled to any dividend or other distribution the record date for which precedes the date of exercise of the Option. “**Record date**” means the date fixed by the Company for the purposes of determining the entitlements to dividends or other distributions to or rights of holders of Shares.
- (e) Shares arising on the exercise of an Option shall, on allotment, be subject to the provisions of the Constitution of the Company.

14. Adjustments

- (a) If a variation in the issued share capital of the Company (whether by way of a capitalisation or rights issue, reduction, sub-division or consolidation) shall take place or if the Company shall make a Capital Distribution (as hereafter defined), then:
 - (i) the Subscription Price;
 - (ii) the class and/or the number of Shares comprised in an Option to the extent unexercised; and/or
 - (iii) the class and/or number of Shares over which Options and/or additional Options may be issued to the Participants,

shall be adjusted in such manner as the Committee may determine to be appropriate and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable. Such adjustments (if any) shall, where reasonable, give the Participant the same proportion of the equity capital as that to which he was previously entitled.

- (b) The following (whether singly or in combination) shall not be regarded as events requiring adjustments:
 - (i) any issue of securities as consideration for an acquisition or a private placement of securities;
 - (ii) any 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 GEL Scheme and any previous scheme(s)); and
 - (iii) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) effected on the SGX-ST pursuant to a share purchase mandate (or any renewal thereof) given by the shareholders of the Company in general meeting and for the time being in force.

ANNEXURE A – RULES OF THE GEL SCHEME

- (c) Notwithstanding the foregoing provisions of this Rule 14, in any circumstances where the Committee considers that adjustments to the Subscription Price and the number of Shares which may be acquired on the exercise of an Option should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price and the number of shares which may be acquired on the exercise of an Option should be made notwithstanding that no such adjustment is required under the said provisions, the Committee, may upon the written confirmation of the Auditors, make, modify or nullify an adjustment in such manner as the Auditors consider to be reasonable and appropriate.
- (d) Notwithstanding the foregoing provisions of this Rule 14, no such adjustment shall be made if as a result, the Participant receives a benefit that a shareholder does not receive.
- (e) Upon any adjustment being made pursuant to this Rule 14, the Company shall notify the Participant (or his duly appointed personal representative) in writing informing him of the Subscription Price thereafter in effect, the class and/or number of Shares thereafter to be issued on the exercise of the Option and the effective date of the adjustment.
- (f) For the purposes of this Rule 14, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves. Any distribution out of profits or reserves shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries.

15. Take-over and Winding-up of the Company

- (a) In the event of a take-over offer being made for the Shares, a Participant (including a Participant holding Options which are not then exercisable pursuant to the provisions of Rule 12 above) shall be entitled to exercise in full or in part any Option held by him and as yet unexercised, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:
 - (i) the expiry of six (6) months thereafter, unless prior to the expiration of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiration date is extended to a later date (being a date falling not later than the expiration of the Option Period relating thereto); or
 - (ii) the date of the expiration of the Option Period relating thereto,

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

Provided that if during such period the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations acquire shall have been exercised or performed, the Option shall, subject to Rule 16, remain exercisable until the expiry of the Option Period relating thereto.

- (b) If under the Act, the Court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled, subject to Rule 16(b), to exercise any Option then held by him during the period commencing with the date upon which the compromise or arrangement is sanctioned by the Court and ending either on the expiry of 60 days thereafter or the date upon which it becomes effective, whichever is later (but not after the expiration of the Option Period relating thereto), whereupon the Option shall lapse and become null and void.

ANNEXURE A – RULES OF THE GEL SCHEME

- (c) In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction) of the Company, the Participants shall be entitled within 30 days of the passing of the resolution in respect of such winding-up (but not after the expiration of the Option Period relating thereto), to exercise in full any unexercised Options, after which such unexercised Options shall lapse and become null and void.
- (d) If an order or an effective resolution is passed for the winding-up of the Company on the basis of insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- (e) If in connection with the making of a take-over offer referred to in Rule 15(a) or the scheme referred to in Rule 15(b), or a winding-up referred to in Rule 15(c), arrangements are made (which are confirmed in writing by the Auditors to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, 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.
- (f) To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

16. Termination of Options

- (a) Subject as provided in Rule 15, an Option may be exercised in whole or in part at any time during the Option Period applicable thereto. In the event that an Option is exercised in part only, the Option shall be capable of further exercise in accordance with these Rules until such time that the Option shall lapse or terminate pursuant to these Rules.
- (b) An Option shall, to the extent unexercised, immediately lapse without any claim against the Company:
 - (i) subject to Rules 16(c), (d) and (e), upon the Participant ceasing to be in the full-time employment of the Group for any reason whatsoever;
 - (ii) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Options;
 - (iii) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion; or
 - (iv) in the event of the Participant breaching any of the terms of his Option.

For the purpose of Rule 16(b)(i), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date. For the avoidance of doubt, no Option shall lapse in the event any transfer of employment of a Participant within the Group or upon the cessation of employment of an Executive Director who shall continue to serve as a Non-Executive Director.

- (c) If a Participant ceases to be employed within the Group by reason of ill-health, injury, disability (in each case evidenced to the satisfaction of the Committee), redundancy, retirement or for any other reason approved in writing by the Committee, he may exercise any Option then remaining unexercised within such period falling within the Option Period applicable to the Option as the Committee may in its absolute discretion determine, and upon expiry of such period, that Option shall lapse and become null and void.

ANNEXURE A – RULES OF THE GEL SCHEME

- (d) If a Participant ceases to be employed within the Group:
- (i) by reason of the company in which he is employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group; or
 - (ii) for any other reason provided the Committee gives its consent in writing,
- he may, at the absolute discretion of the Committee, exercise any Option then remaining unexercised within such period during the Option Period as may be determined by the Committee in its absolute discretion, and upon expiry of such period, that Option shall lapse and become null and void.
- (e) If a Participant dies while he is in the employment of the Group and at the date of his death held any unexercised Option, such Option may be exercised by the duly appointed personal representative of the Participant within the Option Period applicable to that Option, and upon expiry of such period, that Option shall lapse and become null and void.
- (f) If a Participant who is a Non-Executive Director ceases to be a Director for any reason whatsoever, any Non-Executive Option then held by him shall to the extent unexercised, immediately lapse unless otherwise determined by the Committee in its absolute discretion. In exercising such discretion, the Committee may also determine the period during which such Option may continue to be exercisable, provided that such period may not in any event exceed the Option Period applicable thereto, and upon expiry of such period, that Option shall lapse and become null and void.

17. Non-Assignability of Options

Any Option shall be personal to the Participant to whom it is granted and save as provided in Rule 16, the Participant shall not transfer or assign to any other person, or create any charge, lien or other encumbrance whatsoever on or over the Option or any part thereof.

18. Notices

- (a) Any notice requiring to be given by a Grantee or a Participant to the Company shall be sent to the registered office of the Company or such other address as may be notified by the Company to him in writing.
- (b) Any notice or document required to be given by the Company to a Grantee or a Participant shall be delivered to him by hand or sent to him at his home address according to the records of the Company and if sent by post, shall be deemed to have been given on the day following the date of posting.

19. Modifications to the GEL Scheme

- (a) The GEL Scheme may be modified or altered in any respect by resolution of the Committee except that:
 - (i) no alteration shall alter adversely the rights attaching to any Option granted prior to such alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in nominal value of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
 - (ii) the definitions of "Employee", "Option", "Option Period", "Participant" and "Subscription Price" and the provisions of Rules 5, 6, 8, 11, 13, 15, 16, 17 and this Rule 19 shall not be altered to the advantage of Participants except with the prior sanction of the shareholders in general meeting; and
 - (iii) no alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities which may be necessary.

ANNEXURE A – RULES OF THE GEL SCHEME

- (b) Written notice of any alteration made in accordance with this Rule 19 shall be given to all Participants.
- (c) Notwithstanding anything to the contrary contained in Rule 19(a), the Committee may at any time and from time to time, by resolution without other formality (save for the prior approval of the SGX-ST or such other regulatory authorities as may be necessary), amend any provision of the GEL Scheme in any way and to the extent necessary to cause the GEL Scheme to comply with any statutory provision or the regulations of any regulatory authority or other relevant authority or body (including the SGX-ST).

20. Duration of the GEL Scheme

- (a) The GEL Scheme shall come into effect on the Adoption Date and continue in force at the discretion of the Committee, subject to a maximum period of 10 years, provided always that the GEL Scheme may be continued for any period thereafter with the approval of the Company in a general meeting and of any relevant authorities which may then be required.
- (b) The GEL Scheme may be terminated by resolution of the Committee or by the Company in general meeting (subject to such other relevant approvals which may be required) and if the GEL Scheme is so terminated, no further offers of the grant of Options shall be made or purported to be made under the GEL Scheme, but the provisions of the GEL Scheme shall, in relation to Options then subsisting, remain in full force and effect.

21. Terms of Employment Unaffected

The terms of employment of a Participant shall not be affected by his participation in the GEL 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.

22. Condition of Option

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

23. Taxes

All taxes (including income tax) arising from the grant or exercise of any Option under the GEL Scheme shall be borne by the Participant.

24. Costs and Expenses

- (a) Save for the taxes referred to in Rule 23, all fees, costs and expenses incurred by the Company in relation to the GEL Scheme, including but not limited to the fees, costs and expenses relating to the issue and allotment of Shares pursuant to the exercise of any Option, shall be borne by the Company.
- (b) The Participant shall be responsible for all sums payable to CDP (or to the order of CDP) by way of fees or charges in connection with the credit of Shares to his securities account or sub-account in respect of the Shares pursuant to the exercise by the Participant of any Option under the GEL Scheme.

25. Disclaimer of Liability

Notwithstanding any provisions herein contained and subject to the Act, 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 allotting Shares or in applying for or procuring the listing of the Shares on the SGX-ST (and/or any other stock exchange on which the Shares are quoted or listed).

ANNEXURE A – RULES OF THE GEL SCHEME

26. Disclosure in Annual Reports

The Company shall make the following disclosure in its annual reports:

- (a) the names of the members of the Committee;
- (b) the information required in the table below for the following Participants (which for the avoidance of doubt, include Participants who have exercised all their Options in any particular financial year):
 - (i) Directors of the Company;
 - (ii) Participants, other than those in Rule 26(b)(i) above, who receive five per cent (5%) or more of the total number of Options available under the GEL Scheme; and
 - (iii) Participants who are Controlling Shareholders and their Associates;

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

- (c) the number and proportion of Options granted at a discount to the Market Price during the financial year under review as follows:
 - (i) the number and proportion of Options granted at a discount of 10% or less; and
 - (ii) the number and proportion of Options granted at a discount of more than 10% but not exceeding 20%; and
- (d) such other information as may be required by the Listing Rules and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

27. Disputes

Any disputes or differences of any nature arising hereunder (other than a matter to be certified by the Auditors) shall be referred to the Committee and its decision shall be final and binding in all respects.

28. Governing Law

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

29. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

No person other than the Company or any member of the Group or a Participant shall have any right to enforce any provision of the GEL Scheme or any Option by virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

ANNEXURE A – RULES OF THE GEL SCHEME

APPENDIX I

**GSS ENERGY LIMITED
GSS ENERGY LIMITED EXECUTIVES' SHARE OPTION SCHEME**

LETTER OF OFFER

Serial No : _____

Private & Confidential

Date : _____

To : Name
Designation
Address

Dear Sir/Madam

We have the pleasure of informing you that you have been selected by the Board of Directors of GSS Energy Limited (the "**Company**") to participate in the GSS Energy Limited Executives' Share Option Scheme (the "**GEL Scheme**").

Accordingly, an offer is hereby made to grant you an option, in consideration of the payment of a sum of S\$1.00, to subscribe for and be allotted _____ ordinary shares in the capital of the Company ("**Shares**") at a price of S\$_____ per share (the "**Option**").

The Option shall be subject to the rules of the GEL Scheme (a copy of which is enclosed herewith) which are deemed to be incorporated herein. If you accept the offer, the period during which the Option may be exercised is as follows:

Commencement Date	Expiration Date

The Option is personal to you and shall not be transferred, assigned, charged or otherwise disposed of or encumbered by you, in whole or in part, save as provided in the GEL Scheme.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with your remittance or S\$1.00 not later than 5.50 pm on _____ 20 (), failing which this offer will lapse.

Yours faithfully

The Committee
GSS Energy Limited Executives' Share Option Scheme
GSS Energy Limited

ANNEXURE A – RULES OF THE GEL SCHEME

APPENDIX II

**GSS ENERGY LIMITED
GSS ENERGY LIMITED EXECUTIVES' SHARE OPTION SCHEME**

ACCEPTANCE FORM

Serial No : _____

Private & Confidential

To : **The Committee**
GSS Energy Limited
c/o The Personnel & General Administration Department
GSS Energy Limited
Block 4012 Ang Mo Kio Avenue 10, #05-01 Techplace I
Singapore 569628

Closing Time & Date for Acceptance of Offer : _____

Number of Shares Offered : _____

Subscription Price for each Share : _____

Total Amount Payable : _____

I have read your Letter of Offer dated _____ and agree to be bound by the rules of the GSS Energy Limited Executives' Share Option Scheme ("**GEL Scheme**") referred to herein. I hereby accept the offer to subscribe for _____ ordinary shares in the capital of the Company ("**Shares**") at S\$_____ per Share ("**Option**") and enclose a cheque for S\$1.00/cash of S\$1.00 as consideration for the Option.

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

I acknowledged that you have not made any representation or warranty to induce me to participate in the GEL Scheme or accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I further acknowledge that I shall be responsible for the payment of all fees and charges of The Central Depository (Pte) Limited ("**CDP**") (or to its order) in connection with the deposit of share certificates issued in the name of CDP (or its nominees) if I elect to have the Shares arising on my exercise of the Option credited to my securities account with CDP or my sub-account maintained with a Depository Agent.

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

ANNEXURE A – RULES OF THE GEL SCHEME

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

NRIC/Passport No : _____

Signature : _____

Date : _____

ANNEXURE A – RULES OF THE GEL SCHEME

APPENDIX III

**GSS ENERGY LIMITED
GSS ENERGY LIMITED EXECUTIVES' SHARE OPTION SCHEME**

EXERCISE NOTICE

Total number of ordinary shares (the "Shares") offered at S\$_____ for each Share (the "Subscription Price") under the GSS 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**
GSS Energy Limited
c/o The Personnel & General Administration Department
GSS Energy Limited
Block 4012 Ang Mo Kio Avenue 10, #05-01 Techplace I
Singapore 569628

- (i) Pursuant to your Offer Letter dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares in GSS Energy Limited (the "Company") at S\$_____ for each Share.
- (ii) 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.
- (iii) I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the GSS Energy Limited Executives' Share Option Scheme and the Constitution of the Company.
- (iv) I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.
- (v) I request the Company to allot and issue the Shares in the name of The Central Depository (Pte) Limited (the "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.

ANNEXURE A – RULES OF THE GEL SCHEME

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC / Passport No : _____

Signature : _____

Date : _____

*Direct Securities Account No : _____

OR

*Sub-account No : _____

Name of Depository Agent : _____

OR

*CPF Investment : _____

Account No : _____

Name of Agent Bank : _____

Signature : _____

Date : _____

Note:

****Delete accordingly***