

**CIRCULAR DATED 1 November 2021**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Circular is issued by YHI International Limited (the “**Company**”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your shares in the capital of YHI International Limited, you should hand this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.



## **YHI INTERNATIONAL LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200007455H)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO**

- (1) THE PROPOSED ADOPTION OF THE 2021 YHI SHARE OPTION SCHEME**
- (2) THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE 2021 YHI SHARE OPTION SCHEME**

#### **IMPORTANT DATES AND TIME:**

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| Last date and time for lodgement of Proxy Form | : | Friday, 26 November 2021 at 2 p.m. (Singapore Time)                       |
| Date and time of Extraordinary General Meeting | : | Monday, 29 November 2021 at 2 p.m. (Singapore Time)                       |
| Place of Extraordinary General Meeting         | : | The Extraordinary General Meeting will be held by way of electronic means |

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## CORPORATE INFORMATION

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<b>Board of Directors</b>	:	Tay Tian Hoe, Richard (Executive Chairman and Group Managing Director) Tay Tiang Guan (Executive Director) Hong Pian Tee (Lead Independent Director) Gn Jong Yuh Gwendolyn (Independent Director) Ong Kian Min (Independent Director)
<b>Joint Company Secretaries</b>	:	Tan Wei Jie, Joel Shu Shin Yee
<b>Registered Office</b>	:	No. 2 Pandan Road Singapore 609254
<b>Share Registrar and Share Transfer Office</b>	:	<b>Tricor Barbinder Share Registration Services</b> 80 Robinson Road #02-00 Singapore 068898
<b>Legal Adviser to the Company on Singapore Law for (1) the Proposed Adoption of the 2021 YHI Share Option Scheme and (2) the Proposed Grant of Options at a Discount under the 2021 YHI Share Option Scheme</b>	:	<b>Shook Lin &amp; Bok LLP</b> 1 Robinson Road #18-00 AIA Tower Singapore 048542

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless the context requires otherwise or unless otherwise stated:

- “2003 YHI Share Option Scheme”* : The share option scheme of the Company, approved and adopted by the Company on 22 May 2003
- “2021 YHI Share Option Scheme”* : The share option scheme of the Company to be adopted, as may be amended or modified from time to time
- “Associate”* : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or 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
- “Associated Company”* : A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group and over which the Company has control
- “Associated Company Employee”* : An executive or non-executive director of an Associated Company or a full-time employee of an Associated Company who is selected by the Committee to participate in the 2021 YHI Share Option Scheme in accordance with Rule 4.1(b) of the 2021 YHI Share Option Scheme
- “Board” or “Board of Directors”* : The board of directors of the Company as at the date of this Circular or from time to time, as the case may be
- “CDP”* : The Central Depository (Pte) Limited
- “Circular”* : This circular to Shareholders dated 1 November 2021 in respect of the proposed adoption of the 2021 YHI Share Option Scheme
- “Committee”* : A committee comprising all members of the Board including all members of the Remuneration Committee duly authorised and appointed by the Board to administer the 2021 YHI Share Option Scheme from time to time
- “Company”* : YHI International Limited
- “Companies Act”* : The Companies Act, Cap. 50 of Singapore, as may be amended, supplemented or modified from time to time
- “Constitution”* : The existing Constitution of the Company, as may be modified or amended from time to time

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## DEFINITIONS

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- “Controlling Shareholder”* : A person who:
- (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings 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 the Company, where “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operation policies of a company
- “Director”* : A director of the Company as at the date of this Circular or from time to time, as the case may be
- “EGM”* : The extraordinary general meeting of the Company to be convened and held, notice of which is set out in this Circular
- “EPS”* : Earnings per Share
- “Executive Director”* : A director of the Company and/or its subsidiaries who performs an executive function
- “Group”* : The Company and its subsidiaries collectively
- “Group Employee”* : An executive or non-executive director of any member of the Group or a full-time employee of any member of the Group who is selected by the Committee to participate in the 2021 YHI Share Option Scheme in accordance with Rule 4.1(a) of the 2021 YHI Share Option Scheme
- “Incentive Option”* : The right to subscribe for Shares granted or to be granted pursuant to the 2021 YHI Share Option Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 8.2 of the 2021 YHI Share Option Scheme
- “Independent Director”* : An independent director of the Company and/or its subsidiaries
- “Latest Practicable Date”* : 29 October 2021, being the latest practicable date prior to the issue of this Circular
- “Listing Manual”* : The listing manual of the SGX-ST, as may be amended or modified from time to time
- “Listing Rules”* : Rules of the Listing Manual, as may be amended or modified from time to time
- “Mainboard”* : The Mainboard of the SGX-ST
- “Market Day”* : A day on which the SGX-ST is open for securities trading

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## DEFINITIONS

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- “Market Price”* : The average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive Market Days immediately preceding the Offering Date of the Option, rounded up to the nearest whole cent, 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 immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent
- “Market Price Option”* : The right to subscribe for Shares granted or to be granted pursuant to the 2021 YHI Share Option Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 8.1 of the 2021 YHI Share Option Scheme
- “New Shares”* : The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Option(s) granted under the 2021 YHI Share Option Scheme
- “Non-Executive Director”* : A director of the Company and/or its subsidiaries (including an Independent Director) who does not perform an executive function
- “Notice of EGM”* : The notice of EGM which is set out on page N-1 of this Circular
- “NTA”* : Net tangible assets
- “Offering Date”* : The date on which an Option is granted pursuant to Rule 6.1 of the 2021 YHI Share Option Scheme
- “Official List”* : The list of issuers maintained by the SGX-ST in relation to the SGX Mainboard
- “Option”* : A Market Price Option or an Incentive Option, as the case may be
- “Option Period”* : The period for the exercise of an Option as set out in Rule 9.1 of the 2021 YHI Share Option Scheme
- “Ordinary Resolution(s)”* : The ordinary resolutions as set out in the Notice of EGM
- “Parent Company”* : YHI Holdings Pte Ltd
- “Participant”* : The holder of an Option
- “Proxy Form”* : The proxy form in respect of the EGM which is attached to this Circular
- “Remuneration Committee”* : The remuneration committee of the Company as at the date of this Circular or from time to time, as the case may be
- “Record Date”* : The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)

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## DEFINITIONS

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- “*Securities Accounts*” : The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
- “*SFA*” : The Securities and Futures Act, Cap. 289, of Singapore, as may be amended or modified from time to time
- “*SGX-ST*” : Singapore Exchange Securities Trading Limited
- “*Shareholders*” : The registered holders of Shares, except that where the registered holder is CDP, the term “*Shareholders*” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
- “*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 8.1 of the 2021 YHI Share Option Scheme in relation to a Market Price Option, and Rule 8.2 of the 2021 YHI Share Option Scheme in relation to an Incentive Option
- “*Substantial Shareholder*” : A person who has an interest or interests in voting Shares in the Company representing not less than 5% of all the voting Shares
- “*%*” : Per centum or percentage

### Currencies

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

The terms “*Depositor*”, “*Depository Agent*” and “*Depository Register*” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “*subsidiary*” and “*treasury shares*” shall have the same meanings ascribed to them respectively in the Companies Act.

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

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

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

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

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## LETTER TO SHAREHOLDERS

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### YHI INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200007455H)

**Board of Directors:**

Tay Tian Hoe, Richard (Executive Chairman and Group Managing Director)  
Tay Tiang Guan (Executive Director)  
Hong Pian Tee (Lead Independent Director)  
Gn Jong Yuh (Independent Director)  
Gwendolyn  
Ong Kian Min (Independent Director)

**Registered Office:**

No. 2 Pandan Road  
Singapore 609254

**1 November 2021**

To: The Shareholders of YHI International Limited

Dear Sir/Madam

- (1) THE PROPOSED ADOPTION OF THE 2021 YHI SHARE OPTION SCHEME**
- (2) THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE 2021 YHI SHARE OPTION SCHEME**

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## 1. INTRODUCTION

### 1.1 EGM

The Board is convening an EGM on Monday, 29 November 2021 to seek Shareholders' approval in relation to:

- (a) the proposed adoption of the 2021 YHI Share Option Scheme ("**Ordinary Resolution 1**"); and
- (b) the proposed grant of Options at a discount under the 2021 YHI Share Option Scheme ("**Ordinary Resolution 2**"),

(collectively, the "**Ordinary Resolutions**").

Ordinary Resolution 1 and Ordinary Resolution 2 shall be subject to the approval of independent shareholders being obtained at the EGM.

### 1.2 Conditionality of Resolutions

Shareholders should note that the passing of Ordinary Resolution 2 is conditional upon the passing of Ordinary Resolution 1. If Ordinary Resolution 1 is not passed, Ordinary Resolution 2 will not be passed.

### 1.3 Circular

1.3.1 The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the Ordinary Resolutions. Shareholders' approval will be sought at the EGM to be held on Monday, 29 November 2021 at 2 p.m. (Singapore Time) notice of which is set out on page N-1 of this Circular.

1.3.2 The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements made, opinions expressed or reports contained in this Circular.



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## LETTER TO SHAREHOLDERS

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### 1.4 Listing of New Shares

1.4.1 The SGX-ST has on 21 October 2021 granted in-principle approval for the listing and quotation of the New Shares to be allotted and issued pursuant to the 2021 YHI Share Option Scheme on the Mainboard of the SGX-ST, subject to Shareholders' approval of the 2021 YHI Share Option Scheme and the Company's compliance with the SGX-ST's listing requirements and guidelines.

**1.4.2 Shareholders should note that the in-principle approval granted by the SGX-ST is not to be taken as an indication of the merits of the 2021 YHI Share Option Scheme, the New Shares, the Company and/or its subsidiaries.**

## 2. THE PROPOSED ADOPTION OF THE 2021 YHI SHARE OPTION SCHEME

### 2.1 The expired 2003 YHI Share Option Scheme

2.1.1 The Company had in place the 2003 YHI Share Option Scheme which was adopted at an extraordinary general meeting of the Company held on 22 May 2003. The duration of the 2003 YHI Share Option Scheme was 10 years from the date that it was adopted by the Company. The 2003 YHI Share Option Scheme had accordingly expired and lapsed on 22 May 2013.

2.1.2 The Company is proposing to adopt a new scheme, known as the 2021 YHI Share Option Scheme. Save for the 2003 YHI Share Option Scheme which has expired and lapsed, the Company did not and currently does not have any other share option, share scheme or share incentive plan in force.

2.1.3 The Company did not grant any options pursuant to the 2003 YHI Share Option Scheme and does not have any existing options.

### 2.2 Rationale for the proposed adoption of the 2021 YHI Share Option Scheme

2.2.1 The objective of the 2021 YHI Share Option Scheme is to provide an opportunity for employees and executive directors of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and a higher standard of performance, and to give recognition to employees of Associated Companies and Non-Executive Directors of the Group and Associated Companies who have contributed to the success and development of the Company and the Group. The 2021 YHI Share Option Scheme is proposed on the basis that it is important to acknowledge the contribution, which is essential to the well-being and prosperity of the Group, made by these categories of persons. The 2021 YHI Share Option Scheme will give these categories of persons a real and meaningful stake in the Group and will help to achieve the following objectives:

- (a) to motivate participants to optimise performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to retain key employees whose contributions are important to the long-term growth and prosperity of the Group;
- (c) to attain harmonious employer/staff relations, as well as the strengthening of working relationships with the Group's close business associates; and
- (d) to develop a participatory style of management which promotes greater commitment and dedication amongst the employees and instils loyalty and a stronger sense of identification with the long term prosperity of the Group.

### 2.3 Participation by executive directors and full-time employees of the Group

2.3.1 The extension of the 2021 YHI Share Option Scheme to the executive directors and full-time employees of the Group allows the Company to have a fair and equitable system to reward executive employees who have made and who continue to make important contributions to the long-term growth of the Group. The 2021 YHI Share Option Scheme will also serve to attract, retain and provide incentives to its participants to higher standards of performance as well as encourage greater

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## LETTER TO SHAREHOLDERS

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dedication and loyalty by enabling the Company to give recognition to past contributions and services as well as motivating executive employees to contribute towards the Group's long-term prosperity.

### 2.4 Participation by Non-Executive Directors

- 2.4.1 The extension of the 2021 YHI Share Option Scheme to the Non-Executive Directors of the Group allows the Company to have a fair and equitable system that recognises and benefits not only persons who are in the direct employment of the Group but also persons who are not employed but nevertheless work closely with the Group and/or are in the position to contribute their experience, knowledge and expertise to the development and success of the Group. Although the Non-Executive Directors are not involved in the day-to-day running of the Group, they are nonetheless in a position to provide valuable support, input and business contacts and to contribute their experience, knowledge and expertise, and/or to provide the Company with strategic business alliances and opportunities.
- 2.4.2 By granting the Company the ability to supplement the current cash based remuneration of a fixed amount per annum by way of Director's fees to Non-Executive Directors for their services, the Company will be able to remain competitive in the total remuneration of the Non-Executive Directors when other listed companies also offer share options to their Non-Executive Directors. This will help enhance the growth and long-term profitability of the business. However, as the services and contributions from the Non-Executive Directors are incomparable to those of the employees of the Group, any Options granted to Non-Executive Directors would be intended as a token of the Company's appreciation. As such, the grant of such Options will comprise of only a relatively small percentage of the total Options that would be granted to Participants of the 2021 YHI Share Option Scheme, being principally, the employees of the Group. In addition, by including Non-Executive Directors of the Group in the 2021 YHI Share Option Scheme, the Company will be given the flexibility to consider, in the future, compensating Non-Executive Directors for their services in cash or share options. Before granting any Options to a Non-Executive Director, the Committee will take into consideration, *inter alia*, his performance and contributions to the success and development of the Group.
- 2.4.3 The Non-Executive Directors may be appointed as members of the Committee for the administration of the 2021 YHI Share Option Scheme from time to time. However, Rule 13.1 of the 2021 YHI Share Option Scheme provides that no member of the Committee administering the 2021 YHI Share Option Scheme shall participate in any deliberation or decision in respect of options granted or to be granted to him. The Board intends to grant options to Non-Executive Directors for a small number of Shares without a discount to the market price so as to minimise the potential conflict of interests and not to compromise the independence of the Non-Executive Directors.
- 2.4.4 It is not the intention of the Board that Non-Executive Directors who are also Independent Directors to be over-compensated under the 2021 YHI Share Option Scheme to the extent that their independence will be compromised. Notwithstanding the eligibility of Independent Directors to participate in the 2021 YHI Share Option Scheme, the Board (excluding the Independent Directors) is of the view that the participation of the Independent Directors will not compromise their independent status for the following reasons:
- (a) the Independent Directors will continue to be remunerated for their services by way of directors' fees payable in cash and the participation of the Independent Directors in the 2021 YHI Share Option Scheme and any grant of Options under the 2021 Share Option Scheme is in addition to the directors' fees payable in cash to the Independent Directors;
  - (b) each Independent Director will abstain from voting as a member of the Committee, when the grant of Options to him is being considered; and
  - (c) it is not the intention of the Board that Independent Directors be granted Options of significant sizes such that it could interfere, or be reasonably perceived to interfere, with the exercise of the Independent Director's independent business judgement in the best interests of the Company.

Taking the foregoing into consideration, the Board is of the view that the 2021 YHI Share Option Scheme will not compromise the objectivity and independent status of the Independent Directors.

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## LETTER TO SHAREHOLDERS

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### 2.5 Participation by Associated Company Employees

- 2.5.1 The Company recognises the importance of acknowledging the services and contributions made by Associated Company Employees to the well-being and stability of the Group, so that the Group will continue to receive the support and contributions from Associated Company Employees.
- 2.5.2 By extending the 2021 YHI Share Option Scheme to Associated Company Employees, the Company will have a means of providing such Associated Company Employees with an opportunity to share in the success and achievements of the Group as well as the performance of the Company through participation in the equity of the Company without any direct cost to the Company's profitability, even though they are not Executive Directors or employees of the Group, are nevertheless closely associated with the Group and its business operations. The Company believes that by doing so, the working relationships with the Associated Company Employees will be strengthened by inculcating in them a stronger and more lasting sense of identification with the Group.

### 2.6 Summary of the 2021 YHI Share Option Scheme

#### Eligibility

- 2.6.1 Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the 2021 YHI Share Option Scheme:
- (a) Group Employees; and
  - (b) Associated Company Employees,

provided that Controlling Shareholders and Associates of Controlling Shareholders and directors and employees of the Parent Company and its subsidiaries shall not be eligible to participate in the 2021 YHI Share Option Scheme.

#### Administration

- 2.6.2 The 2021 YHI Share Option Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board. In accordance with Rule 849 of the Listing Manual and Rules of the 2021 YHI Share Option Scheme, a member of the Committee must not be involved in the deliberations in respect of any Options to be granted to him.

#### Limitations on the size of the 2021 YHI Share Option Scheme

- 2.6.3 The aggregate number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of all Options granted under the 2021 YHI Share Option Scheme and Shares and in respect of all other share-based incentive schemes of the Company then in force (if any), shall not exceed 15% of the issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the date preceding the Offering Date.
- 2.6.4 The Company believes that in order to enjoy greater flexibility in the structuring of remuneration and incentive packages, it should have a sufficient number of Options under the 2021 YHI Share Option Scheme to offer to existing employees and new employees. The Company is of the view that the limit of 15% of the issued Shares of the Company (excluding treasury shares and subsidiary holdings) will enable the Company to grant a sufficient number of Options to Participants to create meaningful remuneration and compensation packages to recognise past contributions and services of such Participants.
- 2.6.5 The number of Shares comprised in any Options to be offered to any Group Employee or Associated Company Employee in accordance with in the 2021 YHI Share Option Scheme shall be determined at the absolute discretion of the Committee, who shall take into account, in respect of a Group Employee, criteria such as the rank, the past performance, years of service and potential for future development of the Group employee and, in respect of an Associated Company Employee, his contribution to the success and development of the Group.

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## LETTER TO SHAREHOLDERS

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### Categories of Options

- 2.6.6 The 2021 YHI Share Option Scheme has two categories of Options, being the Market Price Option and the Incentive Option, the terms of which are summarised below:
- (a) The Market Price Option provides for a Participant to exercise the Market Price Option at a Subscription Price which shall be the Market Price.
  - (b) The Incentive Option provides for a Participant to exercise the Incentive Option at a Subscription Price which shall be determined by the Committee at its absolute discretion, and fixed by the Committee at a price which is set at a discount to the Market Price, provided that:
    - (aa) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted for the time being by the SGX-ST). In determining the quantum of such discount, the Committee shall take into consideration such criteria as the Committee may, in its absolute discretion, deem appropriate including but not limited to:
      - (i) the performance of the Company and the Group;
      - (ii) the individual performance of the Participant; and
      - (iii) the contribution of the Participant to the success and development of the Company and/or Group (as the case may be).
    - (bb) the prior approval of the Shareholders in general meeting shall be obtained for the making of offers and grant of Options under the 2021 YHI Share Option Scheme at a discount not exceeding the maximum discount as aforesaid. Such prior approval shall be required to be obtained only once, and once obtained, shall, unless revoked, authorise the making of offers and grants of Options under the 2021 YHI Share Option Scheme at such discount for the duration of the 2021 YHI Share Option Scheme.

### Grant of Options

- 2.6.7 The Committee may offer to grant Options in its absolute discretion at any time during the period when the 2021 YHI Share Option Scheme is in force. However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, the Committee may only offer to grant Options on or after the second Market Day following the day on which the aforesaid announcement is released.
- 2.6.8 In addition, no offer to grant Options shall be made during the period of one (1) month before the announcement of the Company's half-year financial results (if applicable) and full-year financial results and the period of two (2) weeks before the announcement of the financial results of the company for each of the first, second and third quarters of its financial year (if applicable).

### Acceptance of Offer

- 2.6.9 An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.
- 2.6.10 The offer of an Option must be accepted not less than fifteen (15) days but not more than thirty (30) days from the Offering Date of that Option. The Participant must return the duly completed and signed acceptance form to the Company, accompanied by payment of S\$1.00 as consideration.

### Exercise of Options

- 2.6.11 A Market Price Option shall be exercisable during the period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date, provided that in the case of a Market Price Option which is granted to a Participant not holding salaried office or

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## LETTER TO SHAREHOLDERS

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employment in the Group or an Associated Company, such Option Period shall expire on the fifth anniversary of such Offering Date.

- 2.6.12 An Incentive Option shall be exercisable during the period commencing on the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date provided that in the case of an Incentive Option which is granted to a Participant not holding salaried office or employment in the Group or an Associated Company, such Option Period shall expire on the fifth anniversary of such Offering date.
- 2.6.13 Options can be exercised in whole or in part. If any Option is exercised in part only, the balance of the Option shall continue to be exercisable until such time as it shall lapse in accordance with the 2021 YHI Share Option Scheme.

### Lapse of Options

- 2.6.14 An Option shall, to the extent unexercised, immediately lapse without any claim against the company:
- (a) subject to **Sections 2.6.15, 2.6.16, 2.6.17 and 2.6.18** of this Circular, upon the Participant ceasing to be in the full-time employment of the Group or an Associated Company, as the case may be, for any reason whatsoever;
  - (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option;
  - (c) in the event of any misconduct on the part of the Participant as determined by the Committee in its absolute discretion; or
  - (d) in the event that the Committee shall, at its absolute discretion, deem it appropriate that such Option granted to a Participant shall so lapse on the grounds that any of the objectives of the 2021 YHI Share Option scheme have not been met.
- 2.6.15 If a Participant ceases to be employed by the Group or an Associated Company, as the case may be, by reason of his:
- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
  - (b) redundancy;
  - (c) retirement at or after the legal retirement age; or
  - (d) retirement before the legal retirement age with the consent of the Committee,

or any other reason approved in writing by the Committee, he may exercise any unexercised Options with the relevant Option Period.

- 2.6.16 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed personal representatives of the Participant within the relevant Option Period. The Committee may, in exercising its discretion, allow the Option to be exercised at any time notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Option Period in respect of such Option or determine that the Option shall lapse without any claim against the Company. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant.
- 2.6.17 If, for any reason whatsoever, a Participant, being an Associated Company Employee by virtue of his being an executive or Non-Executive Director of the Associated Company on the Offering Date, ceases to be a director of the Associated Company, any Option then held by him shall, to the extent unexercised, immediately lapse without any claim against the Company, unless otherwise determined by the Committee in its absolute discretion. In exercising such discretion, the Committee may also

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## LETTER TO SHAREHOLDERS

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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 to such Option.

- 2.6.18 If, for any reason whatsoever, a Participant, being a Group Employee by virtue of his being an executive or Non-Executive Director of the Group on the Offering Date, ceases to be an executive director or, as the case may be, Non-Executive Director of the Group, all Options granted to such Participant will, notwithstanding such cessation, continue to be exercisable within the relevant Option Period after such Participant ceases to be a director of the Group.

### Voting, dividend and other rights

- 2.6.19 Shares allotted and issued or treasury shares which are transferred on the exercise of an Option shall be subject to all provisions of the Constitution of the Company and the Companies Act, and shall rank *pari passu* in all respects, including voting rights, with the then existing issued Shares in the capital of the Company except for dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

### Takeover or Winding up

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

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

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

### Variation of Capital

- 2.6.21 If a variation in the issued Share capital of the Company (whether by way of a bonus issue, rights issue, capital reduction, subdivision or consolidation of Shares or distribution) shall take place:-

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

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

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

- 2.6.23 Any adjustment (except in relation to a bonus issue) must be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable. No adjustment shall be made in such a way that a Participant receives a benefit that a Shareholder does not receive.

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## LETTER TO SHAREHOLDERS

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- 2.6.24 Upon any adjustment being made, the Company shall notify the Participant in writing and deliver to him a statement setting forth the Subscription Price thereafter in effect and the class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

### Modifications to the 2021 YHI Share Option Scheme

- 2.6.25 Any or all the provisions of the 2021 YHI Share Option Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
  - (b) any amendment, modification or alteration of the 2021 YHI Share Option Scheme, including the definitions of "Group", "Group Employee", "Associated Company", "Associated Company Employee", "Controlling Shareholder", "Participant", "Committee", "Option Period" and "Subscription Price" and Rules 4, 5, 6, 7, 8, 9, 10, 11.1, 11.6, 12, 13 and 15 of the 2021 YHI Share Option Scheme, which would be to the advantage of Participants shall be subject to Shareholders' approval at a general meeting;
  - (c) no alteration shall be made to rules of the 2021 YHI Share Option Scheme which relate to matters contained in Rules 844 to 849 and Rules 853 to 854 of the Listing Manual to the advantage of Participants except with the prior approval of Shareholders in general meeting; and
  - (d) no modification or alteration shall be made without the prior approval of the SGX-ST, or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

### Duration

- 2.6.26 The 2021 YHI Share Option Scheme shall continue in operation for a maximum duration of 10 years commencing on the date on which the 2021 YHI Share Option Scheme is adopted by the Company in general meeting, provided always that the 2021 YHI Share Option Scheme may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

## **2.7 Disclosures in the Annual Report**

- 2.7.1 Pursuant to Rule 852 of the Listing Manual, the Company shall, for so long as the 2021 YHI Share Option Scheme continues in operation, make the following disclosures in its annual report (where applicable):
- (a) the names of the members of the Committee administering the 2021 YHI Share Option Scheme;
  - (b) the information required in the table below for the following Participants:
    - (i) Directors of the Company;
    - (ii) Participants who are Controlling Shareholders and their Associates; and

## LETTER TO SHAREHOLDERS

- (iii) Participants, other than those in (i) and (ii) above, who receive 5% or more of the total number of Options available under the 2021 YHI Share Option Scheme;

Name of participant	Options granted during the financial year under review (including terms)	Aggregate Options granted since commencement of 2021 YHI Share Option Scheme to end of financial year under review	Aggregate Options exercised since commencement of 2021 YHI Share Option Scheme to end of financial year under review	Aggregate Options outstanding as at end of financial year under review

(c)

- (i) the names of and number and terms of Options granted to each director or employee of the parent company and its subsidiaries who receives 5% or more of the total number of Options available to all directors and employees of the parent company and its subsidiaries under the 2021 YHI Share Option Scheme, during the financial year under review; and
- (ii) the aggregate number of Options granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of the 2021 YHI Share Option Scheme to the end of the financial year under review;
- (d) the number and proportion of Options granted at a discount during the financial year under review in respect of every 10% discount range, up to the maximum quantum of discount granted; and

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

2.7.2 Pursuant to the rules of the 2021 YHI Share Option Scheme, the Company shall disclose the number of Incentive Options granted during the financial year under review in the following bands:

Discount to the Market Price %	Aggregate number of Incentive Options granted during the financial year under review	Proportion of Incentive Options to Market Price Options granted during the financial year under review
0 – 10		
11 – 20		

### 2.8 Rules of the 2021 YHI Share Option Scheme

The rules of the 2021 YHI Share Option Scheme are set out in **Appendix A** to this Circular.



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## LETTER TO SHAREHOLDERS

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### 3 THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE 2021 YHI SHARE OPTION SCHEME

- 3.1 In accordance with Rule 845(5) of the Listing Manual, the granting of Options at a discount not exceeding 20% of the Market Price is subject to the approval of Shareholders in a general meeting in a separate resolution. For the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the grant of Incentive Options at such discount for the duration of the 2021 YHI Share Option Scheme.
- 3.2 Under the 2021 YHI Share Option Scheme, the Committee has the absolute discretion to grant Incentive Options with a Subscription Price set at a discount to the Market Price on a case-by-case basis, provided that the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted for the time being by the SGX-ST).
- 3.3 The ability to offer Incentive Options to Participants of the YHI Share Option Scheme with Subscription Prices set at a discount to the Market Price will operate as a means to recognise Participants for their outstanding performance as well as to motivate them to continue to excel. The flexibility to grant Incentive Options is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Committee will have the absolute discretion to determine the Participants to whom, and the Options to which, such reduction in Subscription Prices will apply. It is envisaged that the Company may consider granting Incentive Options under circumstances including (but not limited to) the following:
- (a) where, due to speculative forces in the stock market resulting in an overrun of the market, the market price of Shares at the time of the grant of Options is not a true reflection of the financial performance of the Company;
  - (b) to enable the Company to offer competitive remuneration packages in the event that the practice of granting options with subscription prices that have a discount element becomes a general market norm. As share options become more significant components of executive remuneration packages, a discretion to grant Incentive Options will provide the Company with a means to maintain the competitiveness of the Group's compensation strategy; and/or
  - (c) where the Group needs to provide more compelling motivation for specific business units to improve the performance, grant of Incentive Options will help to align the interests of employees to those of the Shareholders. The Committee will determine on a case-by-case basis whether a discount will be given, and if so, the quantum of the discount, taking into account the objective that is desired to be achieved by the Company and the prevailing market conditions. The discretion to grant Incentive Options will, however, be used judiciously. The amount of the discount may vary from one offer to another, and from time to time, provided that the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted for the time being by the SGX-ST).
- 3.4 In determining the quantum of such discount, the Committee shall take into consideration such criteria as the Committee may, in its absolute discretion, deem appropriate including but not limited to:
- (a) the performance of the Company and the Group;
  - (b) the individual performance of the Participant; and
  - (c) the contribution of the Participant to the success and development of the Company and/or Group (as the case may be).

Such flexibility in determining the quantum of discount would enable the Committee to tailor the incentives in the grant of options commensurate with the performance and contribution of each individual participant. By individually recognising the degree of performance and contribution of each participant, the granting of options at a commensurate discount would enable the Committee to provide incentives for better performance, greater dedication and loyalty of the participants.

The Committee may also grant options without any discount to the market price. In addition, the Committee may, if it deems fit, impose conditions on the exercise of the options (whether such options

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## LETTER TO SHAREHOLDERS

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are granted at the market price or at a discount to the market price), such as restricting the number of Shares for which the option may be exercised during the initial years following its vesting.

Non-Executive Directors may only be granted options under the 2021 YHI Share Option Scheme without a discount to the Market Price.

#### **4. FINANCIAL EFFECTS OF THE 2021 YHI SHARE OPTION SCHEME**

##### **4.1 Share capital**

The 2021 YHI Share Option Scheme will result in an increase in the number of issued Shares in the Company to the extent that New Shares are allotted and issued upon the exercise of the Options. The number of New Shares allotted and issued will depend on, among others, the number of New Shares comprised in the Options granted, the number of Options that are exercised, the Subscription Price of the Shares comprised in the Options, and whether the Company chooses to deliver treasury shares in lieu of an allotment and issue of New Shares. If the relevant Options are not exercised or if treasury shares are delivered in lieu of an allotment and issue of New Shares, there would be no increase in the number of issued Shares in the Company.

##### **4.2 EPS**

The 2021 YHI Share Option Plan is likely to have a dilutive impact on the Company's EPS following the increase in the Company's number of issued Shares to the extent that New Shares are allotted and issued upon the exercise of Options. As the monetary cost of granting Incentive Options at a discount to the Market Price is borne by the Company, the earnings of the Company would effectively be reduced by an amount corresponding to the reduced interest earnings that the Company would have received from the difference in proceeds from a Subscription Price equal to the Market Price as compared to a Subscription Price at a discount to the Market Price. Such reduction would, accordingly, result in the dilution of the Company's EPS. However, the dilutive impact arising from the 2021 YHI Share Option Scheme on the Company's EPS is not expected to be material in any given financial year.

##### **4.3 NTA**

The allotment and issue of New Shares pursuant to an exercise of the Options will increase the Company's consolidated NTA by the aggregate Subscription Price of the New Shares allotted and issued. On a per Share basis, the effect on the NTA of the Company will be accretive if the Subscription Price is above the Company's consolidated NTA per Share, but dilutive otherwise. The dilutive effect will be greater if the Subscription Price is at a discount to the Market Price.

##### **4.4 Potential cost to the Company arising from the grant of Options**

Any Options granted under the 2021 YHI Share Option Scheme would have a fair value. In the event that such Options granted at prices below the fair value of the Options, there will be a cost to the Company. Such costs may be more significant in the case of Incentive Options, which are granted with a Subscription Price set at a discount to the Market Price. The grant and exercise of an Incentive Option with a Subscription price set at a discount to the Market Price would translate into a reduction of the proceeds from the exercise of such Incentive Options, as compared to the proceeds that the Company would have received had the Subscription Price been equal to the Market Price. Such reduction of proceeds would represent the monetary cost to the Company of granting Incentive Options.

## LETTER TO SHAREHOLDERS

### 5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares as recorded in the Company's Register of Directors' Shareholdings and the Company's Register of Substantial Shareholders respectively as at the Latest Practicable Date are set out below:

	Direct interest		Deemed interest		Total interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>						
Tay Tian Hoe, Richard <sup>(1)</sup>	-	-	141,958,860	48.88	141,958,860	48.88
Tay Tiang Guan <sup>(2)</sup>	-	-	45,000,353	15.50	45,000,353	15.50
Hong Pian Tee	659,000	0.23	-	-	659,000	0.23
Gn Jong Yuh Gwendolyn	-	-	-	-	-	-
Ong Kian Min	-	-	-	-	-	-
<b>Substantial Shareholders (other than Directors)</b>						
YHI Holdings Pte Ltd	128,021,860	44.08	-	-	128,021,860	44.08
Tay Soek Eng Margaret <sup>(3)</sup>	-	-	128,021,860	44.08	128,021,860	44.08

**Notes:**

(1) Mr Tay Tian Hoe, Richard is deemed interested in the following Shares by virtue of Section 7 of the Companies Act:

Shares held in the name of YHI Holdings Pte Ltd	128,021,860
Shares held in the name of his nominees	13,937,000
	141,958,860

(2) Mr Tay Tiang Guan is deemed to have an interest 45,000,353 Shares held in the name of his nominees by virtue of Section 7 of the Companies Act.

(3) Mdm Tay Soek Eng Margaret is deemed to have an interest in 128,021,860 Shares held in the name of YHI Holdings Pte Ltd by virtue of Section 7 of the Companies Act.

Save as disclosed, none of the Directors and/or the Substantial Shareholders have any interest, direct or indirect, in the proposed adoption of the 2021 YHI Share Option Scheme.

### 6. DIRECTORS' RECOMMENDATION

All Directors of the Company are eligible to participate in the 2021 YHI Share Option Scheme and are therefore interested in the 2021 YHI Share Option Scheme. Accordingly, the Directors have refrained from making any recommendation as to how the Shareholders should vote in respect of the Ordinary Resolutions relating to the proposed adoption of the 2021 YHI Share Option Scheme and the proposed grant of Options at a discount under the 2021 YHI Share Option Scheme.

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## LETTER TO SHAREHOLDERS

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### 7. ABSTENTION FROM VOTING

Rule 859 of the Listing Manual states that shareholders who are eligible to participate in the scheme must abstain from voting on any resolution relating to the scheme (other than a resolution relating to the participation of, or grant of options to, directors and employees of the issuer's parent company and its subsidiaries).

Accordingly, all persons (including directors and such employees of the Group or Associated Company, as the case may be) who are eligible to participate in the 2021 YHI Share Option Scheme must abstain from voting on the Ordinary Resolutions relating to the proposed adoption of the 2021 YHI Share Option Scheme and the proposed grant of Options at a discount under the 2021 YHI Share Option Scheme at the EGM, and shall also refrain from accepting nominations as proxy or otherwise vote at the EGM in respect of the Ordinary Resolutions relating to the proposed adoption of the 2021 YHI Share Option Scheme and the proposed grant of Options at a discount under the 2021 YHI Share Option Scheme unless Shareholders appointing them as proxies give specific instructions in the relevant Proxy Form on the manner in which they wish their votes to be casted.

In compliance with Rule 704(16)(b) of the Listing Manual, the Company will announce the following immediately after the EGM:

- (a) details of parties who are required to abstain from voting on any resolution(s), including the number of shares held and the individual resolution(s) on which they are required to abstain from voting; and
- (b) a statement that all shareholders who are eligible to participate in the Scheme have abstained from voting on all resolutions relating to the 2021 YHI Share Option Scheme.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed adoption of the 2021 YHI Share Option Scheme, the proposed grant of options at a discount under the 2021 YHI Share Option 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 Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

### 9. EGM

The EGM, notice of which is set out on page N-1 of this Circular, will be held by way of electronic means on the date and at the time as set out in the Notice of EGM for the purpose of considering and, if thought fit, passing, with or without any modification, the Ordinary Resolutions relating to the proposed adoption of the 2021 YHI Share Option Scheme and the proposed grant of Options at a discount under the 2021 YHI Share Option Scheme set out in the Notice of EGM.

### 10. ACTION TO BE TAKEN BY SHAREHOLDERS

#### 10.1 Date, Time and Conduct of EGM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2021, the EGM will be held by way of electronic means on Monday, 29 November 2021 at 2 p.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions relating to the proposed adoption of the 2021 YHI Share Option Scheme and the proposed grant of Options at a discount under the 2021 YHI Share Option Scheme.

## LETTER TO SHAREHOLDERS

### 10.2 Notice of EGM, Circular and Proxy Form

**Printed copies of the Notice of EGM, this Circular and the Proxy Form will not be sent to Shareholders.** The Notice of EGM, this Circular and the Proxy Form may also be accessed at the Company's website at the URL <http://www.yhigroup.com/investor/egm2021/>, and are available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

### 10.3 Attendance at the EGM

Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, **the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person.**

### 10.4 Participation at the EGM

- (a) Alternative arrangements have been made by the Company to allow Shareholders to participate at the EGM via electronic means. Such alternative arrangements include:
- (i) arrangements by which Shareholders may electronically access the EGM proceedings and observe and/or listen to the live audio-visual webcast or live audio-only stream;
  - (ii) arrangements by which Shareholders may submit comments, queries and/or questions to the chairman of the EGM (the "**Chairman of the Meeting**") in advance of the EGM;
  - (iii) arrangements by which the Board and the management may address substantial and relevant comments, queries and/or questions before the EGM; and
  - (iv) arrangements by which Shareholders may appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM.
- (b) Details of the steps for pre-registration for the live audio-visual webcast or live audio-only stream, submission of comments, queries and/or questions in advance of the EGM and submission of Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM are set out in **Appendix B** to this Circular.

### 10.5 Key Dates and Times

Key Dates and Times	Actions to be taken by Shareholders
5 p.m. on Monday, 1 November 2021	Shareholders may complete the online pre-registration form at the URL <a href="http://rebrand.ly/YHI-International-EGM-2021">http://rebrand.ly/YHI-International-EGM-2021</a> to: <ul style="list-style-type: none"> <li>(a) pre-register for the live audio-visual webcast or live audio-only stream; and</li> <li>(b) submit questions in relation to the Ordinary Resolutions as set out in the Notice of EGM.</li> </ul>
5 p.m. on Wednesday, 17 November 2021	Deadline for CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy to approach their respective Agent Banks/SRS Operators to submit their votes.
5 p.m. on Wednesday, 17 November 2021	Deadline to submit questions for the EGM.
5 p.m. on Wednesday, 24 November 2021	Publication of answers to questions on the Company's website at the URL <a href="http://www.yhigroup.com/investor/egm2021/">http://www.yhigroup.com/investor/egm2021/</a> and on SGXNET at <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a> .

## LETTER TO SHAREHOLDERS

Key Dates and Times	Actions to be taken by Shareholders
2 p.m. on Friday, 26 November 2021	Deadline for Shareholders to: (a) pre-register for the live audio-visual webcast or live audio-only stream; and (b) submit proxy forms to appoint the Chairman of the Meeting as proxy.
2 p.m. on Friday, 26 November 2021	Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream and who have been verified by the Company's Share Registrar, Tricor Barbinder Share Registration Services, will receive an email which will contain the user ID and password details as well as the URL to access the live audio-visual webcast and a PIN code and the toll-free telephone number to access the live audio-only stream (the " <b>Confirmation Email</b> ").  Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by <b>5 p.m. on Saturday, 27 November 2021</b> should contact the Company's Share Registrar, Tricor Barbinder Share Registration Services, by email to <a href="mailto:sg.is.proxy@sg.tricorglobal.com">sg.is.proxy@sg.tricorglobal.com</a> .
2 p.m. on Monday, 29 November 2021	Shareholders may participate at the EGM via electronic means by: (a) accessing the URL in the Confirmation Email and entering the user ID and password to access the live audio-visual webcast; or (b) calling the toll-free telephone number in the Confirmation Email and keying in the PIN code to access the live audio-only stream.

### 10.6 Important Reminder

**Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the EGM at short notice. For the latest updates on the arrangements for the EGM, Shareholders should check the Company's website at the URL <http://www.yhigroup.com/investor/egm2021/>. Such updates will also be made available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.**

### 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's principal place of business at No. 2 Pandan Road, Singapore 609254, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution the Company; and
- (b) the rules of the 2021 YHI Share Option Scheme.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**YHI International Limited**

Tay Tian Hoe, Richard  
Executive Chairman & Group Managing Director

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**APPENDIX A**  
**THE RULES OF THE 2021 YHI SHARE OPTION SCHEME**

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**RULES OF THE 2021 YHI SHARE OPTION SCHEME**

**1. Name of the Scheme**

This share option scheme shall be called the “**2021 YHI Share Option Scheme**”.

**2. Definitions**

**2.1** Unless the context otherwise requires, the following words and expressions shall have the following meanings:

- “Associate”** : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or 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
- “Acceptance Period”** : The period within which an Option may be accepted, as described in Rule 7.2
- “Adoption Date”** : The date on which the Scheme is adopted by the Company in general meeting
- “Aggregate Subscription Cost”** : The total amount payable for the Shares to be subscribed for on the exercise of an Option
- “Associated Company”** : A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group and over which the Company has control
- “Associated Company Employee”** : An executive or non-executive director of an Associated Company or a full time employee of an Associated Company selected by the Committee to participate in the Scheme in accordance with Rule 4.1(b)
- “Auditors”** : The auditors of the Company for the time being

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**APPENDIX A**  
**THE RULES OF THE 2021 YHI SHARE OPTION SCHEME**

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<b>“Board of Directors” or “Board”</b>	:	The board of directors of the Company for the time being
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Committee”</b>	:	A committee comprising all members of the Board including all members of the Remuneration Committee duly authorised and appointed by the Board to administer the Scheme from time to time
<b>“Companies Act”</b>	:	The Companies Act, Cap. 50 of Singapore, as amended or modified from time to time
<b>“Company”</b>	:	YHI International Limited
<b>“Constitution”</b>	:	The existing Constitution of the Company, as may be modified or amended from time to time
<b>“control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company as defined under the Listing Manual and as may be modified or amended from time to time
<b>“Controlling Shareholder”</b>	:	A person who:  (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings 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 the Company, where “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<b>“Director”</b>	:	A person appointed as a director of the Company from time to time
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Group Employee”</b>	:	An executive or non-executive director of any member of the Group or a full-time employee of any member of the Group who is selected by the Committee to participate in the Scheme in accordance with Rule 4.1(a)
<b>“Incentive Option”</b>	:	The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 8.2
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as may be amended or modified from time to time



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**APPENDIX A**  
**THE RULES OF THE 2021 YHI SHARE OPTION SCHEME**

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<b>“Mainboard”</b>	:	The Mainboard of the SGX-ST
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for securities trading
<b>“Market Price”</b>	:	The average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive Market Days immediately preceding the Offering Date of the Option, rounded up to the nearest whole cent, 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 immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent
<b>“Market Price Option”</b>	:	The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 8.1
<b>“Offering Date”</b>	:	The date on which an Option is granted pursuant to Rule 6.1
<b>“Official List”</b>	:	The list of issuers maintained by the SGX-ST in relation to the SGX Mainboard
<b>“Option”</b>	:	A Market Price Option or an Incentive Option, as the case may be
<b>“Option Period”</b>	:	The period for the exercise of an Option as set out in Rule 9.1
<b>“Parent Company”</b>	:	YHI Holdings Pte Ltd
<b>“Participant”</b>	:	The holder of an Option
<b>“Record Date”</b>	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
<b>“Remuneration Committee”</b>	:	The remuneration committee of the Company from time to time
<b>“Rules”</b>	:	The rules of the Scheme, as the same may be amended from time to time
<b>“Scheme”</b>	:	The 2021 YHI Share Option Scheme, as modified or altered from time to time
<b>“Securities Account”</b>	:	The securities account maintained by Depositors with CDP but not including the securities accounts maintained with a Depository Agent

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“SFA”	:	The Securities and Futures Act, Cap. 289 of Singapore, as may be amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of the Shares in the register of members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to those Shares held by CDP and where the context so admits, mean the persons named as Depositors whose Securities Accounts such Shares are credited
“Share(s)”	:	Ordinary share(s) in the capital of the Company
“Subscription Price”	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option as determined in accordance with Rule 8.1 in relation to a Market Price Option, and Rule 8.2 in relation to an Incentive Option

Currencies, Units and Others

“SGD”, “S\$”, “\$” or “cents”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“%” or “per cent”	:	Per centum or percentage

- 2.2** The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the same meanings ascribed to them respectively by Section 81SF of the SFA.
- 2.3** The terms “**subsidiary**” and “**treasury shares**” shall have the same meanings ascribed to them respectively in the Companies Act.
- 2.4** Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.
- 2.5** Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Listing Manual, the Companies Act, the SFA or any statutory modification thereof and used in the Scheme shall, where applicable, have the same meaning assigned to it under the Listing Manual, the Companies Act, the SFA or any statutory modification thereof, as the case may be, unless the context requires otherwise.

**3. Objectives**

The Scheme is a share incentive scheme. The purpose of the Scheme is to provide an opportunity for executive directors and 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, and to give recognition to non-executive directors of the Group, Group Employees and Associated Company Employees who have contributed to the success and development of the Company and/or Group. The Scheme is proposed on the basis that it is important to acknowledge the contribution, which is essential to the well-being and prosperity of the Group, made by these categories of persons. The Company, by adopting the Scheme, will give these

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categories of persons a real and meaningful stake in the Company at no direct cost to its profitability and will help to achieve the following objectives:

- (a) the motivation of Participants to optimise performance standards and efficiency and to maintain a high level of contribution;
- (b) the retention of key employees whose contributions are important to the long-term growth and prosperity of the Group;
- (c) the attainment of harmonious employer/staff relations, as well as the strengthening of working relationships with the Group's close business associates; and
- (d) the development of a participatory style of management which promotes greater commitment and dedication amongst the employees and instils loyalty and a stronger sense of identification with the long-term prosperity of the Group.

#### 4. Eligibility

4.1 The following persons shall be eligible to participate in the Scheme at the absolute discretion of the Committee:

(a) Group Employees

- (i) confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the Offering Date;
- (ii) directors of the Company and/or its subsidiaries who perform an executive function;
- (iii) non-executive directors of the Group; and
- (iv) employees who qualify under sub-paragraph (i) above and are seconded to an Associated Company, or any other company outside the Group in which the Company and/or Group has an equity interest.

(b) Associated Company Employees

- (i) confirmed full-time employees of an Associated Company who have attained the age of 21 years and above on or before the Offering Date;
- (ii) directors of an Associated Company who perform an executive function; and
- (iii) non-executive directors of an Associated Company.

(c) Controlling Shareholders or their Associates

Notwithstanding any provision herein, persons who are Controlling Shareholders or their Associates shall not be eligible to participate in the Scheme.

(d) Directors and employees of Parent Company and its subsidiaries

Notwithstanding any provision herein, directors and employees of the Parent Company and its subsidiaries shall not be eligible to participate in the Scheme.

For the purposes of paragraphs (a)(i) and (b)(i) above, the secondment of an employee to another company shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group or the Associated Company (as the case may be).

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- 4.2 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.
- 4.3 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 within the Group or by any Associated Company or otherwise.
- 5. Limitations on the Scheme**
- 5.1 The aggregate number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of all Options granted under the Scheme, shall not exceed 15% of the issued Shares of the Company excluding treasury shares and subsidiary holdings on the date preceding the Offering Date.
- 5.2 The number of Shares comprised in Market Price Options or, as the case may be, Incentive Options, to be offered to any Group Employee or Associated Company Employee in accordance with the Scheme shall be determined at the absolute discretion of the Committee, who shall take into account, in respect of a Group Employee, criteria such as rank, past performance, years of service and potential for future development of that employee and, in respect of an Associated Group Employee, his contribution to the success and development of the Group.
- 6. Date of Grant**
- 6.1 The Committee may, subject as provided in Rule 12, grant Options at any time, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Options may only be granted on or after the second Market Day from the date on which the aforesaid announcement is released.
- 6.2 The Letter of Offer to grant the Option shall be in, or substantially in, the form set out in Schedule A, subject to such modification including, but not limited to, imposing restrictions on the number of Options that may be exercised within particular sections of the relevant Option Period, as the Committee may from time to time determine.
- 7. Acceptance of Options**
- 7.1 An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.
- 7.2 The closing date for the acceptance for the grant of any Option under this Rule 7 shall not be less than fifteen (15) days and not more than thirty (30) days from the Offering Date of that Option. The grant of an Option must be accepted by completing, signing and returning the Acceptance Form in, or substantially in, the form set out in Schedule B, subject to such modification as the Committee may from time to time determine, accompanied by payment of \$1.00 as consideration.
- 7.3 If a grant of an Option is not accepted in the manner as provided in Rule 7.2, such offer shall, upon the expiry of the Acceptance Period, automatically lapse and become null, void and of no effect.
- 8. Subscription Price**
- 8.1 Subject to any adjustment pursuant to Rule 12, the Subscription Price for each Share in respect of which a Market Price Option is exercisable shall be at a price (the "**Market Price**") equal to the average of the last dealt prices for a Share, as determined by reference to the Financial

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News published by the SGX-ST, for the five (5) consecutive Market Days immediately preceding the Offering Date of that Option, rounded up to the nearest whole cent.

- 8.2** Subject to any adjustment pursuant to Rule 12, the Subscription Price for each Share in respect of which an Incentive Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at a price which is set at a discount to the Market Price (as determined in accordance with Rule 8.1), provided that:
- (a) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted for the time being by the SGX-ST). In determining the quantum of such discount, the Committee shall take into consideration such criteria as the Committee may, in its absolute discretion, deem appropriate including but not limited to:-
    - (i) the performance of the Company and the Group;
    - (ii) the individual performance of the Participant; and
    - (iii) the contribution of the Participant to the success and development of the Company and/or the Group (as the case may be); and
  - (b) the prior approval of the Shareholders in general meeting shall have been obtained for the making of offers and grant of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of Options under the Scheme at such discount for the duration of the Scheme), rounded up to the nearest whole cent.

#### **9. Exercise of Options**

- 9.1** Subject as provided in this Rule 9 and Rule 10 and any other conditions as may be introduced by the Committee from time to time, each Option shall be exercisable, in whole or in part, during the Option Period as follows:-
- (a) in the case of a Market Price Option, a period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date, provided that in the case of a Market Price Option which is granted to a Participant not holding salaried office or employment in the Group or the Associated Company, such Option Period shall expire on the fifth anniversary of such Offering Date; and
  - (b) in the case of an Incentive Option, a period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date provided that in the case of an Incentive Option which is granted to a Participant not holding salaried office or employment in the Group or the Associated Company, such Option Period shall expire on the fifth anniversary of such Offering Date.
- 9.2** In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the Scheme until such time as it shall lapse in accordance with the Scheme.
- 9.3** An Option shall, to the extent unexercised, immediately lapse without any claim against the Company:
- (a) subject to Rules 9.4, 9.5 and 9.7, upon the Participant ceasing to be in the full-time employment of the Group or an Associated Company, as the case may be, for any reason whatsoever; or
  - (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or

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- (c) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion; or
- (d) in the event that the Committee shall, at its discretion, deem it appropriate that such Option granted to a Participant shall so lapse on the grounds that any of the objectives of the Scheme (as set out in Rule 3) have not been met.

For the purpose of Rule 9.3(a), the Participant shall be deemed to have ceased to be so employed as of the earlier of the date the notice of resignation of employment or the cessation of his employment/appointment with the Group or an Associated Company, as the case may be.

**9.4** If a Participant ceases to be employed by the Group or an Associated Company, as the case may be, by reason of his:-

- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) retirement at or after the legal retirement age; or
- (d) retirement before the legal retirement age with the consent of the Committee,

or any other reason approved in writing by the Committee, he may exercise any unexercised Options within the relevant Option Period.

**9.5** If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed personal representatives of the Participant within the relevant Option Period. The Committee may, in exercising its discretion, allow the Option to be exercised at any time notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Option Period in respect of such Option or determine that the Option shall lapse without any claim against the Company. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant.

**9.6** If, for any reason whatsoever, a Participant, being an Associated Company Employee by virtue of his being a non-executive director of the Associated Company on the Offering Date, ceases to be a director of Associated Company, any Option then held by him shall, to the extent unexercised, immediately lapse without any claim against the Company, 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 to such Option.

**9.7** If, for any reason whatsoever, a Participant, being a Group Employee by virtue of his being an executive or non-executive director of the Group on the Offering Date, ceases to be an executive director or, as the case may be, non-executive director of the Group, all Options granted to such Participant will, notwithstanding such cessation, continue to be exercisable within the relevant Option Period after such Participant ceases to be a director of the Group.

**10. Take-over and winding up**

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

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is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:-

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

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

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 9, remain exercisable until the expiry of the Option Period relating thereto.

- 10.2** If under the Companies 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 (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled, notwithstanding Rule 9 but subject to Rule 10.5, to exercise any Option then held by him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon the Option shall lapse and become null and void.
- 10.3** If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 10.4** In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled, within thirty (30) days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto), to exercise any unexercised Option, after which such unexercised Option shall lapse and become null and void.
- 10.5** If in connection with the making of a general offer referred to in Rule 10.1 or the scheme referred to in Rule 10.2 or the winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 10.
- 10.6** To the extent that an Option is not exercised within the periods referred to in this Rule 10, it shall lapse and become null and void.
- 11. Manner of Exercise**
- 11.1** Subject to Rule 9.1, an Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in, or substantially in, the form set out in Schedule C, subject in each case to such modification as the Committee may from time to time determine. Such

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notice must be accompanied by a remittance for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, the relevant documentation required by the Committee and the Aggregate Subscription Cost.

- 11.2** All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 11.3** Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Constitution of the Company, the Company shall, within ten (10) Market Days after the exercise of an Option, allot the relevant Shares and within five (5) Market Days from the date of the allotment of the relevant Shares, despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit, or in the case of a transfer of treasury shares, do such acts or things which are necessary for the transfer to be effective.
- 11.4** The Company shall, as soon as practicable after such allotment, apply to the SGX-ST (and any other stock exchange on which the Shares are quoted or listed) for permission to deal in and for quotation of such Shares.
- 11.5** Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 11.6** Shares allotted and issued on the exercise of an Option or treasury shares which are transferred on the exercise of an Option shall be subject to all the provisions of the Constitution of the Company and the Companies Act, and shall rank *pari passu* in all respects, including voting rights, with the then existing issued Shares in the capital of the Company except for dividends, rights, allotments or other distributions, the Record Date for which falls prior to the date such Option is exercised.
- 11.7** The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

#### **12. Variation of Capital**

- 12.1** If a variation in the issued Share capital of the Company (whether by way of a bonus issue, rights issue, capital reduction, subdivision or consolidation of Shares or distribution) shall take place:-
- (a) the Subscription Price for the Shares, the class and/or number of Shares comprised in an Option to the extent unexercised; and/or
  - (b) the class and/or number of Shares over which Options may be granted under the Scheme,

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

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



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such mandate) is in force, shall not be regarded as a circumstance requiring adjustment under the provisions of this Rule 12.

**12.3** Notwithstanding the provisions of Rule 12.1:-

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

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

**13. Administration**

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

**13.2** Subject to requirements under the Listing Manual, the Constitution or regulations of any regulatory or other relevant authority or body (including the SGX-ST), the Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit including, but not limited to, imposing restrictions on the number of Options that may be exercised within particular sections of the relevant Option Period.

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

**14. Notices and Annual Report**

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

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

**14.3** The Company shall disclose the following in its annual report (where applicable):-

- (a) the names of the members of the Committee administering the Scheme;
- (b) the information required in the table below for the following Participants:-
  - (i) Directors of the Company;

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- (ii) Participants who are Controlling Shareholders of the Company and their Associates; and
- (iii) Participants, other than those in (i) and (ii) above, who receive 5% or more of the total number of Options available under the Scheme.

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

- (c)
  - (i) the names of and number and terms of Options granted to each director or employee of the Parent Company and its subsidiaries who receives 5% or more of the total number of Options available to all directors and employees of the Parent Company and its subsidiaries under the Scheme, during the financial year under review; and
  - (ii) the aggregate number of Options granted to the directors and employees of the Parent Company and its subsidiaries for the financial year under review, and since the commencement of the Scheme to the end of the financial year under review;
- (d) the number and proportion of Options granted at a discount during the financial year under review in respect of every 10% discount range, up to the maximum quantum of discount granted; and
- (e) the number of Incentive Options granted during the financial year under review in the following bands:-

Discount to the Market Price %	Aggregate number of Incentive Options granted during the financial year under review	Proportion of Incentive Options to Market Price Options granted during the financial year under review
<b>0 – 10</b>		
<b>11 – 20</b>		

- (f) an appropriate negative statement if any of the above is not applicable.

**15. Modifications to the Scheme**

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

- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby

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

- (b) any amendment, modification or alteration of the Scheme, including the definitions of “Group”, “Group Employee”, “Associated Company”, “Associated Company Employee”, “Controlling Shareholder”, “Participant”, “Committee”, “Option Period” and “Subscription Price” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10, 11.1, 11.6, 12, 13 and this Rule 15, which would be to the advantage of Participants under this Scheme shall be subject to Shareholders’ approval at a general meeting;
- (c) no alteration shall be made to rules of the Scheme which relate to matters contained in Rules 844 to 849 and Rules 853 to 854 of the Listing Manual to the advantage of Participants except with the prior approval of Shareholders in general meeting; and
- (d) no modification or alteration shall be made without the prior approval of the SGX-ST, or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 15.1(a) of the Scheme, the opinion of the Committee as to whether any amendment, modification or alteration would adversely alter the rights attaching to any Option granted prior to such modification or alteration or which would be to the advantage of the Participants under the Scheme shall be final and conclusive.

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

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

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

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

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

**17.1** The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Company’s shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

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

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

#### **18. Taxes**

The Participants shall be responsible for obtaining consent from any governmental regulatory or other relevant authority or body that may be required by any country or jurisdiction in order

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**APPENDIX A**  
**THE RULES OF THE 2021 YHI SHARE OPTION SCHEME**

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to permit the grant or exercise of any Options under the Scheme. All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability which the Participant may become subject as a result of his participation in this Scheme.

**19. Costs and expenses**

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

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

**20. Disclaimer of liability**

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

**21. Abstention from voting**

Shareholders who are eligible to participate in the Scheme and such other employees of the Group or Associated Company (as the case may be) who are also eligible to participate in the Scheme, shall abstain from voting on any resolution relating to the Scheme as may be required by the SGX-ST.

**22. Disputes**

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

**23. Condition of Option**

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

**24. Governing law**

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

**25. Collection, Use and Disclosure of Personal Data**

For the purposes of implementing and administering the Scheme, and in order to comply with any applicable laws, listing rules, regulations and/or guidelines, the Company will collect, use

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**APPENDIX A**  
**THE RULES OF THE 2021 YHI SHARE OPTION SCHEME**

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and disclose the personal data of the Participants, as contained in each Letter of Offer and/or any other notice or communication given or received pursuant to the Scheme, and/or which is otherwise collected from the Participants (or their authorised representative(s)). By participating in the Scheme, each Participant consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the Company and/or third parties who provide services to the Company (whether within or outside Singapore), and to the collection, use and further disclosure by such parties for such purposes. Each Participant also warrants that where he discloses the personal data of third parties to the Company in connection with the Scheme, he has obtained the prior consent of such third parties for the Company to collect, use and disclose their personal data for the abovementioned purposes, in accordance with any applicable laws, regulations and/or guidelines. Each Participant shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Participant's breach of this warranty.

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**APPENDIX A**  
**THE RULES OF THE 2021 YHI SHARE OPTION SCHEME**

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Schedule A

**2021 YHI SHARE OPTION SCHEME**

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

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

[Date]

To: [Name]  
[Designation]  
[Address]

**Private and Confidential**

Dear Sir/Madam,

We have the pleasure of informing you that you have been nominated by the Board of Directors of YHI International Limited (the "**Company**") to participate in the 2021 YHI Share Option Scheme (the "**Scheme**"). Terms as defined in the Scheme shall have the same meaning when used in this letter.

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

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

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

The Option is personal to you and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered by you, in whole or in part or in any way whatsoever, except with the prior written approval of the Committee.

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

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

Yours faithfully

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

Enc.

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**APPENDIX A**  
**THE RULES OF THE 2021 YHI SHARE OPTION SCHEME**

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Schedule B

**2021 YHI SHARE OPTION SCHEME**

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

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

To: The Committee,  
2021 YHI Share Option Scheme  
YHI International Limited  
No. 2 Pandan Road  
Singapore 609254

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Closing Date for Acceptance of Offer : \_\_\_\_\_

Number of Shares Offered : \_\_\_\_\_

Subscription Price for each Share : S\$ \_\_\_\_\_

Total Amount Payable : S\$ \_\_\_\_\_  
(exclusive of the relevant CDP charges)

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

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

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

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

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

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**APPENDIX A**  
**THE RULES OF THE 2021 YHI SHARE OPTION SCHEME**

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**Please print in block letters**

Name in Full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

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

\* Delete accordingly.

**Notes:**

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



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**APPENDIX A**  
**THE RULES OF THE 2021 YHI SHARE OPTION SCHEME**

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Schedule C

**2021 YHI SHARE OPTION SCHEME**

**FORM OF EXERCISE OF OPTION**  
**(MARKET PRICE OPTION / INCENTIVE OPTION)**

To: The Committee  
2021 YHI Share Option Scheme  
YHI International Limited  
No. 2 Pandan Road  
Singapore 609254

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

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

Outstanding balance of Shares to be allotted thereunder : \_\_\_\_\_

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

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1. Pursuant to your Letter of Offer dated \_\_\_\_\_ and my acceptance thereof, I hereby exercise the [Market Price / Incentive] Option to subscribe for \_\_\_\_\_ Shares in YHI International Limited (the "**Company**") at S\$\_\_\_\_\_ for each Share.
  
2. I request the Company to allot and issue the said Shares referred to in paragraph 1 above in the name of The Central Depository (Pte) Limited (the "**Depository**") to the credit of my Securities Account with the Depository or my securities sub-account with a Depository Agent specified below and to deliver the certificate(s) relating thereto to the Depository. I further agree to bear such fees or other charges as may be imposed by the Depository and any stamp duty payable in respect thereof.  
  
\* (i) Direct Securities Account No. : \_\_\_\_\_  
  
\* (i) Securities Sub- Account No. : \_\_\_\_\_  
  
Name of Depository Agent : \_\_\_\_\_
  
3. I enclose a \*cheque/cashier's order/banker's draft/postal order no. \_\_\_\_\_ for S\$\_\_\_\_\_ in payment of subscription of \$\_\_\_\_\_ for the total number of the said Shares and the Depository charges of \$\_\_\_\_\_.
  
4. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Scheme, and the Constitution of the Company.
  
5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

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**APPENDIX A**  
**THE RULES OF THE 2021 YHI SHARE OPTION SCHEME**

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**Please print in block letters**

Name in Full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

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

\* Delete accordingly.

**Notes:**

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

## APPENDIX B ALTERNATIVE ARRANGEMENTS

Shareholders are required to complete the following steps to be able to observe and/or listen to the EGM proceedings through a live audio-visual webcast or live audio-only stream, submit questions to the Chairman of the Meeting in advance of the EGM and submit Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote on his/her/its behalf at the EGM.

No.	Steps	Details
1.	Pre-registration	<p>Shareholders may pre-register by submitting the Online Pre-Registration Form at the URL <a href="http://rebrand.ly/YHI-International-EGM-2021">http://rebrand.ly/YHI-International-EGM-2021</a> from <b>Monday, 1 November 2021 to Friday, 26 November 2021, 2 p.m.</b> to enable the Company to verify their status as shareholders.</p> <p>Shareholders will be required to provide their name, NRIC/Passport/Company Registration number, shareholding type, mobile number and email address in the Online Pre-Registration Form.</p> <p>Upon successful submission of the Online Pre-Registration Form, shareholders will receive an acknowledgement of receipt of their submission.</p> <p>Registrants whose names do not appear on the Company's Register of Members/CDP Depository Register/CPF and SRS agent or operators' lists by <b>Wednesday, 17 November 2021, 5 p.m.</b> will be rejected.</p> <p>Following the verification, authenticated registrants will receive an email by <b>Saturday, 27 November 2021, 5 p.m.</b> which will contain a password to access the "live" audio-visual webcast and a toll-free telephone number to access the "live" audio-only stream of the EGM proceedings (<b>Confirmation Email</b>).</p> <p>Shareholders who do not receive the Confirmation Email by <b>5 p.m. on Saturday, 27 November 2021</b> but have registered by the <b>2 p.m. on Friday, 26 November 2021</b> deadline should contact the Company's Share Registrar, Tricor Barbinder Share Registration Services, by email to <a href="mailto:sg.is.proxy@sg.tricorglobal.com">sg.is.proxy@sg.tricorglobal.com</a>.</p>
2.	Submission of questions in advance	<p><b>Shareholders will not be able to ask questions at the EGM during the live audio-visual webcast or live audio only stream, and therefore it is important for shareholders to submit their questions in advance of the EGM during pre-registration by indicating their questions in the Online Pre-Registration Form.</b></p> <p><b>Submission of questions.</b> Shareholders may submit questions related to the Ordinary Resolution to be tabled at the EGM in advance by submitting in the following manner:</p> <p>(a) By post to No. 2 Pandan Road, Singapore 609254 (Attention: Group CFO) ; or</p> <p>(b) By email to <a href="mailto:yhi-egm@yhi.com.sg">yhi-egm@yhi.com.sg</a>.</p> <p>Shareholders should specify the resolution number which their queries relate to when submitting their queries.</p> <p><b>Deadline to submit questions.</b> All questions must be submitted by <b>Wednesday, 17 November 2021, 5 p.m.</b></p>

**APPENDIX B  
ALTERNATIVE ARRANGEMENTS**

No.	Steps	Details
		<p><b>Addressing questions.</b> The Company will endeavour to address substantial and relevant questions before the EGM. The Company's answers to substantial and relevant questions will be published on the Company's website at <a href="http://www.yhigroup.com/investor/egm2021/">http://www.yhigroup.com/investor/egm2021/</a> and is also available on SGXNET at <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a> by <b>Wednesday, 24 November 2021, 5 p.m.</b></p> <p><b>Minutes of EGM.</b> The Company will publish the minutes of the EGM on the Company's website and on SGXNET within one (1) month from the date of the EGM.</p>
3.	Submission of Proxy Forms to vote	<p><b>Appointment of Chairman of the Meeting as proxy.</b> In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his proxy to attend, to speak and to vote on his behalf at the EGM if such Shareholder wishes to exercise his voting rights at the EGM. The Proxy Form may be accessed at the Company's website at <a href="http://www.yhigroup.com/investor/egm2021/">http://www.yhigroup.com/investor/egm2021/</a> and is also available on SGXNET at <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a>.</p> <p><b>Specific voting instructions.</b> Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his proxy, he must give specific instructions as to voting and abstention from voting in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.</p> <p><b>Submission of proxy forms.</b> A member who wishes to submit a Proxy Form appointing the Chairman of the Meeting as proxy must first download and complete the Proxy Form. A member may send the duly executed Proxy Form in Portable Document Format (PDF) by email to <a href="mailto:yhi-egm@yhi.com.sg">yhi-egm@yhi.com.sg</a> or by post to No. 2 Pandan Road Singapore 609254 (Attention: Group CFO), not less than 72 hours before the time appointed for holding the EGM.</p> <p><b>In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit completed Proxy Forms by way of electronic means via email.</b></p> <p>CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective Agent Banks/SRS operators to submit their votes by <b>Wednesday, 17 November 2021, 5 p.m.</b></p>

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### YHI INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)  
(Company registration no. 200007455H)

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of **YHI INTERNATIONAL LIMITED** (the “**Company**”) will be held by way of electronic means on **Monday, 29 November 2021 at 2 p.m.** for the purpose of considering and, if thought fit, passing with or without modifications, the following Ordinary Resolutions.

*All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular to shareholders of the Company dated 1 November 2021 (“the “**Circular**”) in relation to, inter alia, the proposed adoption of the 2021 YHI Share Option Plan.*

#### **ORDINARY RESOLUTION 1: THE PROPOSED ADOPTION OF THE 2021 YHI SHARE OPTION SCHEME**

That:

- (a) the proposed adoption of the 2021 YHI Share Option Scheme, the rules of which have been set out in Appendix A to the Circular, be and is hereby approved and adopted by the Company;
- (b) the Directors be and are hereby authorised:
  - (i) to establish and administer the 2021 YHI Share Option Scheme; and
  - (ii) to modify and/or amend the 2021 YHI Share Option Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the rules of the 2021 YHI Share Option Scheme, and to do all such acts and to enter into all such transactions, arrangements, and agreements as may be necessary or expedient in order to give full effect to the 2021 YHI Share Option Scheme;
- (c) pursuant to Section 161 of the Companies Act, the Directors of the Company be and are hereby authorised to grant Options in accordance with the rules of the 2021 YHI Share Option Scheme, and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the Options granted under the 2021 YHI Share Option Scheme, provided that the aggregate number of Shares to be allotted and issued pursuant to the exercise of Options granted or to be granted under the 2021 YHI Share Option Scheme, when added to all Shares, options or awards granted under any other share option scheme, performance share plan or share incentive scheme of the Company then in force, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company on the date preceding the date of the grant of Option from time to time; and
- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution 1.

#### **ORDINARY RESOLUTION 2: THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE 2021 YHI SHARE OPTION SCHEME**

That subject to and contingent upon the passing of Ordinary Resolution 1, the Directors be and are hereby authorised to grant Options in accordance with the rules of the 2021 YHI Share Option Scheme with Subscription Prices set at a discount to the Market Price, provided that such discount does not exceed the 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted for the time being by the SGX-ST).

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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By Order of the Board  
**YHI International Limited**

Tay Tian Hoe, Richard  
Executive Chairman & Group Managing Director

**1 November 2021**  
Singapore

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Important Notes to Shareholders on arrangements for the EGM:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on **Monday, 29 November 2021 at 2 p.m. (Singapore Time)** for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions set out in the Notice of EGM.
2. Printed copies of this Notice of EGM, the Circular and the Proxy Form will not be sent to Shareholders. This Notice of EGM, the Circular and the Proxy Form may be accessed at the Company's website at the URL <http://www.yhigroup.com/investor/egm2021/> and are available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in Section 10 of this Circular.
4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** The Proxy Form may be accessed at the Company's website at the URL <http://www.yhigroup.com/investor/egm2021/>, and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.
6. The Proxy Form must be submitted to the Company in the following manner:
  - a. if submitted by post, be deposited at the registered office of the Company at No. 2 Pandan Road, Singapore 609254; or
  - b. if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at [yhi-egm@yhi.com.sg](mailto:yhi-egm@yhi.com.sg),

in any case, at least 72 hours before the time fixed for holding the EGM and/or any adjournment thereof. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

### Personal Data Privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the EGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM and/or any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

# PROXY FORM

## YHI INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200007455H)

## PROXY FORM

(Please see notes overleaf  
before completing this Proxy Form)

### IMPORTANT:

1. The Extraordinary General Meeting ("EGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Pursuant to Section 181(1C) of the Companies Act, Relevant Intermediaries (as defined in the Companies Act) may appoint more than 2 proxies to attend, speak and vote at the EGM.
3. CPF Investors and SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the EGM.
4. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by CPF Investors and SRS Investors.

I/We\* .....(name).....(NRIC/Passport No.)

of .....(address)

being a Shareholder/Shareholders\* of YHI International Limited (the "**Company**"), hereby appoint the Chairman of the Extraordinary General Meeting of the Company ("**EGM**") as my/our proxy/proxies to attend and vote for me/us on my/our\* behalf at the EGM to be convened and held by way of electronic means on **Monday, 29 November 2021 at 2 p.m. (Singapore Time)** and at any adjournment thereof in the following manner:

No.	Resolutions relating to:	For	Against	Abstain
1.	To approve the proposed adoption of the 2021 YHI Share Option Scheme			
2.	To approve the proposed grant of options at a discount under the 2021 YHI Share Option Scheme			

\*Delete as appropriate

If you wish to appoint the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a tick [ ✓ ] within the box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish to appoint the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with a tick [ ✓ ] in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting, as your proxy, is directed to abstain from voting in the "Abstain" box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this ..... day of ..... 2021

<b>Total Number of Shares Held</b>

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

**IMPORTANT: PLEASE READ THE NOTES BELOW BEFORE COMPLETING THIS PROXY FORM.**



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# PROXY FORM

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## NOTES:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on **Monday, 29 November 2021 at 2 p.m. (Singapore Time)** for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions as set out in the Notice of EGM.
2. Printed copies of this Notice of EGM, the Circular and the Proxy Form will not be sent to Shareholders. This Notice of EGM, the Circular and the Proxy Form may be accessed at the Company's website at the URL <http://www.yhigroup.com/investor/egm2021/> and are available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in Section 10 of this Circular.
4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** The Proxy Form may be accessed at the Company's website at the URL <http://www.yhigroup.com/investor/egm2021/>, and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.
6. The Proxy Form must be submitted to the Company in the following manner:
  - a. if submitted by post, be deposited at the registered office of the Company at No. 2 Pandan Road, Singapore 609254; or
  - b. if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at [yhi-egm@yhi.com.sg](mailto:yhi-egm@yhi.com.sg),  
in any case, at least 72 hours before the time fixed for holding the EGM and/or any adjournment thereof. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**
7. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised
8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

## GENERAL:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the EGM.

## PERSONAL DATA PRIVACY:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the EGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM and/or any adjournment thereof, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.