

CIRCULAR DATED 7 JUNE 2023

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

If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your legal, financial, tax or other independent adviser immediately.

Printed copies of this Circular will NOT be despatched to shareholders of the Company ("Shareholders"). For Shareholders' convenience, printed copies of the Notice of EGM and the Proxy Form will be despatched to Shareholders. Shareholders may request for printed copies of this Circular by submitting the request via email to egm@asiatic.com.sg by 19 June 2023, 10.00 a.m.

If you have sold or transferred all your shares in the capital of Asiatic Group (Holdings) Limited ("Company"), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting ("EGM") and the proxy form to the purchaser or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. This Circular, together with the Notice of EGM and the accompanying proxy form have been made available on SGXNET and the website of the Company at the URL: <https://www.asiatic.com.sg/news/annual-reports.html>.

This Circular has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr. Joseph Au, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.



ASIATIC GROUP (HOLDINGS) LIMITED

(Company Registration Number 200209290R)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

- (I) THE PROPOSED NON-RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 2,264,142,234 NEW ORDINARY SHARES ("RIGHTS SHARES") OF THE COMPANY AT AN ISSUE PRICE OF S\$0.0027 ("ISSUE PRICE") ON THE BASIS OF THIRTEEN (13) RIGHTS SHARES FOR EVERY TEN (10) EXISTING ORDINARY SHARES OF THE COMPANY ("SHARES") HELD AS AT THE RECORD DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED;
- (II) THE PROPOSED WHITEWASH RESOLUTION BY THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) FOR THE WAIVER OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FOR THE COMPANY FROM THE TAN FAMILY (AS DEFINED HEREIN) AS A RESULT OF THE SUBSCRIPTION OF RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE;
- (III) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO LECCA CAPITAL PTE. LTD. ARISING FROM THE PROPOSED ISSUANCE AND ALLOTMENT OF RIGHTS SHARES AND EXCESS RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE;
- (IV) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO TAN BOON KHENG ARISING FROM THE PROPOSED ISSUANCE AND ALLOTMENT OF RIGHTS SHARES AND EXCESS RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE;
- (V) THE GROUP'S CO-FUNDING (AS DEFINED HEREIN) WHICH CONSTITUTES A MAJOR TRANSACTION; AND
- (VI) THE PROPOSED DISPOSAL (AS DEFINED HEREIN) WHICH CONSTITUTES A MAJOR TRANSACTION.

Independent Financial Adviser in respect of the Proposed Whitewash Resolution



XANDAR CAPITAL PTE. LTD.
(Company Registration Number: 200002789M)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	: 19 June 2023 at 10.00 a.m.
Date and time of Extraordinary General Meeting	: 22 June 2023 at 10.00 a.m.
Place of Extraordinary General Meeting	: The EGM will be convened and held by way of electronic means

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CORPORATE INFORMATION

Directors of the Company	:	Mr. Tay Kah Chye (<i>Independent Chairman</i>) Mr. Tan Boon Kheng (<i>Managing Director</i>) Mr. Tan Boon Siang (<i>Executive Director</i>) Mr. Chia Soon Hin William (<i>Independent Director</i>) Mr. Yip Mun Foong, James (<i>Independent Director</i>)
Registered Office of the Company	:	65 Joo Koon Circle Singapore 629078
Legal Adviser to the Company as to Singapore law in relation to this Circular	:	Virtus Law LLP 8 Marina Boulevard #29-01 Marina Bay Financial Centre Singapore 018981
Independent Financial Advisor in relation to the Proposed Whitewash Resolution	:	Xandar Capital Pte. Ltd. 3 Shenton Way #24-02 Shenton House Singapore 068805
Share Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout the Circular:

"Act"	: The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
"Advance"	: The pre-paid advance of RM 4.0 million to MJE. Please refer to Section 5.1 of this Circular for more information in this regard
"ARE"	: Application and acceptance form for Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Rights Issue
"Associate"	<p>: (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <p class="list-item-l1">(i) his immediate family;</p> <p class="list-item-l1">(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</p> <p class="list-item-l1">(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; and</p> <p>: (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more</p>
"ATM"	: Automated teller machine of a Participating Bank
"Board"	: The board of Directors for the time being
"Bond Issuers"	: Collectively refers to Tekun Positif (M) Sdn Bhd and Wealthy Entity Holdings Sdn Bhd
"Catalist"	: The Catalist Board of the SGX-ST
"Catalist Rules"	: The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"CEH"	: Colben Energy Holdings (Maju Intan) Ltd, is a wholly owned subsidiary of Colben Energy (Singapore) Pte Ltd, which in turn is a wholly owned subsidiary of the Company

DEFINITIONS

"CEH's Share of the Settlement Sum"	: CEH's share of the settlement sum, being RM 14.5 million. Please refer to Section 5.1 of this Circular for more information in this regard
"CEH's Share of the Costs"	: CEH's share of the settlement of all costs pertaining to the settlement arrangement, estimated by the Company to be around RM 1.0 million. Please refer to Section 5.1 of this Circular for more information in this regard
"CDP"	: The Central Depository (Pte) Limited
"Circular"	: This circular to Shareholders dated 7 June 2023 in respect of the Proposed Corporate Actions
"Closing Date"	: The time and date to be determined by the Directors and announced by the Company in due course, being the last time and date for acceptance of and/or excess application and payment, and renunciation and payment of the Rights Shares under the Rights Issue
"Code"	: The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
"Company"	: Asiatic Group (Holdings) Limited
"Corporate Guarantee"	: The Company's corporate guarantee in favour of Maybank for the borrowings of MJE
"Constitution"	: The constitution of the Company, as amended or modified from time to time
"Control"	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"Controlling Interest"	: The interest of the Controlling Shareholder(s)
"Controlling Shareholder"	: A person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of the nominal amount of all voting shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company
"Convertible Bonds"	: The convertible bonds under the Convertible Bond Agreements. Please refer to Section 5.1 of this Circular for more information in this regard

DEFINITIONS

"Convertible Bond Agreements"	: The convertible bond agreements previously entered into by CEH and other shareholders of MJE. Please refer to Section 5.1 of this Circular for more information in this regard
"Costs"	: All costs pertaining to the settlement arrangement including but not limited to the cost of the Receivers, the discharge of securities
"Directors"	: The directors of the Company for the time being
"EGM"	: The extraordinary general meeting of the Company, notice of which is set out on pages N-1 to N-6 of this Circular
"Electronic Application"	: Acceptance of the Rights Shares and (if applicable) application for Excess Rights Shares made through an ATM of one of the participating banks of the Rights Issue (which will be set out in the Instruction Booklet) in accordance with the terms and conditions of the Instruction Booklet and the relevant procedures for electronic application at ATMs as set out in the Instruction Booklet or on the ATM screens
"Enlarged Share Capital"	: The issued share capital of the Company immediately following the Rights Issue
"Entitled Depositors"	: Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Record Date or who had, at least three (3) Market Days prior to the Record Date, provided the CDP with addresses in Singapore for the service of notices and documents
"Entitled Scripholders"	: Shareholders whose share certificates are not deposited with CDP and persons who have tendered to the Share Registrar, valid transfers of their Shares and the certificates relating thereto for registration up to the Record Date and whose registered addresses with the Share Registrar are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the services of notices and documents
"Entitled Shareholders"	: Entitled Depositors and Entitled Scripholders, collectively
"EM"	: Etagreen Management Sdn. Bhd.
"EPS"	: Earnings per Share
"Excess Rights Shares"	: Entitled Shareholders will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Proposed Rights Issue
"Existing Share Capital"	: The issued share capital of the Company comprising 1,741,647,873 Shares (no treasury shares) as at the Latest Practicable Date

DEFINITIONS

"Foreign Shareholders"	: Shareholders with registered addresses outside Singapore as at the Record and who have not, at least three (3) Market Days prior to the Record Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents
"FSV"	: Forced sale value
"FY"	: The financial year ended 31 March (as the case may be) unless otherwise specified
"Group"	: The Company and its subsidiaries and associated companies, collectively and each a "Group Company"
"Group's Co-Funding"	: Refers collectively to the waiver of CEH's rights to the Advance, CEH's Share of the Settlement Sum and CEH's Share of the Costs. Please refer to Section 5.1 of this Circular for more information in this regard
"IFA" or "Xandar Capital"	: Xandar Capital Pte. Ltd., the independent financial adviser appointed to advise the Recommending Directors in relation to the Whitewash Resolution
"IFA Letter"	: The letter from the IFA to the Recommending Directors in relation to the Whitewash Resolution set out in Appendix A of this Circular
"Independent Shareholders"	: Shareholders who are deemed to be independent for the purposes of the Proposed Whitewash Resolution
"Individual Guarantors' Payment"	: Payment of RM 0.5 million by individual guarantors to Maybank. Please refer to Section 5.1 of this Circular for more information in this regard
"Issue Price"	: The issue price of the Rights Shares, being S\$0.0027 for each Rights Share
"Latest Practicable Date"	: 1 June 2023, being the latest practicable date prior to the printing of this Circular
"Lecca"	: Lecca Capital Pte. Ltd.
"Letter of Demand"	: The letter of demand from Maybank dated 6 July 2022. Please refer to Section 5.2.1 of this Circular for more information in this regard
"LQN"	: The listing and quotation notice for the dealing in, listing of and quotation for the Rights Shares and the Excess Rights Shares on the Catalist board of the SGX-ST
"Market Day"	: A day on which the SGX-ST is open for trading in securities
"MAS"	: The Monetary Authority of Singapore

DEFINITIONS

"Maximum Subscription Scenario"	: Based on the Existing Share Capital and assuming that all entitled Shareholders (other than TAS, TAB, TTW and TCW) subscribe in full and pay for their pro rata entitlements of Rights Shares while public shareholders have applied for the Rights Shares not taken up by TAS, TAB, TTW and TCW, 2,264,142,234 Rights Shares will be issued by the Company pursuant to the Proposed Rights Issue
"Maybank"	: Maybank Islamic Berhad
"Minimum Subscription Scenario"	: Assuming only the Undertaking Shareholders subscribe to the Rights Shares and (in the case of TBK, TBY and Lecca) apply to the Excess Rights Shares pursuant to Shareholders' Undertakings, the total number of Rights Shares subscribed and applied for is 1,279,186,311. Please refer to Section 2.4.1 of this Circular for more information in this regard
"MJE"	: Maju Intan Biomass Energy Sdn Bhd
"MJE Capital Injection"	: Subscription by EM of a total of RM 65.0 million of new shares (ordinary and redeemable preference) in MJE. Please refer to Section 5.1 of this Circular for more information in this regard
"MVI"	: Market value in-situ
"Notice of EGM"	: The notice of EGM as set out on pages N-1 to N-6 of this Circular, for the purposes of considering and, if thought fit, passing with or without modifications, the resolutions as set out therein
"NTA"	: Net tangible assets
"Offer Information Statement"	: The offer information statement referred to in Section 277 of the SFA, together with the ARE, the PAL and all other accompanying documents (where applicable, including any supplementary or replacement document thereof) to be issued by the Company and to be lodged with the MAS in connection with the Rights Issue
"Ordinary Resolutions"	: The ordinary resolutions set out in the Notice of EGM
"PAL" or "Provisional Allotment Letter"	: The provisional allotment letter to be issued to Entitled Scripholders, setting out their provisional allotment of Rights Shares under the Rights Issue
"Participating Banks"	: The banks that will be participating in the Rights Issue by making available their ATMs to Entitled Depositors and persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares and/or applications for Excess Rights Shares, and to be set out in the Offer Information Statement in due course

DEFINITIONS

"Potential Transfer of Controlling Interest to Lecca"	: The potential transfer of Controlling Interest in the Company to Lecca arising from the proposed issuance and allotment of Rights Shares and Excess Rights Shares pursuant to the Rights Issue
"Potential Transfer of Controlling Interest to TBK"	: The potential transfer of Controlling Interest in the Company to TBK arising from the proposed issuance and allotment of Rights Shares and Excess Rights Shares pursuant to the Rights Issue
"Placement"	: Refers to the issuance of 185,185,185 new Shares in connection with the settlement (entered into with Lecca) that was completed on 1 February 2023
"Previous Announcements"	: Refers collectively to the Settlement Announcement and the announcement by the Company on 31 March 2023 in relation to the Proposed Rights Issue
"Proposed Corporate Actions"	: Refers collectively to the Proposed Rights Issue, the Proposed Whitewash Resolution, the Potential Transfer of Controlling Interest to Lecca, the Potential Transfer of Controlling Interest to TBK and the Proposed Transactions
"Proposed Disposal"	: The disposal of CEH's entire 30% equity interest in MJE to EM for a nominal cash consideration of RM 10.00
"Proposed Rights Issue" or "Rights Issue"	: Refers to the proposed non-renounceable non-underwritten rights issue of up to 2,264,142,234 Rights Shares of the company at the Issue Price on the basis of thirteen (13) Rights Shares for every ten (10) existing Shares held as at the Record Date to be determined, fractional entitlements to be disregarded
"Proposed Transactions"	: Refers collectively to the Proposed Disposal and the Group's Co-Funding, which constitute major transactions pursuant to the Catalist Rules
"Proposed Whitewash Resolution" or "Whitewash Resolution"	: The resolution proposed which requires approval by way of a poll by a majority of Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer from the Tan Family pursuant to Rule 14 of the Code and the Whitewash Waiver, further details of which are found in Section 3 of this Circular
"Receivers"	: The receivers appointed by Maybank to put MJE under receivership
"Recommending Directors"	: The Directors who are regarded as independent in relation to the Proposed Whitewash Resolution, being Tay Kah Chye, Chia Soon Hin William and Yip Mun Foong, James

DEFINITIONS

"Record Date"	: The time and date (to be announced by the Company) at and on which, subject to the approval of the Rights Issue being obtained at the EGM, the Register of Members and the Share Transfer Books of the Company will be closed to determine the provisional allotments of Rights Shares of Entitled Shareholders under the Rights Issue
"Related Parties Amount"	: The amount due from MJE owed to Colben Energy (Singapore) Pte. Ltd. and CEH as at 31 October 2022, being RM 2,247,821.94 and RM 68,798,492.62 respectively. Please refer to Section 5.1 of this Circular for more information in this regard
"Rights Shares"	: Up to 2,264,142,234 new Shares to be allotted and issued by the Company pursuant to the Proposed Rights Issue, each a "Rights Share"
"RM"	: Malaysian Ringgit
"Securities Account"	: The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"Settlement"	: The settlement proposal accepted by Maybank. Please refer to Section 2.2 of this Circular for more information in this regard
"Settlement Announcement"	: The announcement on 30 March 2023 by the Company in relation to the Settlement put up by the receivers of MJE
"Settlement Sum"	: The settlement sum of RM 52.5 million. Please refer to Section 5.1 for more information in this regard
"SIC"	: The Securities Industry Council of Singapore
"SIC Conditions"	: Conditions imposed by the SIC to which the Whitewash Waiver was granted to the Tan Family is subject, details of which are set out in Section 3.2 of this Circular
"SFA"	: The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
"SGXNET"	: The SGXNET Corporate Announcement System
"SGX-ST"	: Singapore Exchange Securities Trading Limited
"Shareholder(s)"	: The registered holders of Shares in the register of members of the Company, except that where the registered holder is the CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited
"Shares"	: Ordinary shares in the capital of the Company and each a "Share"

DEFINITIONS

"Share Registrar"	: The share registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd.
"SPA"	: The share purchase agreement entered into between EM and CEH dated 8 May 2023. Please refer to Section 5.1 of this Circular for more information in this regard
"SSA"	: The share subscription agreements to be entered into between MJE (receivers and managers appointed), EM and the Company. Please refer to Section 5.1 of this Circular for more information in this regard
"Substantial Shareholder"	: A person who has an interest in the Shares (excluding treasury shares), the total votes attached to which are not less than five per cent. (5%) of the total votes attached to all the voting shares of the Company
"TAK"	: Tan Ah Kan @ Tan Kow La
"Tan Family"	: Refers collectively to TBK, TBS, TAK, TBY and parties acting in concert with them (which includes TAS, TAB, TTW and TCM)
"TAS"	: Tan Ah Soi
"TAB"	: Tan Ah Bah
"TBK"	: Tan Boon Kheng
"TBS"	: Tan Boon Siang
"TBY"	: Tan Boon Yew
"TCM"	: Tan Chee Meng
"TTW"	: Tan Tze Wee
"treasury shares"	: Shall have the meaning ascribed to it under the Act
"Undertakings" or "Shareholders' Undertakings"	: The irrevocable undertakings dated 1 June 2023 given by the Undertaking Shareholders, and as disclosed in Section 2.11 of this Circular
"Undertaking Shareholders"	: Refers collectively to TBK, TBS, TAK, TBY and Lecca
"Undertaking Tan Members"	: Refers collectively to TBK, TBS, TAK and TBY (who have undertaken to accept, subscriber and pay for all their respectively entitlements to the Rights Shares based on their existing shareholding as at the Latest Practicable Date). Please refer to Section 3.2 for more information in this regard

DEFINITIONS

"Valuation Report"	: The valuation report dated 20 December 2022, commission by the Receivers. Please refer to Section 5.4.2 of this Circular for more information in this regard
"Waiver"	: The waiver obtained by the Company from the SGX-ST in relation to Rule 1014(5) of the Catalist Rules to appoint an independent valuer to value the assets to be disposed. Please refer to Sections 5.5.1 and 5.5.2 for more information in this regard
"Whitewash Waiver"	: The waiver granted by the SIC of the obligations of the Tan Family (which includes any party acting in concert with them) to make a mandatory general offer under Rule 14 of the Code for shares not held by them in connection with the subscription of Rights Shares pursuant to their respective Undertakings. The waiver granted to the Tan Family is subject to the satisfaction of the SIC Conditions. Please refer to Section 3 of this Circular for more information in this regard
"S\$" and "cents"	: Singapore dollars and cents respectively, unless otherwise stated
"%" or "per cent."	: Per centum or percentage

The terms **"Depositor"**, **"Depository Agent"** and **"Depository Register"** shall have the respective meanings ascribed to them in Section 81SF of the SFA.

The term **"subsidiary"** has the meaning ascribed to it in Section 5 of the Act.

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

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

Any reference in this Circular to **"Rule"** or **"Chapter"** is a reference to the relevant rule or chapter in the Catalist Rules as for the time being, unless otherwise stated.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively, unless otherwise stated.

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

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

LETTER TO SHAREHOLDERS

ASIATIC GROUP (HOLDINGS) LIMITED

(Company Registration Number 200209290R)

(Incorporated in the Republic of Singapore)

Directors:

Mr. Tay Kah Chye	<i>(Independent Chairman)</i>
Mr. Tan Boon Kheng	<i>(Managing Director)</i>
Mr. Tan Boon Siang	<i>(Executive Director)</i>
Mr. Chia Soon Hin William	<i>(Independent Director)</i>
Mr. Yip Mun Foong, James	<i>(Independent Director)</i>

Registered Office:

65 Joo Koon Circle
Singapore 629078

7 June 2023

To: The Shareholders of **ASIATIC GROUP (HOLDINGS) LIMITED**

Dear Sir / Madam,

- (I) THE PROPOSED NON-RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 2,264,142,234 NEW ORDINARY SHARES ("RIGHTS SHARES") OF THE COMPANY AT AN ISSUE PRICE OF S\$0.0027 ("ISSUE PRICE") ON THE BASIS OF THIRTEEN (13) RIGHTS SHARES FOR EVERY TEN (10) EXISTING ORDINARY SHARES OF THE COMPANY ("SHARES") HELD AS AT THE RECORD DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED;
- (II) THE PROPOSED WHITEWASH RESOLUTION BY THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) FOR THE WAIVER OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FOR THE COMPANY FROM THE TAN FAMILY (AS DEFINED HEREIN) AS A RESULT OF THE SUBSCRIPTION OF RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE;
- (III) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY LECCA CAPITAL PTE. LTD. ARISING FROM THE PROPOSED ISSUANCE AND ALLOTMENT OF RIGHTS SHARES AND EXCESS RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE;
- (IV) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO TAN BOON KHENG ARISING FROM THE PROPOSED ISSUANCE AND ALLOTMENT OF RIGHTS SHARES AND EXCESS RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE;
- (V) THE GROUP'S CO-FUNDING WHICH CONSTITUTES A MAJOR TRANSACTION; AND
- (VI) THE PROPOSED DISPOSAL WHICH CONSTITUTES A MAJOR TRANSACTION.

1. INTRODUCTION

1.1. Announcement

On 31 March 2023 and 5 April 2023, the Company announced, amongst others:

LETTER TO SHAREHOLDERS

- (a) that it is undertaking a non-renounceable non-underwritten rights issue of up to 2,264,142,234 Rights Shares of the company at an issue price of S\$0.0027 on the basis of thirteen (13) Rights Shares for every ten (10) existing Shares held as at the Record Date to be determined, fractional entitlements to be disregarded ("**Proposed Rights Issue**");
- (b) that the Undertaking Shareholders, consisting of TBK, TBS, TAK, TBY and Lecca have provided the Company with Shareholders' Undertakings, details of which are found in Section 2.11 of this Circular; and
- (c) that the Proposed Rights Issue will be subject to and conditional upon, amongst others, the Whitewash Waiver having been granted by SIC and independent Shareholders' approval for the Whitewash Resolution.

On 8 May 2023, the Company announced, amongst others, the proposal to dispose all of its 30% shareholdings in MJE held by CEH (the "**Proposed Disposal**"). It also announced that CEH will be providing MJE financial assistance in the settlement with Maybank under the Group's Co-Funding. The Group's Co-Funding together with the Proposed Disposal are referred to as the "**Proposed Transactions**".

1.2. EGM

The Directors are convening an EGM to be held on 22 June 2023 to seek Shareholders' approval for:

- (a) the Proposed Rights Issue;
 - (b) the Proposed Whitewash Resolution;
 - (c) the Potential Transfer of Controlling Interest to Lecca;
 - (d) the Potential Transfer of Controlling Interest to TBK;
 - (e) the Group's Co-Funding; and
 - (f) the Proposed Disposal,
- (collectively, the "**Proposed Corporate Actions**").

1.3. Conditionality

Shareholders should note that:

- (a) the passing of Ordinary Resolution 1 (the Proposed Rights Issue) is conditional upon the passing of Ordinary Resolution 3 (Potential Transfer of Controlling Interest to Lecca) and Ordinary Resolution 4 (the Potential Transfer of Controlling Interest to TBK). If either Ordinary Resolution 3 or Ordinary Resolution 4 is not passed at the EGM, Ordinary Resolution 1 will not be carried;
- (b) the passing of Ordinary Resolution 2 (the Proposed Whitewash Resolution) is conditional upon the passing of Ordinary Resolution 1. If Ordinary Resolution 1 is not passed at the EGM, Ordinary Resolution 2 will not be tabled;

LETTER TO SHAREHOLDERS

- (c) the passing of Ordinary Resolution 3 and Ordinary Resolution 4 are conditional upon the passing of Ordinary Resolution 1. If Ordinary Resolution 1 is not passed at the EGM, Ordinary Resolution 3 and Ordinary Resolution 4 will not be tabled;
- (d) the passing of Ordinary Resolution 5 (the Group's Co-Funding which constitutes a major transaction) is conditional upon the passing of Ordinary Resolution 6 (the Proposed Disposal which constitutes a major transaction). If Ordinary Resolution 6 is not passed at the EGM, Ordinary Resolution 5 will not be carried; and
- (e) the passing of Ordinary Resolution 6 is conditional upon the passing of Ordinary Resolution 5. If Ordinary Resolution 5 is not passed at the EGM, Ordinary Resolution 6 will not be tabled.

For the avoidance of doubt, in the event that Ordinary Resolution 2 is not carried out, the Company may still proceed to with the Proposed Rights Issue except that the number of Rights Shares to be allotted and issued will be dependent on the level of subscription of the Proposed Rights Issue so that the Tan Family will not hold 30% or more interest in the Company after the completion of the Proposed Rights Issue.

1.4. Circular

The purpose of this Circular is to provide Shareholders with the relevant information in relation to the above, and to seek the approval of Shareholders at the EGM for the matters set out in this Circular.

1.5. Disclaimer

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

2. THE PROPOSED RIGHTS ISSUE

2.1. Introduction

On 31 March 2023 and 5 April 2023, the Company announced the Proposed Rights Issue. In the announcement, it was stated that the Proposed Rights Issue was subject to, *inter alia*, the approval of the Shareholders, which will be sought at the EGM.

2.2. Rationale for the Proposed Rights Issue

As previously announced, the Company had provided a corporate guarantee in favour of Maybank to assist MJE in obtaining financing for the construction of its biomass plant ("**Corporate Guarantee**"). However, the biomass plant had been unprofitable and attempts to restructure the biomass plant's debts had failed and the Company was called to make repayments pursuant to the Corporate Guarantee. On 30 March 2023, the Company announced that Maybank has accepted the settlement proposal ("**Settlement**") put up by the receivers of MJE ("**Settlement Announcement**"). As part of the Settlement and as announced by the Company on 8 May 2023, the Group has formalised the funding needs for MJE to repay the Settlement Sum with the white knight, EM. The settlement proposal to repay the Settlement Sum has also been accepted by Maybank. Accordingly, the Group will have to undertake the Group's Co-Funding to secure a full discharge from the Corporate Guarantee and the Group's clean exit from MJE.

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In view of the foregoing, the Company will have to carry out the Proposed Rights Issue to fund the Group's Co-Funding. Please refer to the Settlement Announcement on the details on the Settlement and the Company's announcement dated 8 May 2023 on the proposed Group's Co-Funding.

In addition, whilst the Group is reducing its reliance on the energy related business and maintaining our business in the fire protection segment, it is also seeking new areas of expertise to propel the Group into the future. At the moment, the Group is looking at energy saving related devices or equipment as possible new business segment to invest into or be partnered with. Hence, any surplus funds arising from the Proposed Right Issue, if any, would be deployed as working capital or seed money to explore potential joint venture with partners within the energy saving industry in Singapore.

2.3. Principal Terms of the Proposed Rights Issue

Issue Price	S\$0.0027 per Rights Share
Discount (specifying benchmarks and periods)	The Issue Price represents a discount of approximately: (i) 10% to the weighted average price for trades done on the Catalist Board of the SGX-ST of S\$0.003 on 31 March 2023, for the full market day on which the Proposed Rights Issue is announced (" Last Trading Day "); and (ii) 3.57% to the theoretical ex-rights price of S\$0.0028 per Share.
Allotment Ratio	Thirteen (13) Rights Shares for every ten (10) existing Shares held by Entitled Shareholders as at Record Date to be determined, fractional entitlements to be disregarded.
Use of Proceeds	Please refer to Section 2.8 of this Circular.
Purpose of Issue	Please refer to Section 2.2 of this Circular.
Shareholders' Approval	The Proposed Rights Issue is subject to, inter alia, the approval of Shareholders at the EGM. Please refer to Section 2.5 of this Circular for more information regarding the conditions of the Rights Issue.
Ranking of the Rights Shares	The Rights Shares will be payable in full upon acceptance and/or application. The Rights Shares, when issued and allotted, will rank <i>pari passu</i> in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.

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Non-underwritten	The Proposed Rights Issue will not be underwritten. The Directors are of the opinion that the Shareholders' Undertakings are sufficient to meet the minimum amount that must be raised from the Proposed Rights Issue. Accordingly, the Company has decided to undertake the Proposed Rights Issue on a non-underwritten basis in view of the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees and commission.
Offer Information Statement	The terms and conditions of the Proposed Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights Issue, including the procedures for acceptances and applications for the Rights Shares, will be contained in the Offer Information Statement and its accompanying documents to be lodged with the SGX-ST, acting as agent on behalf of the MAS, and to be electronically disseminated by the Company to Entitled Shareholders in due course.

2.4. Issue Size

As at the Latest Practicable Date, the issued share capital of the Company comprises 1,741,647,873 Shares (no treasury shares) (the "**Existing Share Capital**") and assuming no new Shares are issued on or prior to the Record Date and the assumption that all Entitled Shareholders subscribe in full and pay for their *pro rata* entitlements of Rights Shares, the Company will allot and issue up to 2,264,142,234 Rights Shares under the Proposed Rights Issue.

As at the Latest Practicable Date, the Company does not hold any treasury shares and subsidiary holdings and has no existing warrants or other convertibles.

2.4.1 Minimum Subscription Scenario

Based on the Existing Share Capital, 1,279,186,309 Rights Shares, which includes the Excess Rights Shares applied by TBK, TBY and Lecca pursuant to the Shareholders' Undertaking, will be issued under the Rights Issue in the Minimum Subscription Scenario, which would constitute 73.45% of the Existing Share Capital and 42.35% of the enlarged share capital of the Company. The enlarged share capital of the Company after the completion of the Rights Issue will be 3,020,834,184 Shares.

2.4.2 Maximum Subscription Scenario

Based on the Existing Share Capital, 2,264,142,234 Rights Shares will be issued under the Rights Issue in the Maximum Subscription Scenario, which would constitute 130.00% of the Existing Share Capital and 56.52% of the enlarged share capital of the Company. The enlarged share capital of the Company after the completion of the Rights Issue will be 4,005,790,107 Shares.

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2.5. Conditions for the Proposed Rights Issue

Shareholders should note that the Proposed Rights Issue is subject to, *inter alia*, the following conditions:

- (a) the Whitewash Waiver having been granted by the SIC, all conditions (if any) of the Whitewash Waiver being satisfied and not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue;
- (b) approval having been obtained from the shareholders of the Company at a general meeting for (i) the Proposed Rights Issue, including the allotment and issue of the Rights Shares; and (ii) the proposed whitewash resolution ("**Whitewash Resolution**") for waiver of the rights of the Independent Shareholders of the Company to receive a general offer from the Tan Family for all the Shares not already owned or controlled by them as a result of the Proposed Rights Issue;
- (c) the LQN having been granted by the SGX-ST for the listing and quotation of the Rights Shares on the Catalist Board of the SGX-ST, all conditions (if any) of the LQN being satisfied and the LQN not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;
- (d) all other necessary consents, approval and waivers from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights Issue and to give effect to the Proposed Rights Issue being obtained and not having been revoked or amended before the completion of the Proposed Rights Issue; and
- (e) the lodgement of the Offer Information Statement, together with all other necessary accompanying documents, in connection with the Proposed Rights Issue with the SGX-ST acting as agent for the MAS.

The Company has received SIC's Whitewash Waiver on 18 April 2023. Please refer to Section 3.2 of this Circular for more information on the Whitewash Waiver.

2.6. Provisional Allotments and Excess Applications

Entitled Shareholders will be at liberty to accept in full or in part, decline their provisional allotments of Rights Shares and will be eligible to apply for Excess Rights Shares.

As the Proposed Rights Issue is non-renounceable, the Entitled Shareholders should take note that they will not be able to trade with their provisional allotments of Rights Shares and will not be able to renounce their provisional allotments of Rights Shares to any party.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares (if any), or disposed or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company, subject to applicable laws and the Catalist Rules.

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In the allotment of Excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, whereas Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company, or the terms of the Rights Issue, or have a representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The Company will not make any issuance and allotment of any Excess Rights Shares that will result in a transfer of Controlling Interest in the Company unless otherwise approved by Shareholders in a general meeting.

The procedures for, and the terms and conditions applicable to acceptances of the provisional allotments of the Rights Shares and for the applications for Excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application to be electronically disseminated by the Company to Entitled Shareholders in due course.

2.7. Eligibility of Entitled Shareholders to participate in the Rights Issue

2.7.1 Entitled Shareholders

The Company proposes to provisionally allot the Rights Shares to the Entitled Shareholders, comprising the Entitled Depositors and the Entitled Scripholders and excluding Foreign Shareholders. Entitled Shareholders will be entitled to participate in the Proposed Rights Issue and receive the Offer Information Statement together with the appropriate application forms (which includes the ARE or the PAL, as the case may be) and accompanying documents at their respective Singapore addresses as maintained with the records of the CDP or the Share Registrar, as the case may be.

(a) Entitled Depositors

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP.

"Entitled Depositors" are Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date provided CDP with addresses in Singapore for the service of notices and documents.

(b) Entitled Scripholders

Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses with the Company.

"Entitled Scripholders" are Shareholders whose share certificates are not deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the share certificates relating thereto for registration up to 5.00 p.m. (Singapore time) on the Record Date and whose registered addresses with the Company are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date provided the Share Registrar with addresses in Singapore for the service of notices and documents.

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2.7.2 Foreign Shareholders

The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various securities laws requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will NOT be despatched to Foreign Shareholders and who have not, at least three (3) Market Days prior to the Record Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents and accordingly, the Rights Shares will NOT be offered to Foreign Shareholders.

Shareholders with registered addresses outside Singapore who wish to participate in the Proposed Rights Issue may provide an address in Singapore for the service of notices and documents by notifying in writing, as the case may be, to (i) CDP at 9 North Buona Vista Drive, #01- 19/20 the Metropolis Tower 2, Singapore 138588 or (ii) Asiatic Group (Holdings) Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, at least three (3) Market Days prior to the Record Date.

2.8. Use of Proceeds

2.8.1 Minimum Subscription Scenario

The minimum amount of proceeds under Minimum Subscription Scenario to be raised in the Proposed Rights Issue is approximately S\$3.3 million and the minimum proceeds, after deducting expenses of approximately S\$150,000, for the Proposed Rights Issue will be solely applied as financial assistance pursuant to the Group's Co-Funding in order to secure a full discharge from the Corporate Guarantee and the Group's clean exit from MJE.

2.8.2 Maximum Subscription Scenario

The maximum amount of proceeds to be raised in the Proposed Rights Issue is S\$6.1 million and the maximum proceeds, after deducting expenses of approximately S\$150,000, for the Proposed Rights Issue will be applied in the following manner (first applied to satisfy the Group's Co-Funding and the balance, if any, being applied to other purposes in the table below):

Purpose	Amount (S\$)	Percentage Allocation (%) ⁽¹⁾
(a) Group's Co-Funding	4.0 million to 5.0 million	65.57 to 81.97
(b) finding new areas of business, feasibility study, trials, etc.	0.5 million to 1.0 million	8.20 to 16.39
(c) working capital	Balance of approximately 0.1 million	1.64
Total	6.1 million	100⁽²⁾

Notes:

(1) Based on the maximum amount to be raised under the Maximum Subscription Scenario.

(2) Percentages in the table do not add up to the respective totals due to rounding.

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Pending the deployment of the net proceeds from the Proposed Rights Issue, such net proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money markets and/or debt instruments, repayment of short-term debts or used for other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group.

The Company will make periodic announcements via SGXNET on the utilisation of the proceeds from the Proposed Rights Issue, as and when the funds from the Proposed Rights Issue are materially disbursed, including whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the proceeds from the Proposed Rights Issue in the Company's annual report, in accordance with Catalist Rules. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of net proceeds for working capital in its announcement and the annual report. Where there is any material deviation from the stated use of the net proceeds, the Company will announce the reasons for such deviation.

A more accurate proportion on the use of proceeds will be disclosed in the Offer Information Statement to be despatched in due course to shareholders of the Company.

2.9. Listing and Quotation of the Rights Shares

The Company shall be making an application through its Sponsor, to the SGX-ST for the listing and quotation for the Rights Shares on the Catalist board of the SGX-ST. An appropriate announcement will be made in due course when the Company receives the LQN from the SGX-ST.

2.10. Shares issued by the Company in the past twelve (12) months

Details of Shares issued in the 12 month period prior to the Latest Practicable Date are as follows:

Description of Equity	185,185,185 new ordinary shares
Date of issue of new securities	1 February 2023
Amount raised (both gross and net)	No proceeds are raised. The Shares are issued pursuant to a settlement.
Amount utilised and breakdown on use of proceeds	Not applicable.
Amount not utilised and how it is intended to be used	Not applicable.

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2.11. Undertakings

2.11.1 Undertaking Shareholders

As at the Latest Practicable Date, the Undertaking Tan Members (consisting of TBK, TBS, TAK and TBY) and Lecca (the Undertaking Tan Members and Lecca are collectively referred to as "**Undertaking Shareholders**") have provided the Company with irrevocable undertakings ("**Shareholders' Undertakings**") that:

- (a) each of the following Undertaking Shareholders will accept, subscribe and pay for all their respective entitlements to the Rights Shares based on their existing shareholding as at the Latest Practicable Date:

Name	Number	% of Existing Share Capital	% of the enlarged share capital assuming Minimum Subscription Scenario
TBK	183,502,805	10.54	6.07
TBS	182,301,600	10.47	6.03
TAK	96,884,710	5.56	3.21
TBY	90,786,800	5.21	3.01
Lecca	240,740,740	13.21	7.97
Total	794,216,655	45.60	26.29

- (b) each of the following Undertaking Shareholders will apply for Excess Rights Shares:

Name	Number	% of Existing Share Capital	% of the enlarged share capital assuming Minimum Subscription Scenario
TBK	260,941,639	14.98	8.64
TBY	94,398,385	5.42	3.12
Lecca	(no less than) 129,629,630	7.44	4.29
Total	484,969,654	27.85	16.05

- (c) each of Undertaking Shareholders will not sell, transfer or otherwise deal with any of the Shares that he owned or controlled as at the date of the Shareholders' Undertakings, during the period commencing from the date of Shareholders' Undertakings and ending on the completion of the Proposed Rights Issue; and

- (d) each of Undertaking Shareholders will vote all his Shares in favour of the Proposed Rights Issue at the EGM (if allowed).

Assuming only the Undertaking Shareholders subscribe to the Rights Shares and (in the case of TBK, TBY and Lecca) apply to the Excess Rights Shares pursuant to Shareholders' Undertakings, the total number of Rights Shares subscribed and applied for is 1,279,186,309.

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2.11.2 Condition of the Shareholders' Undertakings

The Shareholders' Undertakings will be subject to and conditional upon:

- (a) the Whitewash Waiver having been granted by the SIC of the requirement on the part of the Tan Family to make a mandatory general offer for all the Shares not already owned or controlled by them as result of (i) the Undertaking Shareholders subscribing for their *pro rata* respective entitlement of the Rights Shares and applying for excess Rights Shares (in the case of TBK and TBY) pursuant to their respective Shareholders' Undertakings; and (ii) the Whitewash Waiver not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue. The Tan Family's aggregate shareholding in the Company will increase from approximately 26.35% of the Existing Share Capital to approximately 45.28% of the enlarged share capital of the Company following the completion of the Proposed Rights Issue under the Minimum Subscription Scenario;
- (b) approval having been obtained from the Shareholders at the EGM for (i) the Proposed Rights Issue, including the allotment and issue of the Rights Shares; (ii) the allotment and issue of the Rights Shares to TBK and/or Lecca resulting any of them becoming a controlling shareholder of the Company and (iii) the Proposed Whitewash Resolution for waiver of the rights of the Independent Shareholders to receive a general offer from the Tan Family for all the Shares not already owned or controlled by them as a result of the Proposed Rights Issue;
- (c) the LQN having been given by the SGX-ST for the Rights Shares on the Catalist board of the SGX-ST, and such notice not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue;
- (d) all conditions of the Whitewash Waiver and the LQN having been complied with;
- (e) all other necessary consents, approval and waivers from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights Issue and to give effect to the Proposed Rights Issue being obtained and not having been revoked or amended before the completion of the Proposed Rights Issue; and
- (f) the lodgement of the offer information statement, together with all other accompanying documents, in connection with the Proposed Rights Issue with the SGX-ST acting as agent for the MAS.

The Undertaking Shareholders have confirmed that they have not been offered additional benefits in connection with the giving of the Shareholders' Undertakings.

For avoidance of doubt, Lecca has confirmed that it is not acting in concert with the Tan Family. Under the Minimum Subscription Scenario, Lecca and TBK's total shareholdings are respectively above 15%. There is also no restriction on Lecca or TBK to subscribe to more Excess Rights Share. As such, the Company will also be seeking Shareholders' approval at the EGM to approve the transfer of Controlling Interest to Lecca and TBK in the event that Lecca and/or TBK applies for more Excess Rights Share. Please refer to Section 4 of this Circular for more information regarding the Potential Transfer of Controlling Interest to Lecca and TBK.

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2.12. Financial Effects of the Rights Issue

The *pro forma* financial effects of the Rights Issue under the Minimum Subscription Scenario and the Maximum Subscription Scenario presented below:

- (a) are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Group immediately after the completion of the Rights Issue;
- (b) are based on the audited consolidated financial statements of the Group for the FY2022;
- (c) assume that there is no return earned from the Rights Issue proceeds;
- (d) assume the estimated expenses in relation to the Rights Issue is S\$150,000;
- (e) take into account the issuance of 185,185,185 new Shares in connection with the settlement (entered into with Lecca) that was completed on 1 February 2023 (the "**Placement**") having taken place and been completed in FY2022;
- (f) assume that the Rights Issue was completed on 31 March 2022 for the purposes of computing the financial effects on the share capital, NTA and gearing; and
- (g) assume that the Rights Issue was completed on 1 April 2021, for the purposes of computing the financial effects on the EPS.

2.12.1 Share Capital

	As at 31 March 2022	As at 31 March 2022 (Adjusted) ⁽¹⁾	Immediately following the Rights Issue	
			Minimum Subscription Scenario	Maximum Subscription Scenario
Issued and paid-up share capital (S\$)	50,585,000	51,047,000	54,501,000	57,160,000
Number of Shares (excluding treasury shares)	1,556,462,688	1,741,647,873	3,020,834,184	4,005,790,107

Note:

- (1) Subsequent to 31 March 2022, the Company had completed the Placement on 1 February 2023. For illustrative purposes, the number of Shares as at 31 March 2022 used in this illustration includes the Placement.

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2.12.2 NTA per Share

	As at 31 March 2022	As at 31 March 2022 (Adjusted) ⁽¹⁾	Immediately following the Rights Issue	
			Minimum Subscription Scenario	Maximum Subscription Scenario
NTA (S\$)	16,212,000	16,712,000	19,666,000	22,825,000
Number of Shares (excluding treasury shares)	1,556,462,688	1,741,647,873	3,020,834,184	4,005,790,107
NTA per Share (S\$)	0.0104	0.0096	0.0065	0.0057

Note:

- (1) Subsequent to 31 March 2022, the Company had completed the Placement on 1 February 2023. For illustrative purposes, the number of Shares as at 31 March 2022 used in this illustration includes the Placement.

2.12.3 Earnings/Loss per Share

	As at 31 March 2022	As at 31 March 2022 (Adjusted) ⁽¹⁾	Immediately following the Rights Issue	
			Minimum Subscription Scenario	Maximum Subscription Scenario
Net profit/(loss) of the Group (S\$)	(8,198,000)	(8,198,000)	(8,198,000)	(8,198,000)
Number of Shares	1,556,462,688	1,741,647,873	3,020,834,184	4,005,790,107
Earnings/(loss) per Share (S\$)	(0.0053)	(0.0047)	(0.0027)	(0.0020)

Note:

- (1) Subsequent to 31 March 2022, the Company had completed the Placement on 1 February 2023. For illustrative purposes, the number of Shares as at 31 March 2022 used in this illustration includes the Placement.

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2.12.4 Gearing

	As at 31 March 2022	As at 31 March 2022 (Adjusted) ⁽¹⁾	Immediately following the Rights Issue	
			Minimum Subscription Scenario	Maximum Subscription Scenario
Total borrowings (S\$)	20,955,000	20,955,000	20,955,000	20,955,000
Shareholder's Equity (S\$)	20,387,000	20,887,000	24,341,000	27,000,000
Gearing (times)	1.0279	1.0033	0.8609	0.7761

Note:

- (1) Subsequent to 31 March 2022, the Company had completed the Placement on 1 February 2023. For illustrative purposes, the number of Shares as at 31 March 2022 used in this illustration includes the Placement.

3. THE WHITEWASH RESOLUTION

3.1. General Offer Requirement under the Code

Under Rule 14.1 of the Code, where (a) any person acquires whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights in the Company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1% of the voting rights, he is required to make a mandatory general offer for all the Shares in the Company which he does not already own or control.

As at the Latest Practicable Date, the Tan Family holds 458,950,200 Shares representing approximately 26.35% of the Existing Share Capital. As at the Latest Practicable Date, the Tan Family is not holding to any instrument convertible into, right to subscribe for, or option in respect of Shares in the Company.

Assuming that (i) the Undertaking Shareholders subscribe for their respective entitlements to the Rights Shares and apply for excess Rights Shares (in the case of TBK and TBY) pursuant to the Shareholders' Undertakings; and (ii) none of the other Entitled Shareholders subscribes for its/his entitlement to the Rights Shares and applies for any excess Rights Shares under the Proposed Rights, the Tan Family's aggregate shareholding in the Company will increase by 908,815,939 Shares from approximately 26.35% of the Existing Share Capital to approximately 45.28% of the enlarged share capital of the Company following the completion of the Proposed Rights Issue under the Minimum Subscription Scenario. For certainty, other members of the Tan Family who are not Undertaking Shareholders have confirmed that they will not subscribe to their respective entitlement to the Rights Shares.

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Accordingly, the fulfilment of the obligations under the Shareholders' Undertakings by Undertaking Shareholders may result in the Tan Family obtaining shareholding interest in the Company of more than 30%. In such event, the Tan Family would incur an obligation to make a Mandatory Offer for the Company pursuant to Rule 14 of the Code unless such obligation is waived by the SIC on such terms and conditions as it may impose.

3.2. Whitewash Waiver

3.2.1 On 18 April 2023, the SIC granted a waiver to the Tan Family from the obligation to make a mandatory general offer for the Company under Rule 14 of the Code in the event that the Tan Family increases its aggregate shareholding in the Company to 30% or more as a result of (i) TBK, TBS, TAK and TBY (the **"Undertaking Tan Members"**) subscribing for their *pro rata* entitlement of the Rights Shares; and (ii) in the case of TBK and TBY applying for excess Rights Shares, pursuant to their respective Shareholders' Undertakings and subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Rights Shares under the Proposed Rights Issue, a Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Tan Family;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Tan Family and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Tan Family did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular to the Shareholders in relation to the Proposed Rights Issue:
 - (i) during the period between the date of the announcement on 31 March 2023 (in relation to the Proposed Rights Issue) and the date Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six (6) months prior to the date of the announcement on 31 March 2023, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Company in relation to the Proposed Rights Issue;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Whitewash Resolution
- (f) the Company sets out clearly in its Circular:
 - (i) details of the Proposed Rights Issue and the Shareholders' Undertakings given by the Undertaking Tan Members;

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- (ii) the dilution effect to existing holders of voting rights of the Undertaking Tan Members subscribing for their pro rata entitlement of the Rights Shares and applying for excess Rights Shares pursuant to their respective Shareholders' Undertakings;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and option in respect of shares in the Company (other than the convertibles to be issued) held by the Tan Family as at the Latest Practicable Date of the Circular;
 - (iv) the number and percentage of voting rights to be issued to the Tan Family as a result of the Undertaking Tan Members' subscription of their entitlement to the Rights Shares and application of the excess Rights Shares pursuant to their respective Shareholders' Undertakings; and
 - (v) that shareholders who are independent of the Tan Family for the purposes of the Whitewash Resolution ("**Independent Shareholders**"), by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Tan Family at the highest price paid by them in the past six (6) months preceding the date of the announcement on 31 March 2023;
- (g) the Circular states that the waiver granted by SIC to the Tan Family from the requirement to make a general offer under Rule 14 is subject to the conditions stated at 3.2.1(a) to 3.2.1(f) above;
 - (h) the Company obtaining SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and
 - (i) to rely on the Whitewash Resolution, the subscription of the respective entitlement as well as the application of excess Rights Shares by the Undertaking Tan Members pursuant to the Proposed Rights Issue must be completed within three (3) months of the approval of the Whitewash Resolution,
- (collectively, the "**SIC Conditions**").

3.2.2 As at the Latest Practicable Date, save for conditions set out in Sections 3.2.1(a) and 3.2.1(i), all the other SIC Conditions set out above have been satisfied.

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3.3. Potential Dilution

3.3.1 Minimum Subscription Scenario

Under the Minimum Subscription Scenario and assuming only the Undertaking Shareholders subscribe to the Rights Shares and (in the case of TBK, TBY and Lecca) apply to the Excess Rights Shares pursuant to Shareholders' Undertakings, the collective shareholding interests of Shareholders (other than the Tan Family and Lecca) may be diluted from 63.02% to 36.33% and the collective shareholding interests of Shareholders (including Lecca but excluding the Tan Family) may be diluted from 73.65% to 54.72% assuming that the share capital as at the Record Date is the Existing Share Capital. Further details of the potential dilution are set out as below:

Shareholder	Before Proposed Rights Issue		After Proposed Rights Issue ⁽²⁾		
	No. of shares	% ⁽¹⁾	No. of Rights Shares subscribed for	Resultant No. of Shares	% ⁽³⁾
TBK	141,156,004	8.10	444,444,444	585,600,448	19.39
TBS	140,232,000	8.05	182,301,600	322,533,600	10.68
TAK	74,526,700	4.28	96,884,710	171,411,410	5.67
TBY	69,836,000	4.01	185,185,185	255,021,185	8.44
TAS	32,435,996	1.86	-	32,435,996	1.07
TAB	500	nm ⁽⁴⁾	-	500	nm ⁽⁴⁾
TTW	742,000	0.04	-	742,000	0.02
TCW	21,000	nm ⁽⁴⁾	-	21,000	nm ⁽⁴⁾
Total	458,950,200	26.35	908,815,939	1,367,766,139	45.28
Lecca	185,185,185	10.63	370,370,370	555,555,555	18.39
Other Shareholders	1,097,512,488	63.02	-	1,097,512,488	36.33

Notes:

- (1) Based on the Existing Share Capital comprising 1,741,647,873 Shares.
- (2) Assuming that:
 - (i) none of the entitled Shareholders (excluding the Undertaking Shareholders) subscribe for their *pro rata* entitlements of Rights Shares under the Proposed Rights Issue and/or apply for excess Rights Shares pursuant to the Shareholders' Undertakings;
 - (ii) none of TAS, TAB, TTW and TCW subscribe for their *pro rata* entitlements of the Rights Shares; and
 - (iii) the Undertaking Shareholders subscribe for their *pro rata* entitlement of Rights Shares under the Proposed Rights Issue and (where applicable) apply for excess Rights Shares pursuant to the Shareholders' Undertakings.
- (3) Upon completion of the Proposed Rights Issue, the enlarged share capital of the Company will comprise 3,020,834,184 Shares.
- (4) The term "nm" means not meaningful.

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3.3.2 Part-subscription scenario

Under the part-subscription scenario, assuming that other shareholders who have not given any undertaking subscribes to 300,000,000 Rights Shares, the Undertaking Shareholders subscribe for their *pro rata* entitlements of Rights Shares and (where applicable) apply for all the excess Rights Shares pursuant to their respective Shareholders' Undertakings and the other members of Tan Family do not subscribe for their respective *pro rata* entitlements of Rights Shares, the Tan Family's aggregate shareholdings in the Company will increase to approximately 41.19% of the enlarged share capital of the Company comprising 1,367,776,139 Shares immediately after the completion of the Proposed Rights Issue. Further details of the potential dilution are set out as below:

Shareholder	Before Proposed Rights Issue		After Proposed Rights Issue ⁽²⁾		
	No. of shares	% ⁽¹⁾	No. of Rights Shares subscribed for	Resultant No. of Shares	% ⁽³⁾
TBK	141,156,004	8.10	444,444,444	585,600,448	17.63
TBS	140,232,000	8.05	182,301,600	322,533,600	9.71
TAK	74,526,700	4.28	96,884,710	171,411,410	5.16
TBY	69,836,000	4.01	185,185,185	255,021,185	7.68
TAS	32,435,996	1.86	-	32,435,996	0.98
TAB	500	nm ⁽⁴⁾	-	500	nm ⁽⁴⁾
TTW	742,000	0.04	-	742,000	0.02
TCW	21,000	nm ⁽⁴⁾	-	21,000	nm ⁽⁴⁾
Total	458,950,200	26.35	908,815,939	1,367,766,139	41.19
Lecca	185,185,185	10.63	370,370,370	555,555,555	16.37
Other Shareholders	1,097,512,488	63.02	300,000,000	1,397,512,488	42.08

Notes:

- (1) Based on the Existing Share Capital comprising 1,741,647,873 Shares.
- (2) Assuming that:
 - (i) the entitled Shareholders (other than the Undertaking Shareholders) subscribe for 300,000,000 Rights Shares under the Proposed Rights Issue;
 - (ii) the Undertaking Shareholders subscribe for their *pro rata* entitlement of Rights Shares under the Proposed Rights Issue and (where applicable) apply for excess Rights Shares pursuant to the Shareholders' Undertakings; and
 - (iii) none of TAS, TAB, TTW and TCW subscribe for their *pro rata* entitlements of the Rights Shares.
- (3) Upon completion of the Proposed Rights Issue, the enlarged share capital of the Company will comprise 3,320,834,184 Shares.
- (4) The term "nm" means not meaningful.

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3.3.3 Maximum Subscription Scenario

Under the Maximum Subscription Scenario, there is no dilutive effect on all shareholders save for there will be a slight increase in of shareholdings of the public shareholders due to TAS, TAB, TTW and TCW not taking up their respective entitlement. Further details of the potential dilution are set out as below:

Shareholder	Before Proposed Rights Issue		After Proposed Rights Issue ⁽²⁾		
	No. of shares	% ⁽¹⁾	No. of Rights Shares subscribed for	Resultant No. of Shares	% ⁽³⁾
TBK	141,156,004	8.10	183,502,805	324,658,809	8.10
TBS	140,232,000	8.05	182,301,600	322,533,600	8.05
TAK	74,526,700	4.28	96,884,710	171,411,410	4.28
TBY	69,836,000	4.01	90,786,800	160,622,800	4.01
TAS	32,435,996	1.86	-	32,435,996	0.81
TAB	500	nm ⁽⁴⁾	-	500	nm ⁽⁴⁾
TTW	742,000	0.04	-	742,000	0.02
TCW	21,000	nm ⁽⁴⁾	-	21,000	nm ⁽⁴⁾
Total	458,950,200	26.35	553,475,915	1,012,426,115	25.27
Lecca	185,185,185	10.63	240,740,740	425,925,925	10.63
Other Shareholders	1,097,512,488	63.02	1,469,925,579	2,567,438,067	64.09

Notes:

- (1) Based on the Existing Share Capital comprising 1,741,647,873 Shares.
- (2) Assuming that:
 - (i) all of the entitled Shareholders (including the Undertaking Shareholders) subscribe for their pro rata entitlements of Rights Shares under the Proposed Rights Issue and/or apply for excess Rights Shares pursuant to Shareholders' Undertakings; and
 - (ii) none of TAS, TAB, TTW and TCW subscribe for their pro rata entitlements of the Rights Shares.
- (3) Upon completion of the Proposed Rights Issue, the enlarged share capital of the Company will comprise 4,005,790,107 Shares.
- (4) The term "nm" means not meaningful.

3.4. Whitewash Resolution

Independent Shareholders should note that by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a mandatory general offer for their Shares from the Tan Family at the highest price paid by the Tan Family (which includes their concert parties) in the six (6) months preceding the date of the commencement of the offer (i.e. the announcement dated 31 March 2023).

The Independent Shareholders are asked to vote, by way of a poll, on the Whitewash Resolution set out as Ordinary Resolution 2 in the Notice of EGM.

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3.5. Advice from the IFA

Xandar Capital Pte. Ltd. has been appointed as the IFA to the Recommending Directors in relation to the Whitewash Resolution. A copy of the IFA Letter, setting out its advice to the Recommending Directors, is reproduced in full in Appendix A of this Circular.

Based on the analysis set out in the IFA Letter and after having considered carefully the information available to Xandar Capital as at the Latest Practicable Date, Xandar Capital is of the opinion that the terms of the Proposed Rights Issue which is the subject of the Whitewash Resolution is fair and reasonable, and the Whitewash Resolution when considered in the context of the Proposed Rights Issue is not prejudicial to the interests of the Independent Shareholders. Accordingly, Xandar Capital has advised the Recommending Directors to recommend that Independent Shareholders vote in favour of the Whitewash Resolution at the EGM.

Independent Shareholders are advised to read the IFA Letter set out in Appendix A of this Circular in full and consider carefully the IFA's advice and recommendations of the Directors set out in Section 7.2 of this Circular.

4. POTENTIAL TRANSFER OF CONTROLLING INTEREST

4.1. Rationale for Potential Transfer of Controlling Interest

The Company needs to raise the required funds through the Proposed Rights Issue. As the Company is not able to obtain undertakings from other Shareholders, the Company will need to rely on the Shareholders' Undertakings from Lecca and TBK. As a result, the Proposed Rights Issue may potentially lead to a transfer a Controlling Interest in the Company to (i) Lecca, and (ii) TBK. Shareholders should take note that the outcome of the Proposed Rights Issue is not certain. If other Shareholders subscribe to their pro-rata entitlement and/or apply to Excess Rights Shares and taking into account other Shareholders rank higher in priority in the Excess Rights Shares' application, there is no assurance that the transfer of Controlling Interest to Lecca and/or TBK will occur.

4.2. Potential Transfer of Controlling Interest in the Company to Lecca

As at the Latest Practicable Date, Lecca directly holds 185,185,185 Shares.

For illustrative purposes only, assuming the Minimum Subscription Scenario, being the case in which Lecca subscribes, applies and is allotted the entire amount which it has undertaken, Lecca will hold 555,555,555 Shares, representing 18.39% of the enlarged share capital of the Company. As such, depending on the level of subscription for the Rights Shares and/or Excess Rights Shares by Entitled Shareholders, Lecca may potentially become a Controlling Shareholder.

Pursuant to Rule 803 of the Catalist Rules, the Company cannot issue securities to transfer a Controlling Interest without prior approval of Shareholders in general meeting. Accordingly, the Company will be seeking Shareholders' approval for the Potential Transfer of Controlling Interest to Lecca at the EGM.

Lecca and its Associates will abstain from voting on the Ordinary Resolution 3 relating to the Potential Transfer of Controlling Interest to Lecca at the EGM.

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4.3. Potential Transfer of Controlling Interest in the Company to TBK

As at the Latest Practicable Date, TBK directly holds 141,156,004 Shares.

For illustrative purposes only, assuming the Minimum Subscription Scenario, being the case in which TBK subscribes, applies and is allotted the entire amount which it has undertaken, TBK will hold 585,600,448 Shares, representing 19.39% of the enlarged share capital of the Company. As such, depending on the level of subscription for the Rights Shares and/or Excess Rights Shares by Entitled Shareholders, TBK may potentially become a Controlling Shareholder.

Pursuant to Rule 803 of the Catalist Rules, the Company cannot issue securities to transfer a Controlling Interest without prior approval of Shareholders in general meeting. Accordingly, the Company will be seeking Shareholders' approval for the Potential Transfer of Controlling Interest to TBK at the EGM.

TBK and its concert parties (i.e. the Tan Family) will abstain from voting on the Ordinary Resolution 4 relating to the Potential Transfer of Controlling Interest to TBK at the EGM.

5. PROPOSED TRANSACTIONS

5.1. Introduction

In relation to Maybank putting MJE, an associated company of the Group, under receivership, Maybank has on 27 March 2023 accepted the settlement proposal of RM 52.5 million (the "**Settlement Sum**") proposed by the Receivers, subject to several terms and conditions.

The Company, CEH, MJE and EM (the white knight), have formalised the funding needs for MJE to repay the Settlement Sum.

The key terms of the above arrangement are as follows:

- (a) CEH will waive its rights to the pre-paid advance to MJE of RM 4.0 million ("**Advance**"). The Advance was deposited in the bank account of MJE in August 2022 to facilitate the negotiation with Maybank. As announced, the RM 4.0 million will be applied as repayment to Maybank;
- (b) Out of the Balance amounting to RM 48.5 million, CEH will assist MJE to pay RM 14.5 million to Maybank ("**CEH's Share of the Settlement Sum**");
- (c) CEH will pay for 50% of the Costs ("**CEH's Share of the Costs**"), which is estimated by the Company to be RM 1.0 million;
- (d) Payment of RM 0.5 million by the individual guarantors, namely TBK and TBY, to Maybank by 30 April 2023, which has been completed ("**Individual Guarantors' Payment**");
- (e) EM will take over MJE for a nominal cash consideration of RM 10.00; and
- (f) EM will subscribe to new shares in the capital of MJE. The subscription sums will be applied as repayment to Maybank and working capital of MJE.

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In view of the foregoing, CEH and EM have entered into a share purchase agreement ("**SPA**") dated 8 May 2023 where CEH will transfer all of its 30% shareholdings in MJE to EM for a nominal consideration of RM 10.00. Under the SPA, the convertible bond agreements previously entered into by CEH and other shareholders of MJE ("**Convertible Bond Agreements**") shall be terminated before or on Completion, and CEH shall not have any further rights, remedies and/or claims whatsoever pursuant to or under the aforesaid agreements insofar as the convertibility element of the bonds ("**Convertible Bonds**") under the Convertible Bond Agreements. Currently, the Convertible Bonds under the Convertible Bond Agreements have been fully impaired in the Group's financial accounts. The Convertible Bonds issued by Tekun Positif (M) Sdn Bhd and Wealthy Entity Holdings Sdn Bhd ("**Bond Issuers**"), two of the other shareholders of MJE, to CEH allows CEH to convert the sum due by the Bond Issuers to 45% interest in MJE. For the avoidance of doubt, the existing rights to the Convertible Bonds, which comprises 45% of conversion rights into MJE, will be excluded from the sale of 30% shareholdings in MJE from CEH to EM, pursuant to the terms in the SPA. EM intends to acquire all the shareholdings of MJE held by other shareholders of MJE, and requires all encumbrances over their shareholdings in MJE to be cleared, in particular, the conversion rights under the Convertible Bond Agreements need to be terminated. While the Group has written off its investment in the Convertible Bonds, nothing in the SPA shall extinguish CEH's claim against the Bond Issuers for the underlying loan provided by CEH to them.

Under the SSA (as defined below), the amount due from MJE owed to Colben Energy (Singapore) Pte. Ltd. and CEH as at 31 October 2022 is RM 2,247,821.94 and RM 68,798,492.62 respectively ("**Related Parties Amount**"). The Company and the Group will be waiving all rights and claims in respect of the Related Parties Amount on completion of the SSA.

Under the SPA, CEH has also agreed to pay Maybank the CEH's Share of the Settlement Sum and the CEH's Share of the Costs. Concurrently, MJE will enter into a share subscription agreement ("**SSA**") with EM around end June 2023 where EM will subscribe to a total of RM 65 million of new shares (ordinary and redeemable preference) in MJE ("**MJE Capital Injection**"). The balance owing to Maybank of an estimated sum of RM 32.5 million (after the repayment of the Advance, CEH's Share of the Settlement Sum and CEH's Share of the Costs) will be repaid by MJE using the proceeds from the MJE Capital Injection. Any excess from the MJE Capital Injection after settling with Maybank will be deployed at the absolute discretion of EM given that MJE will become wholly owned by EM then. For the avoidance of doubt, neither CEH, the Company nor the Group will be subscribing for any shareholdings in MJE.

As EM will be organising MJE's repayment of the Settlement Sum to Maybank, the parties have agreed that CEH will transfer the CEH's Share of the Settlement Sum and the CEH's Share of the Costs to EM. Under the SPA, CEH has irrevocably agreed and undertaken to pay EM the relevant amounts within six (6) months from Completion of the SPA. Maybank will not allow any transfer or issuance of MJE shares until full payment of the Settlement Sum by 30 June 2023. As such, the Company is protected since the amount will only be paid to EM after Completion of the SPA (which will occur after the Settlement).

The waiver of CEH's rights to the Advance, CEH's Share of the Settlement Sum and CEH's Share of the Costs are collectively referred to as the ("**Group's Co-Funding**"). The total amount of the Group's Co-Funding is RM 19.5 million, and it represents the total amount of financial assistance CEH is providing to MJE in its settlement with Maybank. The main purpose of CEH providing the Group's Co-Funding to MJE is to reduce the negative value of MJE so that it will be mutually amicable and viable for both CEH to exit MJE and EM to take over MJE. Further details can be found in Section 5.3 of this Circular.

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The Group's Co-Funding constitutes a major transaction under Rule 1014 of Catalist Rules and is subject to, *inter alia*, the approval of Shareholders at the EGM.

5.2. Information of the Proposed Transactions

The proposed key transactions that the Company, MJE, CEH and EM have agreed to undertake under the SPA and the SSA are:

- (a) the provision of financial assistance by CEH to MJE under the Group's Co-Funding; and
- (b) the disposal of CEH's entire 30% equity interest in MJE to EM for a nominal cash consideration of RM 10.00 ("**Proposed Disposal**"),

(collectively, the "**Proposed Transactions**").

5.2.1 Information on MJE

MJE owns a biomass power plant in Malaysia which uses waste material derived from the palm oil extraction process. The Company has provided a corporate guarantee ("**Corporate Guarantee**") in favour of Maybank for the borrowings of MJE and as announced on 13 July 2022, Maybank has served a letter of demand on 6 July 2022 requiring the payment of the outstanding amount of RM 122.2 million on the Corporate Guarantee ("**Letter of Demand**"). Thereafter, as announced on 14 July 2022, Maybank has appointed Receivers and put MJE under receivership.

At the Latest Practicable Date, CEH holds 30% interest in MJE while Tekun Positif (M) Sdn Bhd holds 30%, Wealthy Entity Holdings Sdn Bhd holds 25% and Tan Guan Hua Sdn Bhd holds 15% interest in MJE. Under the Convertible Bonds Agreements, CEH may require Tekun Positif (M) Sdn Bhd to transfer 20% interest in MJE and Wealthy Entity Holdings Sdn Bhd to transfer 25% interest in MJE (amounting to a total of 45% interest in MJE) to CEH to settle the sum due by them under the Convertible Bonds Agreements.

5.2.2 Information on EM

The information herein is based on information provided by and / or representations made by EM. The Company and the Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

EM is a company in the green environmental regeneration space which processes palm biomass to be used as fuel in fired generating plants to produce green electricity. Their primary focus is on environmental consciousness and exploring alternative sustainable energy sources to achieve sustainable and viable green environmental practices.

Currently, the Receivers have leased MJE's biomass power plant to EM.

The shareholders of EM are Etagreen Asset Sdn. Bhd., a company incorporated in Malaysia and Etagreen Corp Pte. Ltd., a company incorporated in Singapore. The ultimate beneficial shareholder of EM is Ms Teh Chooi Peng, who is the sole shareholder of both Etagreen Asset Sdn. Bhd. and Etagreen Corp Pte. Ltd.. She is not related (directly or indirectly) to the Company, any Director, substantial shareholder of the Company and their respective associates.

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5.3. Rationale of the Proposed Transactions

The Company is aiming for a full discharge of the Corporate Guarantee and a clean exit from MJE. Without the MJE Capital Injection, MJE will not have the funds required to pay Maybank the Settlement Sum and the Costs in full, and accordingly, the Company is not able to secure a full discharge of the Corporate Guarantee.

As a condition for EM's agreement to the MJE Capital Injection, the Group has to provide financial assistance to MJE in the form of the Group's Co-Funding so as to reduce the negative value of MJE to a level that is mutually amicable and viable for both CEH to exit MJE and EM to take over MJE.

In the event that MJE is unable to repay Maybank, there is a risk that Maybank will claim against the Company under the Corporate Guarantee for RM 122.2 million as set out in the Letter of Demand dated 6 July 2022.

Having considered the potential risk of enforcement of the Corporate Guarantee against the Company in the event that MJE is unable to repay Maybank the Settlement Sum and the Costs in full, and that there is no other feasible alternative for MJE to raise funds to pay Maybank, the Board is of the view that the Proposed Transactions represent the best option for MJE to repay Maybank the Settlement Sum and the Costs in full, and hence, to secure a full discharge of the Corporate Guarantee and a clean exit from MJE.

5.4. Principal Terms of the Proposed Transactions

5.4.1 Principal Terms of the SPA

Under the SPA, CEH shall sell and EM shall purchase the entire legal and beneficial ownership of 9,000,000 shares comprising 30% of the capital of MJE for a nominal consideration of RM10.00.

Under the SPA, CEH has also agreed to:

- (a) the application of the Advance to repay Maybank, and to waive its rights to the Advance;
- (b) pay Maybank CEH's Share of the Settlement Sum and CEH's Share of the Costs; and
- (c) waive its conversion rights to the Convertible Bonds; and
- (d) waive the Related Parties Amount.

The Company estimates CEH's Share of the Costs to be RM 1.0 million in aggregate.

The SPA is subject to conditions precedent which include, *inter alia*:

- (a) EM having completed a due diligence review on MJE and the findings thereof are satisfactory to EM;
- (b) the execution of the SSA;
- (c) all the remaining shareholders of MJE shall have agreed to sell and transfer all their shares in MJE to EM on terms and conditions acceptable to EM;

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- (d) Maybank shall have entered into a conditional settlement agreement with MJE and EM pursuant to the settlement proposal referred to in the Previous Announcements, on terms and conditions acceptable to EM;
- (e) Maybank, MJE and the Group having entered into a conditional deed of release to release, waive, disclaim and/or discharge all security interests which Maybank may hold as security for the indebtedness of MJE towards Maybank;
- (f) CEH and the Company shall have obtained the approvals from its respective board of directors and shareholders in relation to the execution and performance of the SPA and the SSA;
- (g) no event having occurred after the date of the SPA which has or is likely to result in a material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of MJE; and
- (h) all other relevant approvals and consents having been obtained, including but not limited to any consent from the regulatory or governmental body for the transactions and related matters contemplated in the SPA.

If any condition precedent under the SPA is not satisfied on or before the cut-off date, being the date falling three (3) months following the date of the SPA, the SPA shall cease to be of any effect except the surviving provisions and no party shall have any claim against any other party under it, save as otherwise provided in the SPA and for any claim arising from antecedent breaches of the SPA.

Pursuant to the SPA, CEH and EM have furnished representations and warranties customary for transactions of a similar nature as the Proposed Disposal.

The SPA is governed by the laws of Malaysia and parties have submitted to the non-exclusive jurisdiction of the courts of Malaysia.

5.4.2 Value of MJE and Consideration for the Proposed Disposal

All investment in MJE, including the Convertible Bonds, has been fully written off in the books of the Group. The investment into the Convertible Bonds has also been impaired. As at the Latest Practicable Date, MJE is in a negative asset position. Accordingly, no value is recorded in the books for the 30% equity interest that CEH holds in MJE. All investments in MJE have been fully written off in the books of the Group.

The Receivers have commissioned a valuation of the biomass power plant of MJE on 20 December 2022 ("**Valuation Report**"). The Company understands from the Receivers that the valuer has estimated the MVI of the biomass power plant to be at RM 30 million and the FSV to be at RM 21.7 million. The valuer is commissioned by the Receivers and not commissioned by the Group, and the valuer has not given its consent to the Company to rely on the Valuation Report for the purpose of this Circular. Neither the Receivers nor the valuer will be responsible for the accuracy of MVI and FSV, any reliance on the Valuation Report, and any other matters relating to the value of MJE. However, considering the book value of the land as at 31 March 2022 and making references to the valuer's assessment in the Valuation Report, the Board is agreeable to the valuer's assessment for the purposes of this settlement offer.

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Notwithstanding that the Company is not able to rely on the Valuation Report, the Board is agreeable with the valuer's assessment of the MVI and FSV. Taking into account the Settlement Sum after deducting the Individual Guarantor's Payment of RM 0.5 million, MJE is in a negative asset position even if we assume that the biomass power plant is sold at MVI. Using the illustrative formula below to compute the value of MJE:

$$\text{Value of MJE} = \text{MVI} - (\text{Settlement Sum} + \text{Costs (estimated at RM 2 million)} - \text{Individual Guarantor's Payment})$$

the Company estimates the value of MJE to be negative RM 24.0 million. The Company will not incur further cost to engage a valuer to value an asset of negative value for the purpose of the Proposed Disposal.

Hence, the excess of the proceeds from the Proposed Disposal over the book value is RM 10.00. The net loss attributable to the assets being disposed of is S\$1.078 million. The amount of gain on the Proposed Disposal is RM 10.00 since all the investment and receivables relating to MJE has been fully impaired in CEH's books.

Taking into consideration that MJE has a negative value (even after adjustment to the waiver of the Related Parties Amount), the consideration is agreed to be nominal.

5.4.3 Value of financial assistance provided to MJE

The estimated amount of the Group's Co-Funding is RM 19.5 million (equivalent to S\$6.1 million). Upon completion of the Proposed Transactions, the Group's Co-Funding will be recorded as a one-time expense of the Group.

After the Group provides the Group's Co-Funding to assist MJE to repay Maybank, it is expected that MJE will still be in the negative asset position.

The amount of Group's Co-Funding was arrived at in good faith after negotiation by the Company, CEH, EM and MJE, to reduce the negative value of MJE to an extent acceptable by EM, and after considering the book value of the land as at 31 March 2022 which is approximately RM 7.8 million, the cost of construction and the value of the equipment, and upon making references to the Valuation Report.

5.4.4 Fund raising

The Group's Co-Funding, which is an estimated amount of RM 19.5 million (equivalent to S\$6.1 million), consists of the waiver of CEH's rights to the Advance, CEH's Share of the Settlement Sum and CEH's Share of the Costs. Given that the Advance of RM 4.0 million will be applied as repayment to Maybank, the remaining amount to be accounted for by the Company is RM 15.5 million (equivalent to S\$4.77 million).

As mentioned in Section 2.8 of this Circular above, the maximum amount of proceeds to be raised under the Maximum Subscription Scenario is S\$6.1 million. The Company will apply the proceeds from the Proposed Rights Issue to fund the CEH's Share of the Settlement Sum and CEH's Share of the Costs, which amounts to RM 15.5 million (equivalent to S\$4.77 million). In the event that the proceeds raised from the Proposed Rights Issue only amounts to S\$3.3 million in the Minimum Subscription Scenario, the Company will finance the shortfall payment

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of S\$1.47 million with its positive cash flow from operations and unutilised borrowings currently available to the Group.

5.4.5 Principal Terms of the SSA

MJE, EM and the Company are parties to the SSA. Under the SSA, EM agrees to subscribe to new ordinary shares of MJE and redeemable preference shares of MJE at a total consideration of RM 65.0 million. The parties agree that part of the total consideration of RM 65.0 million received by MJE will be used to pay Maybank. Any excess will be deployed at the absolute discretion of EM since MJE will be wholly owned by EM then.

Under the SSA, MJE and the Company, on a joint and several basis, have provided the standard warranties on the accounts, taxation and corporate matters. Other than providing the joint warranties, the Company does not have an interest in the SSA.

The SSA is also subject to similar conditions precedent as in the SPA.

5.5. **Relative Figures computed on the bases set out in Rule 1006 of the Catalist Rules**

5.5.1 Proposed Disposal

For the Proposed Disposal, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
		Proposed Disposal
(a)	The aggregate value of the assets to be disposed of, compared with the Group's net asset value	-4.79 ⁽¹⁾
(b)	Net loss attributable to the assets disposed of, compared with the Group's net loss	9.43 ⁽²⁾
(c)	The aggregate value of the consideration "given", compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	656.34 ⁽³⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) MJE's audited accounts as at 31 March 2022, have been used for the purpose of above computations as MJE was under receivership effective from 14 July 2022. The aggregate value of MJE is negative S\$0.997 million (adjusted assuming the waiver of the Related Parties Amount has taken place) as at 31 March 2022 compared with the Group's net asset value of S\$20.837 million as at 31 March 2022.
- (2) The net loss attributable to the assets disposed of as of 31 March 2022 was negative S\$1.078 million, compared with the Group's net loss as of 31 March 2022 of negative S\$11.435 million.

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- (3) Taking into account the waiver of the Related Parties Amount, the consideration "given" for the Proposed Disposal is approximately S\$22.9 million. The foregoing computation and description are solely for the purpose of computation of the relative figures under Rule 1006(c) and it is not to be taken legally as the Company will be giving consideration under the SPA. Legally, it remains that the Company will receive RM 10 consideration under the SPA. The Company's market capitalisation is approximately S\$5.2 million based on its total number of Shares of 1,741,647,873 and the weighted average price of S\$0.002 per Share on 5 May 2023, being the last traded market day prior to the date of the SPA. The consideration received is RM 10.00.
- (4) Rule 1006(d) of the Catalist Rules is not applicable as the Proposed Disposal does not involve an issuance of equity securities.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure under Rule 1006(c) of the Catalist Rules exceeds 50%, the Proposed Disposal constitutes a "Major Transaction" as defined under Chapter 10 of the Catalist Rules and will be subject to the approval of Shareholders at the EGM.

Rule 1014(5) of the Catalist Rules provides that where a disposal of assets is one where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 75%, the issue must appoint a competent and independent valuer to value the assets to be disposed. The Company noted that the relative figure computed on the basis of Rule 1006(c) exceeds 75%.

5.5.2 Waiver from Rule 1014(5) of the Catalist Rules for the Proposed Disposal

As announced on 5 June 2023, the Company had sought and obtained a waiver from the SGX-ST in relation to Rule 1014(5) of the Catalist Rules to appoint an independent valuer to value the assets to be disposed ("**Waiver**").

As at 31 October 2022, MJE owes Colben Energy (Singapore) Pte. Ltd. and CEH the Related Parties Amount, being RM 2,247,821.94 and RM 68,798,492.62 respectively, as a result of extended funding to MJE over the years for the purposes of MJE's working capital requirements and capital investment. As the Related Parties Amount was considered to be a sunk cost to the Group and due to MJE being put under receivership, the Related Parties Amount was deemed by the Board to have no value, and was consequently written off. As such, the Company had sought the Waiver for the following reasons:

- (a) as explained under Note 3 of Section 5.5.1 of this Circular above, the actual consideration to be paid by EM pursuant to the SPA is a nominal consideration of RM 10.00. However, the relative figure calculated takes into account the waiver of the Related Parties Amount which caused the "consideration given" for the Proposed Disposal to be approximately S\$22,900,000, and inflated the relative figure to cross the 75% threshold. For avoidance of doubt, if the waiver of the Related Parties Amount was not taken into account, none of the computation under Rule 1006 of the Catalist Rules would have crossed 75% and the requirement to appoint an independent valuer pursuant to Rule 1014(5) of the Catalist Rules would not have arisen. The Related Parties Amount was impaired under the Company's accounts in FY2022;
- (b) MJE is currently under receivership and is unable to pay its secured creditor, Maybank, and there will not be any distribution to unsecured creditors, including the Group, if MJE is liquidated. Accordingly, the Related Parties Amount has no value; and
- (c) Maybank requires the Settlement Sum, and to facilitate the payment accordingly, *inter alia*, the Proposed Disposal, the Group's Co-Funding, and the Proposed Rights Issue, wherein the undertaking shareholders has committed to subscribe S\$3,300,000 under minimum subscription scenario mainly to be utilised for CEH's share of the Settlement

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Sum of RM 14,500,000 or approximately S\$4,500,000, are to be completed by the end of June 2023. The Group is also desirous and aims to complete the Settlement for a clean exit from MJE as explained in this Circular and the Company's announcement dated 8 May 2023.

The Waiver is subject to the following conditions:

- (a) the Company making an immediate announcement on the waiver granted by the Exchange, including reasons for seeking the waiver, the conditions as required under Catalist Rule 106 and whether the said conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and
- (b) the Company's confirmation that it is not aware of any other information (including but not limited to financial information) with respect to the Group that may have a material bearing on investors' decisions which was not formally disclosed to the investors.

As at the Latest Practicable Date, the Waiver conditions have been fulfilled and pursuant to the Waiver, the Company is not required to appoint an independent valuer to value the assets to be disposed.

5.5.3 Group's Co-Funding

For the Group's Co-Funding, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The aggregate value of the financial assistance, compared with the Group's net asset value	27.06 ⁽¹⁾
(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	Not applicable
(c)	The aggregate value of the financial assistance, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	174.94 ⁽²⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽³⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable ⁽⁴⁾

Notes:

- (1) Based on the table above, the computed value is based on the Group's Co-Funding, which is an estimated amount of RM 19.5 million (equivalent to S\$6.1 million) and the Group's latest announced unaudited net asset value of S\$22.5 million as at 31 December 2022.

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- (2) Based on the table above, the Company's market capitalisation of approximately S\$5.2 million is based on its total number of Shares of 1,741,647,873 and the weighted average price of S\$0.002 per Share on 5 May 2023, being the last traded market day prior to the date of the SPA.
- (3) Rule 1006(d) of the Catalist Rules is not applicable as the Group's Co-funding does not involve an issuance of equity securities.
- (4) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure under Rule 1006(c) of the Catalist Rules exceeds 50%, the Group's Co-Funding constitutes a "Major Transaction" as defined under Chapter 10 of the Catalist Rules and will be subject to the approval of the shareholders at the EGM.

5.6. Financial Effects of the Proposed Transactions

Bases and assumptions

Given that the investment in MJE was impaired under the Company's accounts in FY2019 and FY2020 and the Related Parties Amount was impaired under the Company's and Group's account in FY2022, the Proposed Disposal has no financial effects on the Group. As such, the following illustration is only limited to the Group's Co-Funding. The pro forma financial effects of the Group's Co-Funding are presented for illustration purposes only and do not reflect the actual future financial performance and position of the Group after completion. The financial effects of the Group's Co-Funding are based on the Group's latest audited financial statements for the financial year ended 31 March 2022 and adopt the following assumptions:

- (a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the provision of the Group's Co-Funding took place on 31 March 2022;
- (b) the financial effects on the Group's earnings attributable to the shareholders and the Loss per Share have been computed assuming that Completion took place on 1 April 2021; and
- (c) the expenses incurred in connection with the transactions (excluding the CEH's Share of the Costs) is approximately S\$30,000.

5.6.1 NTA per Share

	Before the provision of the Group's Co-Funding ⁽¹⁾			After the provision of the Group's Co-Funding
	As at 31 March 2022	Issuance of shares to Lecca	Completion of the Proposed Rights Issue ⁽²⁾	
NTA of the Group (S\$)	16,212,000	16,712,000	22,825,000	16,731,000
Number of Shares	1,556,462,688	1,741,647,873	4,005,790,107	4,005,790,107

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NTA per Share (S\$)	0.0104	0.0096	0.0057	0.0042
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Notes:

- (1) Based on the table above, it is assumed that the settlement of the deposit of S\$0.5 million by way of the issuance of 185,185,185 Company's shares has taken place.
- (2) Based on the table above, it is assumed that the maximum amount of proceeds in the Proposed Rights Issue of S\$6.1 million will be raised.

5.6.2 Earnings/Loss per Share

	Before the provision of the Group's Co-Funding ⁽¹⁾			After the provision of the Group's Co-Funding
	As at 31 March 2022	Issuance of shares to Lecca	Completion of the Proposed Rights Issue ⁽²⁾	
Net profit/(loss) of the Group (S\$)	(8,198,000)	(8,198,000)	(8,198,000)	(14,292,000)
Number of Shares	1,556,462,688	1,741,647,873	4,005,790,107	4,005,790,107
Earnings/(loss) per Share (S\$)	(0.0053)	(0.0047)	(0.0020)	(0.0036)

Notes:

- (1) Based on the table above, it is assumed that the settlement of the deposit of S\$0.5 million by way of the issuance of 185,185,185 Company's shares has taken place.
- (2) Based on the table above, it is assumed that the maximum amount of proceeds in the Proposed Rights Issue of S\$6.1 million will be raised.

6. SERVICE CONTRACTS

No service contracts with the Group will be entered into in connection with the Proposed Corporate Actions.

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7. DIRECTORS' STATEMENTS AND RECOMMENDATIONS

7.1. Proposed Rights Issue

7.1.1 Interest of the Group, Issue Price and Discount

The Directors, having considered, amongst others, the rationale for the Proposed Rights Issue as set out in Section 2 of this Circular, are of the opinion that the Proposed Rights Issue is in the best interests of the Company as the Proposed Rights Issue enables the Settlement to proceed which in turn ensures that the Corporate Guarantee against the Company be discharged. The Issue Price and discount have been determined after taking into account various factors including precedent transactions and the transaction size. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution relating the Proposed Rights Issue, including the allotment and issue of the Rights Shares pursuant to the Rights Issue, to be proposed at the EGM.

7.1.2 Working Capital

The Directors are of the opinion:

- (a) after taking into consideration the Group's present bank facilities and subject to (A) Maybank not enforcing the Corporate Guarantee; and (B) Kampuchea Tela Limited not enforcing their request of repayment of the outstanding amount (as previously announced), the working capital available to the Group is sufficient to meet its present requirements; and
- (b) notwithstanding the above and after taking into consideration the potential net proceeds under the Maximum Subscription Scenario, the working capital available to the Group is sufficient to meet its present requirements as the Proposed Rights Issue will facilitate the Group to enable the Settlement, funding for new business opportunities and/or additional working capital arising thereof.

7.2. Proposed Whitewash Resolution

The Recommending Directors (being Tay Kah Chye, Chia Soon Hin William and Yip Mun Foong, James), having considered, amongst others, the rationale for the Proposed Rights Issue as set out in Section 2 of this Circular and the advice of the IFA as set out in the IFA Letter in Appendix A of this Circular, are of the opinion that the Proposed Rights Issue taken as a whole are fair and reasonable, and the Proposed Whitewash Resolution, when considered in the context of the Proposed Rights Issue, is in the best interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, the Recommending Directors recommend that the Independent Shareholders vote in favour of the Whitewash Resolution to be proposed at the EGM.

7.3. Potential Transfer of Controlling Interest to Lecca and TBK

The Directors, having considered, amongst others, the rationale for the Potential Transfer of Controlling Interest to Lecca, are of the opinion that the Potential Transfer of Controlling Interest to Lecca is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Potential Transfer of Controlling Interest to Lecca, to be proposed at the EGM.

LETTER TO SHAREHOLDERS

The Recommending Directors, having considered, amongst others, the rationale for the Potential Transfer of Controlling Interest to TBK, are of the opinion that the Potential Transfer of Controlling Interest to TBK is in the best interests of the Company and the Shareholders. Accordingly, the Recommending Directors recommend that Shareholders vote in favour of the Potential Transfer of Controlling Interest to TBK, to be proposed at the EGM.

7.4. Proposed Transactions

The Directors, having considered, amongst others, the rationale for the Proposed Transactions as set out in this Circular and the terms of the SPA and SSA, are of the opinion that the Proposed Transactions are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Transactions to be proposed at the EGM.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Circular (including but not limited to the Shareholders' Undertakings), none of the Directors or Substantial Shareholders of the Company have any interests, direct or indirect, in the Proposed Rights Issue (other than through their respective shareholdings in the Company) and the Proposed Transactions. The interests of the Directors and the Substantial Shareholders of the Company as at the Latest Practicable Date are set out in Appendix B.

9. CONSENTS

9.1. Consent of legal adviser

Virtus Law LLP, named as the legal adviser to the Company in respect of the Circular, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular.

9.2. Consent of the IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA letter (containing the IFA opinion in full) and all references thereto, in the form and context in which they appear in this Circular.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

10.1. Appointment of Proxies

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf, may complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 65 Joo Koon Circle, Singapore 629078, or via email to egm@asiatic.com.sg, not less than 72 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting electronically at the EGM if he so wishes.

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10.2. When Depositor regard as Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP not less than 72 hours before the time fixed for the EGM.

10.3. Abstention from Voting

Any Shareholder who is interested in the Proposed Corporate Actions should abstain from voting at the EGM in respect of the Ordinary Resolutions relating as set out in the Notice of EGM. Such Shareholders should also not accept nominations as proxies in respect of the aforesaid Ordinary Resolutions, unless specific instructions have been given in the proxy instrument by the independent Shareholders appointing them on how they wish their votes are to be cast for each of the aforesaid Ordinary Resolutions.

The Tan Family as well as parties not independent of them shall abstain from voting at the EGM on Ordinary Resolution 2 in relation to the Whitewash Resolution. The Tan Family as well as parties not independent of them shall also decline to accept appointment as proxies for any Shareholder to vote in respect of the Ordinary Resolution relating to the Proposed Whitewash Resolution, unless the Shareholder concerned have given specific instruction in the Proxy form as to the manner in which his/her votes are to be cast in respect of the said Ordinary Resolution.

Lecca as well as its Associates shall abstain from voting at the EGM on Ordinary Resolution 3 in relation to the Potential Transfer of Controlling Interest to Lecca. Lecca and its Associates shall also decline to accept appointment as proxies for any Shareholder to vote in respect of the Ordinary Resolutions relating to the Potential Transfer of Controlling Interest to Lecca, unless the Shareholder concerned have given specific instruction in the Proxy Form as to the manner in which his/her votes are to be cast in respect of the said Ordinary Resolutions.

TBK and its concert parties shall abstain from voting at the EGM on Ordinary Resolutions 1 and 4 in relation to the Proposed Rights Issue and the Potential Transfer of Controlling Interest to TBK. TBK and its concert parties shall also decline to accept appointment as proxies for any Shareholder to vote in respect of the Ordinary Resolutions relating to the Proposed Rights Issue and the Potential Transfer of Controlling Interest to TBK, unless the Shareholder concerned have given specific instruction in the Proxy Form as to the manner in which his/her votes are to be cast in respect of the said Ordinary Resolutions.

11. 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 Corporate Actions, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

12. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the registered office of the Company at 65 Joo Koon Circle, Singapore 629078 during normal office hours from the date hereof up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the Annual Report for FY2022;
- (c) the Shareholders' Undertakings;
- (d) the SPA;
- (e) the SSA (when available);
- (f) the IFA letter; and
- (g) the consent letters referred to in Section 9 of this Circular.

Yours faithfully
for and on behalf of the Board of Directors of
Asiatic Group (Holdings) Limited

Tan Boon Kheng
Managing Director
7 June 2023



7 June 2023

ASIATIC GROUP (HOLDINGS) LIMITED

65 Joo Koon Circle
Singapore 629078

Attention: The Recommending Directors (as defined herein)

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE RECOMMENDING DIRECTORS OF ASIATIC GROUP (HOLDINGS) LIMITED (THE "COMPANY") IN RESPECT OF THE WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) AS A RESULT OF THEIR SUBSCRIPTION FOR THEIR PRO RATA ENTITLEMENT OF THE RIGHTS SHARES AND, IN THE CASE OF MR TAN BOON KHENG AND MR TAN BOON YEW, APPLYING FOR EXCESS RIGHTS SHARES UNDER THE PROPOSED NON-RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF NEW ORDINARY SHARES IN THE COMPANY (THE "WHITEWASH RESOLUTION")

1. INTRODUCTION

Asiatic Group (Holdings) Limited is convening an extraordinary general meeting ("**EGM**") on 22 June 2023 to seek the approvals of its shareholders (the "**Shareholders**") for, *inter alia*, the following resolutions:

- (a) the proposed non-renounceable non-underwritten rights issue (the "**Proposed Rights Issue**") of up to 2,264,142,234 new ordinary shares (the "**Rights Shares**") at an issue price of S\$0.0027 for each Rights Share (the "**Rights Issue Price**") on the basis of 13 Rights Shares for every 10 existing ordinary shares in the capital of the Company ("**Shares**") held by Shareholders who are eligible to participate in the Proposed Rights Issue (the "**Entitled Shareholders**") as at the time and date to be determined (the "**Record Date**") by the board of directors of the Company (the "**Board**"), fractional entitlements to be disregarded ("**Ordinary Resolution 1**"); and
- (b) the Whitewash Resolution ("**Ordinary Resolution 2**").

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Unless otherwise defined or the context otherwise requires, all terms applied in this letter (this **"IFA Letter"**) shall have the same meaning as defined in the Company's circular to its Shareholders dated 7 June 2023 (the **"Circular"**).

1.1 THE PROPOSED RIGHTS ISSUE

The Company announced the Proposed Rights Issue on 31 March 2023 (the **"Announcement Date"**).

Based on the Company's issued and paid-up share capital comprising 1,741,647,873 Shares (the **"Existing Issued Share Capital"**) as at 1 June 2023, being the latest practicable date of the Circular (the **"Latest Practicable Date"**), and assuming no new Shares are issued on or prior to the Record Date and the assumption that all Entitled Shareholders subscribe in full and pay for their pro rata entitlements of Rights Shares, the Company will allot and issue up to 2,264,142,234 Rights Shares under the Proposed Rights Issue.

The Proposed Rights Issue will not be underwritten.

Undertaking Shareholders

Mr Tan Boon Kheng (**"TBK"**), Mr Tan Boon Siang (**"TBS"**), Mr Tan Ah Kan @ Tan Kow La (**"TAK"**), Mr Tan Boon Yew (**"TBY"**), and Lecca Capital Pte. Ltd. (**"Lecca"**) (collectively, the **"Undertaking Shareholders"**) have provided the Company with irrevocable undertakings (the **"Shareholders' Undertakings"**) that each of the Undertaking Shareholders will accept, subscribe and pay for all their respective entitlements to the Rights Shares based on their shareholding as at the date of the Shareholders' Undertakings.

In addition, the Shareholders' Undertakings of TBK, TBY and Lecca provide that:

- (a) TBK and TBY will apply for up to 355,340,024 excess Rights Shares; and
- (b) Lecca will apply for no less than 129,629,630 excess Rights Shares, subject to availability of the excess Rights Shares.

1.2 THE WHITEWASH RESOLUTION

Assuming that the Undertaking Shareholders subscribe for their respective entitlements to the Rights Shares and apply for excess Rights Shares (in the case of TBK, TBY and Lecca) pursuant to the Shareholders' Undertakings and none of the other Entitled Shareholders subscribes for their entitlements to the Rights Shares and applies for any excess Rights Shares under the Proposed Rights Issue (the **"Minimum Subscription Scenario"**), the aggregate shareholding of TBK, TBS, TAK, TBY, Tan Ah Soi (**"TAS"**), Tan Ah Bah (**"TAB"**), Tan Tze Wee (**"TTW"**) and Tan Chee Meng (**"TCM"**) (collectively, the **"Tan Family"**) and parties acting in concert with them (collectively, the **"Concert Party Group"**) in the Company



will increase from approximately 26.35% of the Existing Issued Share Capital to approximately 45.28% of the enlarged share capital of the Company following the completion of the Proposed Rights Issue. Accordingly, the fulfilment of the obligations under the Shareholders' Undertakings by Undertaking Shareholders who are part of the Tan Family (the "**Undertaking Tan Members**") may result in the Concert Party Group obtaining shareholding interest in the Company of 30% or more. In such event, the Concert Party Group would incur an obligation to make a mandatory general offer (the "**Mandatory Offer**") for the Company pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") unless such obligation is waived by the Securities Industry Council ("**SIC**") on such terms and conditions as it may impose.

The SIC had on 18 April 2023 waived (the "**Whitewash Waiver**") the obligations for the Concert Party Group to make the Mandatory Offer in the event that the Concert Party Group increases its holding of total voting rights of the Company to 30% or more as a result of the Undertaking Tan Members subscribing for their *pro rata* entitlement of the Rights Shares and applying for excess Rights Shares pursuant to their respective Shareholders' Undertakings, subject to the satisfaction of certain conditions including, *inter alia*, a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Rights Shares under the Proposed Rights Issue, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Concert Party Group; and the Company appoints an independent financial adviser ("**IFA**") to advise the Independent Shareholders on the Whitewash Resolution.

1.3 THIS IFA LETTER

Xandar Capital Pte. Ltd. ("**Xandar Capital**") has been appointed by the Company to act as the IFA to advise the Directors who are considered independent for the purpose of the Whitewash Resolution, namely Mr Tay Kah Chye, Mr Chia Soon Hin William and Mr Yip Mun Foong, James (collectively, the "**Recommending Directors**") as to whether the Proposed Rights Issue which is the subject of the Whitewash Resolution is fair and reasonable and whether it is prejudicial to the interests of the Shareholders who are independent of the Whitewash Resolution (the "**Independent Shareholders**"), and advise the Recommending Directors on the recommendation to be made to the Independent Shareholders in relation to the Whitewash Resolution.

This IFA Letter, which is prepared pursuant to the Code, sets out our evaluation of the Proposed Rights Issue and the Whitewash Resolution, and our advice to the Recommending Directors thereon. This IFA Letter forms part of the Circular issued by the Company in connection with the Proposed Rights Issue.



2. TERMS OF REFERENCE

Xandar Capital has been appointed to advise the Recommending Directors as to whether the Proposed Rights Issue which is the subject of the Whitewash Resolution is fair and reasonable and whether it is prejudicial to the interests of the Independent Shareholders and advise the Recommending Directors on the recommendation to be made to the Independent Shareholders in relation to the Whitewash Resolution.

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Rights Issue, nor were we involved in the deliberations leading up to the decisions on the part of the Directors to agree on the terms of the Proposed Rights Issue. Our evaluation is limited to the terms of the Proposed Rights Issue, and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Proposed Rights Issue. The risks or merits, whether commercial, financial or otherwise, of the Proposed Rights Issue, are solely the responsibility of the Board.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Rights Issue, or the future performance or prospects of the Company and its subsidiaries (the “Group”). We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group, whether with or without the Proposed Rights Issue.

Likewise, we are not expressing herein as to the prices at which the Shares may trade upon with the receipt of the relevant independent Shareholders’ approval for the Proposed Rights Issue. We are also not addressing the relative merits of the Proposed Rights Issue, as compared to any alternative transaction previously considered by the Company or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Board and the management of the Company.

In the course of our evaluation and for the purpose of our opinion in relation to the Proposed Rights Issue for purposes of the Whitewash Resolution, we have held discussions with certain Directors and management of the Company and have examined information provided by the Directors and management of the Company and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate in assessing the reasonable use of such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and



belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Corporate Actions (as defined in the Circular), and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the 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. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group and the Proposed Rights Issue, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us in the Circular as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Rights Issue, the Whitewash Resolution, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

Our opinion is for the use and benefit of the Recommending Directors in their deliberation of the Proposed Rights Issue and the Whitewash Resolution, and the recommendations made by the Recommending Directors shall remain the responsibility of the Recommending Directors.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinions, in relation to the Proposed Rights Issue and the Whitewash Resolution, should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Directors advise Shareholders to read these pages carefully.



3. THE PROPOSED RIGHTS ISSUE

3.1 BASIS OF THE PROPOSED RIGHTS ISSUE

The Proposed Rights Issue is proposed to be made on a non-renounceable non-underwritten basis to the Entitled Shareholders, on the basis of 13 Rights Shares for every 10 existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.

As at the Latest Practicable Date, the Existing Issued Share Capital comprises 1,741,647,873 Shares.

As at the Latest Practicable Date, the Company does not hold any treasury shares and subsidiary holdings and has no existing warrants or other convertibles.

3.2 THE RIGHTS ISSUE PRICE

The Rights Issue Price represents a discount of:

- (a) approximately 10% to the weighted average price for trades done on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) of S\$0.003 on 31 March 2023, for the full market day on which the Proposed Rights Issue is announced (the “**Last Trading Day**”); and
- (b) approximately 3.57% to the theoretical ex-rights price of S\$0.0028 per Share.

3.3 THE RIGHTS SHARES

The Rights Shares will be payable in full upon acceptance and/or application. The Rights Shares, when issued and allotted, will rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.

3.4 RATIONALE FOR THE PROPOSED RIGHTS ISSUE

Information on the rationale for the Proposed Rights Issue is set out in Section 2.2 of the Circular. We extract in *italics* as follows:

As previously announced, the Company had provided a corporate guarantee in favour of Maybank to assist MJE in obtaining financing for the construction of its biomass plant (“Corporate Guarantee”). However, the biomass plant had been unprofitable and attempts to restructure the biomass plant’s debts had failed and the Company was called to make repayments pursuant to the Corporate Guarantee. On 30 March 2023, the Company

announced that Maybank has accepted the settlement proposal (“**Settlement**”) put up by the receivers of MJE (“**Settlement Announcement**”). As part of the Settlement and as announced by the Company on 8 May 2023, the Group has formalised the funding needs for MJE to repay the Settlement Sum with the white knight, EM. The settlement proposal to repay the Settlement Sum has also been accepted by Maybank. Accordingly, the Group will have to undertake the Group's Co-Funding to secure a full discharge from the Corporate Guarantee and the Group's clean exit from MJE.

In view of the foregoing, the Company will have to carry out the Proposed Rights Issue to fund the Group's Co-Funding. Please refer to the Settlement Announcement on the details on the Settlement and the Company's announcement dated 8 May 2023 on the proposed Group's Co-Funding.

In addition, whilst the Group is reducing its reliance on the energy related business and maintaining our business in the fire protection segment, it is also seeking new areas of expertise to propel the Group into the future. At the moment, the Group is looking at energy saving related devices or equipment as possible new business segment to invest into or be partnered with. Hence, any surplus funds arising from the Proposed Right Issue, if any, would be deployed as working capital or seed money to explore potential joint venture with partners within the energy saving industry in Singapore.

3.5 USE OF PROCEEDS

Information on the use of proceeds is set out in Section 2.8 of the Circular and Shareholders are advised to read the information carefully.

We summarise as follows:

	All Shareholders (other than TAS, TAB, TTW and TCW) subscribe for their entitlements and Rights Shares not subscribed by TAS, TAB, TTW and TCW are taken up by other public Shareholders (the “Maximum Subscription Scenario”)	Minimum Subscription Scenario
Number of Rights Shares	2,264,142,234	1,279,186,309
Gross proceeds raised (S\$'000)	6,113	3,454

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	All Shareholders (other than TAS, TAB, TTW and TCW) subscribe for their entitlements and Rights Shares not subscribed by TAS, TAB, TTW and TCW are taken up by other public Shareholders (the “Maximum Subscription Scenario”)	Minimum Subscription Scenario
Net proceeds raised (S\$'000)	5,959	3,300
Use of net proceeds	(a) between S\$4 million and S\$5 million as financial assistance to either Maju Intan Biomass Energy Sdn Bhd (“MJE”) or the white knight of MJE; (b) between S\$500,000 and S\$1 million to find new areas of business, feasibility study, trials; and (c) the balance S\$100,000 as working capital.	Solely applied as financial assistance to either MJE or the white knight of MJE in order to secure a full discharge from the corporate guarantee provided by the Company in favour of Maybank Islamic Berhad (“Maybank”) for the borrowings of MJE (the “Corporate Guarantee”) and the Group a clean exit from MJE

3.6 SHAREHOLDERS’ UNDERTAKINGS TO SUPPORT THE PROPOSED RIGHTS ISSUE

3.6.1 About the Undertaking Shareholders

Please refer to Sections 2.11.1 and 3.3 of the Circular for information about the Undertaking Shareholders.

In summary, five (5) Shareholders have provided the Shareholders’ Undertakings.

We note from the Company’s public documents that:

- (a) TBK, TBS and TBY are brothers;

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- (b) TAK is the father of TBK, TBS and TBY;
- (c) TBK is the Managing Director of the Company while TBS is an Executive Director of the Company. The allotment and issue of excess Rights Shares to TBK may result in TBK holding more than 15% of the enlarged share capital of the Company upon the completion of the Proposed Rights Issue. Accordingly, the Company is also seeking Shareholders' approval for the transfer of controlling interest to TBK ("**Ordinary Resolution 4**"). Shareholders should also note that Ordinary Resolution 1 relating to the Proposed Rights Issue is conditional, *inter alia*, upon the passing of Ordinary Resolution 4. Accordingly, in the event that Ordinary Resolution 4 relating to the transfer of controlling interest to TBK is not passed at the EGM, Ordinary Resolution 1 relating to the Proposed Rights Issue will not be carried (even if the resolution is passed by Shareholders at the EGM); and
- (d) Lecca is a Singapore-based investment holding company with investments and businesses in Singapore ⁽¹⁾. Lecca became a Shareholder of the Company on 1 February 2023 when the Company allotted and issued 185,185,185 new ordinary shares (the "**Settlement Shares**") to Lecca to settle a refundable deposit of S\$500,000 paid by Lecca to the Company in May 2022 in relation to the restructuring framework agreement in connection with MJE, at a mutually agreed issue price of S\$0.0027 per Settlement Share.

Lecca is a wholly-owned subsidiary of Lecca Group Pte. Ltd and the sole shareholder of Lecca Group Pte. Ltd. is Mr Lim Chong Ping. ⁽¹⁾

Lecca has confirmed that it is not acting in concert with the Tan Family.

Note:

- (1) Extracted from the Company's announcement in relation to the Settlement Shares dated 17 January 2023 and Form 3 filed by Lecca on 2 February 2023.

The allotment and issue of excess Rights Shares to Lecca may result in Lecca holding more than 15% of the enlarged share capital of the Company upon the completion of the Proposed Rights Issue. Accordingly, the Company is also seeking Shareholders' approval for the transfer of controlling interest to Lecca ("**Ordinary Resolution 3**"). Shareholders should also note that Ordinary Resolution 1 relating to the Proposed Rights Issue is conditional, *inter alia*, upon the passing of Ordinary Resolution 3. Accordingly, in the event that Ordinary Resolution 3 relating to the transfer of controlling interest to Lecca is not passed at the EGM, Ordinary Resolution 1 relating to the Proposed Rights Issue will not be carried (even if the resolution is passed by Shareholders at the EGM).

3.6.2 Summary of the Shareholders' Undertakings

Please refer to Section 2.1.1.1 of the Circular for information about the Shareholders' Undertakings.

We summarise the Shareholders' Undertakings from the Undertaking Shareholders as follows:

As at the Latest Practicable Date				Resultant Shareholdings			
Name	Number of Shares	% of Existing Share Capital ⁽¹⁾	Number of entitled Rights Shares to be subscribed under the Shareholders' Undertakings	Number of excess Rights Shares to be subscribed under the Shareholders' Undertakings	Number of Shares assuming Maximum Subscription Scenario ⁽²⁾	% of enlarged share capital assuming Maximum Subscription Scenario ⁽²⁾	% of enlarged share capital assuming Minimum Subscription Scenario ⁽³⁾
TBK	141,156,004	8.10	183,502,805	260,941,639	324,658,809	8.10	19.39
TBS	140,232,000	8.05	182,301,600	-	322,533,600	8.05	10.68
TAK	74,526,700	4.28	96,834,710	-	171,411,410	4.28	5.67
TBY	69,836,000	4.01	90,786,800	94,398,385	160,622,800	4.01	8.44
Lecca	185,185,185	10.63	240,740,740	129,629,830 ⁽⁴⁾	425,925,925	10.63	18.39 ⁽⁴⁾
Total	610,935,889	35.08	794,216,655	484,969,654	1,405,152,544	35.08	62.57

Notes:

- (1) Based on the Existing Issued Share Capital of 1,741,647,873 Shares as at the Latest Practicable Date.
- (2) Based on the enlarged share capital of 4,005,790,107 Shares comprising the Existing Issued Share Capital of 1,741,647,873 Shares as at the Latest Practicable Date and the maximum 2,264,142,234 Rights Shares to be allotted and issued under the Maximum Subscription Scenario.
- (3) Based on the enlarged share capital of 3,020,834,182 Shares comprising the Existing Issued Share Capital of 1,741,647,873 Shares as at the Latest Practicable Date and the minimum 1,279,186,309 Rights Shares to be allotted and issued under the Minimum Subscription Scenario.

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- (4) This refers to the minimum excess Rights Shares to be subscribed by Lecca.

For illustration purposes, in the event that Lecca subscribes for ALL the remaining unsubscribed Rights Shares under the Minimum Subscription Scenario, Lecca's resultant shareholding will increase to 1,540,511,480 Shares, representing 38.46% of the enlarged share capital of 4,005,790,107 Shares upon the completion of the Proposed Rights Issue.

However, as Lecca did not apply for any whitewash waiver, Lecca's resultant shareholding cannot exceed 30% of the enlarged share capital of the Company upon the completion of the Proposed Rights Issue.

We calculate that the maximum excess Rights Shares which may be subscribed by Lecca under the Minimum Subscription Scenario will be 630,622,050 Rights Shares and this will result in Lecca holding 1,056,547,975 Shares, representing slightly below 30% of the enlarged share capital of 3,521,826,602 Shares. In such circumstances, the maximum gross proceeds which may be raised by the Company under the Minimum Subscription Scenario will be approximately S\$4.8 million and the resultant shareholdings of the Concert Party Group will be 38.84%.

Each of Undertaking Shareholders has also undertaken that:

- (a) he/it will not sell, transfer or otherwise deal with any of the Shares that he/it owned or controlled as at the date of the Shareholders' Undertakings, during the period commencing from the date of Shareholders' Undertakings and ending on the completion of the Proposed Rights Issue; and
- (b) each of Undertaking Shareholders will vote all his Shares in favour of the Proposed Rights Issue at the EGM (if allowed by the SIC).

We note from the SIC's letter for the Whitewash Waiver that the conditions for the Whitewash Waiver does not include abstention of voting on the Proposed Rights Issue by any of the Undertaking Shareholders. Notwithstanding, we note from the Circular that TBK and its concert parties shall abstain from voting at the EGM on the resolution in relation to the Proposed Rights Issue.

4. THE WHITEWASH RESOLUTION

Under Rule 14.1 of the Code, where (a) any person acquires whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights in the Company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1% of the voting rights, he is required to make a Mandatory Offer.

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The aggregate shareholding of the Tan Family in the Company will increase as follows under the Minimum Subscription Scenario:

Name	As at the Latest Practicable Date		Number of entitled Rights Shares to be subscribed under the Shareholders' Undertakings	Number of excess Rights Shares ⁽²⁾	Resultant shareholdings	
	Number of Shares	% of Existing Issued Share Capital ⁽¹⁾			Number of Shares	% of enlarged share capital assuming Minimum Subscription Scenario ⁽³⁾
Undertaking Tan Members	425,750,704	24.45	553,475,915	355,340,024	1,334,566,643	44.18
Remaining Shareholders under the Tan Family ⁽⁴⁾	33,199,496	1.91	-	-	33,199,496	1.10
Total	458,950,200	26.35	553,475,915	355,340,024	1,367,766,139	45.28

Notes:

- (1) Based on the Existing Issued Share Capital of 1,741,647,873 Shares as at the Latest Practicable Date.
- (2) No excess Rights Shares will be allotted to Undertaking Shareholders in the event that the Rights Shares are fully subscribed under the Maximum Subscription Scenario.
- (3) Based on the enlarged share capital of 3,020,834,182 Shares comprising the Existing Issued Share Capital of 1,741,647,873 Shares as at the Latest Practicable Date and the minimum 1,279,186,309 Rights Shares to be allotted and issued under the Minimum Subscription Scenario.
- (4) These other members of the Tan Family who are not Undertaking Shareholders have confirmed that they will not subscribe to their respective entitlement to the Rights Shares.

As set out in the table above, the fulfilment of the obligations under the Shareholders' Undertakings by Undertaking Tan Members may result in the Concert Party Group increasing its holding of total voting rights in the Company to 30% or more. In such event, the Concert Party Group would incur an obligation to make a Mandatory Offer for the Company pursuant to Rule 14 of the Code unless such obligation is waived by the SIC on such terms and conditions as it may impose. The Whitewash Waiver was granted by the SIC on 18 April 2023 subject to the satisfaction of the conditions set out in Section 3.2 of the Circular (the "**SIC Conditions**"), including but not limited to, the Whitewash Resolution is approved by a majority of holders of voting rights of the Company at a general meeting,

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before the issue of the Rights Shares under the Proposed Rights Issue, by way of a poll; the Company appoints an IFA to advise the Independent Shareholders on the Whitewash Resolution; and the Concert Party Group and parties not independent of them abstain from voting on the Whitewash Resolution.

5. THE WHITEWASH WAIVER

The Whitewash Waiver was granted by the SIC on 18 April 2023. Please refer to Section 3.2 of the Circular for the SIC Conditions.

As at the Latest Practicable Date, save for the conditions set out in Sections 3.2.1(a) and 3.2.1(i) of the Circular, all the other SIC Conditions set out in Section 3.2 of the Circular have been satisfied.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT, BY VOTING FOR THE WHITEWASH RESOLUTION, THE INDEPENDENT SHAREHOLDERS ARE WAIVING THEIR RIGHTS TO A GENERAL OFFER FROM THE CONCERT PARTY GROUP AT THE HIGHEST PRICE PAID BY THEM IN THE PAST SIX (6) MONTHS PRECEDING THE ANNOUNCEMENT DATE.

6. ABSTENTION FROM VOTING

Pursuant to the Code and the SIC Conditions, the Concert Party Group and parties not independent of them shall abstain from voting on the Whitewash Resolution.

As set out in Section 10.3 of the Circular, the Tan Family as well as parties not independent of them shall abstain from voting at the EGM on Ordinary Resolution 2 in relation to the Whitewash Waiver. The Tan Family as well as parties not independent of them shall also decline to accept appointment as proxies for any Shareholder to vote in respect of the Ordinary Resolution 2 relating to the Proposed Whitewash Resolution, unless the Shareholder concerned have given specific instruction in the Proxy form as to the manner in which his/her votes are to be cast in respect of the said Ordinary Resolution.

7. EVALUATION OF THE WHITEWASH RESOLUTION

In our evaluation of the Whitewash Resolution, we have given due consideration to the following key factors:

- (a) the Rights Shares being offered to Entitled Shareholders on a *pro rata* basis;
- (b) the financial position of the Group;

- (c) the cash flows of the Group;
- (d) the Rights Issue Price;
- (e) the financial effects of the Proposed Rights Issue; and
- (f) other relevant considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

7.1 THE RIGHTS SHARES ARE BEING OFFERED TO ENTITLED SHAREHOLDERS ON A PRO RATA BASIS

The Proposed Rights Issue will be offered Entitled Shareholders on a *pro rata* basis, fractional entitlements to be disregarded.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and the Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

7.2 THE FINANCIAL POSITION OF THE GROUP

7.2.1 The latest published financial position of the Group

The Company published its latest financial statements, which is its unaudited consolidated financial results for the full year ended 31 March ("FY") 2023 on 26 May 2023.

We set out a summary of its financial position as at 31 March 2023 as follows:

S\$'000	Unaudited as at 31 March 2023
Current assets	13,318
Current liabilities	(24,355)
Net current liabilities	(11,037)
Non-current assets	38,112

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S\$'000	Unaudited as at 31 March 2023
Non-current liabilities	(6,456)
Net asset value	20,619
Less: Non-controlling interests	(4,587)
Net asset value attributable to the equity holder of the Company ("NAVEH")	16,032

As set out in the table above, the Group had negative working capital as at 31 March 2023.

In the event that the Proposed Rights Issue is fully subscribed under the Maximum Subscription Scenario, the balance of the proceeds raised from the Proposed Right Issue (if any after applying towards the discharging of the Corporate Guarantee) would be deployed as working capital and help to reduce the negative working capital position of the Group.

7.2.2 Material assets and liabilities of the Group

In our evaluation of the terms of the Proposed Rights Issue, we have also considered whether there is any asset or liabilities which may have materially different carrying value as at the Latest Practicable Date as compared to the value recorded in the statement of financial position of the Group as at 31 March 2023, and whether there are any subsequent events which are likely to impact the NAVEH as at 31 March 2023.

We set out in the table below the material assets and liabilities of the Group based on the unaudited financial statements of the Group as at 31 March 2023:

	Unaudited as at 31 March 2023	
	S\$'000	As a percentage of the Group's NAV
Property, plant and equipment (under non-current assets)	35,848	173.86
Loans and borrowings (under current and non-current liabilities)	(15,131)	(73.38)
Trade payables (under current liabilities)	(6,903)	(33.48)
Trade receivables (under current assets)	6,081	29.49

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Unaudited as at 31 March 2023

	S\$'000	As a percentage of the Group's NAV
Other payables and accruals (under current liabilities)	(5,191)	(25.18)
Inventories (under current assets)	3,977	19.29
Right-of-use assets (under non-current assets)	1,928	9.35
Cash and short-term deposits	1,698	8.24
Lease and hire purchase liabilities (under current and non-current liabilities)	(1,451)	(7.04)
Other receivables (under current assets)	1,159	5.62

We review each of the material asset and liability as follows:

- (a) Property, plant and equipment (under non-current assets)

The main asset under the Group's property, plant and equipment as at 31 March 2023 is the Phnom Penh Special Economic Zone Power Plant.

We note from the Company's announcements that:

- (i) the Group's interest in the Phnom Penh Special Economic Zone Power Plant is held through Colben Energy (Cambodia) PPSEZ Limited ("**Colben PPSEZ**"), a 49% indirect subsidiary of the Company. As at the Latest Practicable Date, the Group is engaged in a disagreement with Royal Group Phnom Penh SEZ Plc ("**RGPPSEZ**", previously known as Phnom Penh SEZ Plc), the 51% shareholder of Colben PPSEZ, that RGPPSEZ is not adhering to the terms and conditions of the shareholders' agreement ("**SHA**") that was entered into by Colben Energy Holdings (PPSEZ) Limited ("**CEH**", a 95% indirect subsidiary of the Company) and RGPPSEZ on 6 October 2008 and the joint venture agreement dated 21 October 2006 and amended on 6 November 2007.
- (ii) As announced by the Company on 31 March 2023, CEH has through its legal representative filed a notice of objection against RGPPSEZ with the Cambodia Court to object to the provisional court order issued by the Phnom Penh Court of First Instance to implement the resolutions were passed at the procedurally invalid general meeting of Colben PPSEZ held on 14 March 2023.

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Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

- (iii) In the same announcement, the Company also announced that the Group had, on 27 March 2023, given a formal notice to RGPPSEZ to exercise its full rights under the SHA and the related agreements, to convert all the outstanding loan of US\$5.934 million (the “**Loan**”) owed by RGPPSEZ immediately to CEH to 1,186,772 ordinary shares of a par value of US\$5 per share, either by way of a transfer of shares from RGPPSEZ to CEH, or failing which, new shares will be issued to CEH by Colben PPSEZ. Upon the transfer of shares by RGPPSEZ or by issuance of new 1,186,772 ordinary shares in Colben PPSEZ, CEH will effectively own 77% in Colben PPSEZ against 23% by RGPPSEZ.
- (iv) In the event that the Group succeeds in its action against RGPPSEZ, the Group’s interest in CEH, and consequently the carrying value of the Phnom Penh Special Economic Zone Power Plant will not be materially affected.
- (v) In the event that the Group fails in its action against RGPPSEZ, the Group may not be able to continue to classify Colben PPSEZ as its subsidiary and may have to deconsolidate the financials of Colben PPSEZ from the financial statements of the Group. The Company may also need to provide impairment loss on its investment in Colben PPSEZ and the Loan which are currently classified under investment in subsidiaries. The deconsolidation of the financials of Colben PPSEZ and the related impairment may materially affect the NAVEH of the Group.

(b) Loans and borrowings (under current and non-current liabilities)

Loans and borrowings as at 31 March 2023 consist mainly of term loans from banks with maturity from FY2024 to FY2026. Loans and borrowings which are current and due within one year from 31 March 2023 amounted to approximately S\$11.16 million (or 73.74% of the Group’s total loans and borrowings) as at 31 March 2023.

For avoidance of doubts, these loans and borrowings do not include the Loan. The Loan, which is currently classified under investment in subsidiaries in the Company’s balance sheet, is eliminated upon consolidation in the Group’s balance sheet.

(c) Trade receivables (under current assets)

The Group’s trade receivables include mainly trade receivables from the fire-fighting segment, where the Group provides fire protection solutions, with a focus on supplying, installing and maintaining firefighting and protection equipment.

We calculate the trade receivables' turnover days of the Group to be relatively stable at 65 days for FY2020, 64 days for FY2021, 65 days for FY2022 and 59 days for FY2023.

(d) Trade payables (under current liabilities)

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Included in the trade payables are amounts due to Kampuchea Tela Limited ("**Tela**"), a supplier of Colben Energy (Cambodia) Limited and Guan Heng Construction Sdn Bhd ("**Guan Heng**"). These two suppliers have taken legal actions for amounts due to them by the Group as announced by the Group. The amount due to Tela was US\$2,074,530.64 (equivalent to approximately S\$2,760,992.83 based on the closing exchange rate of US\$1 to S\$1.3309 as at 31 March 2023 ⁽¹⁾) and the amount claimed by Guan Heng was S\$1,174,000. The Group is reaching out to Tela to work out a payment plan for US\$1,026,565.71 (being the amount due to Tela after offsetting the amount payable by Electricite Du Cambodge ("**EDC**")). EDC has shortened the period of the power purchase agreement between Colben Energy (Cambodia) Limited and EDC. As a result, Colben Energy (Cambodia) Limited was unable to fulfil its agreement with Tela to fulfil the uptake of fuels from Tela. The Group is also making a counterclaim against Guan Heng. As at the Latest Practicable Date, there is no further development on these two subjects.

Note:

(1) Source: Bloomberg Finance L.P.

(e) Other payables and accruals (under current liabilities)

Other payables and accruals consist mainly of accruals, sundry payables and advances from related parties.

(f) Inventories (under current assets)

Inventories comprise inventories for the Group's fire-fighting segment. We calculate the inventories' turnover days of the Group to be 78 days for FY2020, 139 days for FY2021, 128 days for FY2022 and 106 days for FY2023.

(g) Right-of-use assets (under non-current assets)

Right-of-use assets consist mainly of the Group's leasehold land which is depreciated over its lease term to 2053.

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(h) Cash and short-term deposits (under current assets)

Cash and short-term deposits refer to cash at banks and on hand as well as short-term deposits of varying periods of between three and six months placed with the bank.

(i) Lease and hire purchase liabilities (under current and non-current liabilities)

These refer to lease and hire purchase liabilities on certain of the Group's rights-of-use assets including leasehold land and motor vehicles.

(j) Other receivables (under current assets)

Other receivables consist mainly of advances to suppliers and sundry debtors.

In respect of the above material assets and liabilities, we have sought the following confirmation from the Board of Directors and the management of the Company, and they have confirmed to us that, as at the Latest Practicable Date, to the best of their knowledge and belief:

- (a) save for the potential impairments to the carrying value of the assets and liabilities of Colben PPSEZ as set out above, there are no material differences between the realisable values of the Group's assets and liabilities as at the Latest Practicable Date and their respective book values as at 31 March 2023 which would have a material impact on the NAVEH of the Group;
- (b) there is no material acquisition or disposal of asset by the Group between 31 March 2023 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of asset, conversion of the use of its material assets or material change in the nature of the Group's business which would have a material impact on the NAVEH of the Group.

Accordingly, no adjustment will be made to the NAVEH of the Group for purposes of this analysis.

Based on the NAVEH above and the Existing Issued Share Capital of 1,741,647,873 Shares, we calculate the NAVEH per Share to be S\$0.0092 as at 31 March 2023. The Rights Issue Price is hence at a discount of S\$0.0065 (or 70.7%) to the NAVEH per Share and represents a price-to-NAVEH ("**P/NAV**") ratio of 0.29 times.

7.2.3 Events which may potentially affect the financial position of the Group

As set out in the Company's results announcement for FY2023 and also mentioned under the rationale for the Proposed Rights Issue, the Group and the Company provided Corporate Guarantee for banking facilities of MJE.

The Group holds 30% of MJE through Colben Energy Holdings (Maju Intan) Ltd ("**CEH**"), a wholly owned subsidiary of Colben Energy (Singapore) Pte Ltd, which in turn is a wholly owned subsidiary of the Company. The Maju Intan Biomass Power Plant held by MJE has been loss-making since FY2014 and the Company had fully impaired its investment in MJE in FY2019. The Company had also entered into term sheet as well as sale and purchase agreement to dispose its interest in CEH or MJE but such disposal proposals did not materialise.

As at 31 March 2023, the outstanding amounts owed by MJE to its bank amounted to RM85.7 million. As announced by the Company on 30 March 2023, MJE's bank has agreed to a settlement offer totalling RM52.5 million (the "**Settlement Sum**"), of which the Company is responsible for RM48 million to be repaid in accordance with an agreed schedule with the final payment by 30 June 2023. In the same announcement, the Company disclosed that it had started serious discussion with a white knight to fund the full repayment so that the Company can make a clean exit from MJE.

The Company, CEH, MJE and Etagreen Management Sdn. Bhd. ("**EM**", the white knight), have formalised the funding needs for MJE to repay the Settlement Sum and the Group's portion are as follows:

- (a) CEH will waive its rights to the pre-paid advance to MJE of RM4.0 million (the "**Advance**"). The Advance was deposited in the bank account of MJE in August 2022 to facilitate the negotiation with Maybank.

We understand that the Group will recognise a loss of RM4.0 million (or approximately S\$1.2 million based on the last middle exchange rate of S\$1 to RM3.3218 on 31 March 2023 published by Bank Negara Malaysia on its website) from this waiver.

- (b) CEH will assist MJE to pay RM14.5 million to Maybank ("**CEH's Share of the Settlement Sum**").

This translates to additional liabilities of RM14.5 million (or approximately S\$4.4 million based on the last middle exchange rate of S\$1 to RM3.3218 on 31 March 2023 published by Bank Negara Malaysia on its website) to the Group.



- (c) CEH will pay for 50% of the settlement of all Costs, which is estimated by the Company to be RM1.0 million (**“CEH’s Share of the Costs”**).

This translates to additional liabilities of RM1.0 million (or approximately S\$301,000 based on the last middle exchange rate of S\$1 to RM3.3218 on 31 March 2023 published by Bank Negara Malaysia on its website) to the Group.

Please refer to Section 5.1 of the Circular for the detailed breakdown of the settlement arrangement with Maybank.

We have sought the following confirmation from the Board of Directors and the management of the Company, and they have confirmed to us that, as at the Latest Practicable Date, to the best of their knowledge and belief, save as disclosed is this paragraph above and the legal actions taken against the Group by two suppliers set out in paragraph 7.2.2(d) of this IFA Letter:

- (a) there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAVEH of the Group as at the Latest Practicable Date; and
- (b) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Group.

Based on the above, the total additional liabilities to be recognised by the Group to make clean exit from MJE is RM19.5 million (or approximately S\$5.9 million based on the last middle exchange rate of S\$1 to RM3.3218 on 31 March 2023 published by Bank Negara Malaysia on its website).

In such scenario, the Group’s NAVEH of S\$16.0 million as at 31 March 2023 will be reduced to S\$10.1 million. The Group’s NAVEH per Share will be S\$0.0058 and the Rights Issue Price represents a discount of S\$0.0031 (or 53.7%) to the NAVEH per Share or a P/NAV ratio of 0.46 times.

The Proposed Rights Issue is in line with the Company’s rationale to raise funds to finance the Settlement Sum and helps to mitigate the effects of the S\$5.9 million additional liabilities to be borne by the Group for a clean exit from MJE. In addition, any amount to be raised from the Proposed Rights Issue will be a capital contribution to the Group and strengthen the Group’s financial position.

7.3 THE CASH FLOWS OF THE GROUP

We summarise the cash flows of the Group as follows:

S\$'000	FY2021	FY2022	FY2023
Net cash generated from operating activities	3,536	1,017	6,134
Net cash (used in)/generated from investing activities	(488)	431	(182)
Net cash (used in)/generated from financing activities	(1,871)	1,155	(6,499)
Net increase/(decrease) in cash and cash equivalents	1,177	2,603	(547)
Cash and cash equivalents at end of financial year	(1,055)	1,536	997

As set out in the above table, while the Group generated positive operating cash flow from its operating activities, the Group's cash and cash equivalents amounted to only S\$997,000 as at 31 March 2023 which is not sufficient to repay the S\$5.9 million additional liabilities to be borne by the Group for a clean exit from MJE as set out in paragraph 7.2.3 of this IFA Letter.

7.4 THE RIGHTS ISSUE PRICE

7.4.1 Versus recent rights issues of shares

In assessing the Proposed Rights Issue, we also compare the Rights Issue Price with rights issues of shares by companies listed on the SGX-ST which are announced and completed between 1 January 2021 and the Latest Practicable Date (“Recent Rights Issues”) as follows:

SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Discount of issue price to share price prior to announcement (%)	Discount of issue price to theoretical ex-rights share price ⁽²⁾ (%)	Premium/ (Discount) of issue price to latest NAV per share (%)
SATS Ltd	22-Feb-23	323 rights shares for 1000 existing shares	\$2.7500	\$2.2000	(20.0)	(15.9)	57.1
Acrometa Group Limited	28-Nov-22	1 rights share for 1 existing share	\$0.0660	\$0.0200	(69.7)	(53.5)	(62.3)
Soilbuild Construction Group Ltd.	30-Nov-22	2 rights shares for 5 existing shares	\$0.0343 ⁽¹⁾	\$0.0310	(9.6)	(7.1)	(21.9)
Amos Group Limited	11-Nov-22	1 rights share for 6 existing shares	\$0.1530	\$0.1400	(8.5)	(7.4)	(72.2)
CSE Global Ltd	10-Oct-22	1 rights share for 5 existing shares	\$0.4150	\$0.3300	(20.5)	(17.7)	(10.7)
Hotel Royal Limited	7-Oct-22	1 rights share for 5 existing shares	\$2.8900	\$2.0000	(30.8)	(27.1)	(63.1)
Sinocloud Group Limited	30-Sep-22	1 rights share for 2 existing shares	\$0.1000	\$0.500	(50.0)	(40.0)	(77.9)

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Discount of issue price to share price prior to announcement (%)	Discount of issue price to theoretical ex-rights share price ⁽²⁾ (%)	Premium/ (Discount) of issue price to latest NAV per share (%)
Bioldics Limited	29-Sep-22	1 rights share for 1 existing share	\$0.0300 ⁽¹⁾	\$0.0250	(16.7)	(9.1)	negative liabilities ⁽³⁾
Stamford Land Corporation Ltd	7-Dec-21	9 rights shares for 10 existing shares	\$0.4800	\$0.3400	(29.2)	(17.8)	(50.3)
Boldtek Holdings Limited	27-Aug-21	3 rights shares for 5 existing shares	\$0.0860	\$0.0500	(41.9)	(31.0)	(63.8)
Semboorp Marine Limited	24-Jun-21	3 rights shares for 2 existing shares	\$0.1910	\$0.0800	(58.1)	(35.7)	(67.0)
Olam International Limited	22-Jun-21	3 rights shares for 20 existing shares	\$1.7100	\$1.2500	(26.9)	(24.2)	(32.7)
IX Biopharm Ltd	8-Jun-21	7 rights shares for 100 existing shares	\$0.2450	\$0.2000	(18.4)	(17.4)	1,271.7
Leader Environmental Technologies Limited	26-Apr-21	1 rights share for 2 existing shares	\$0.1450	\$0.1000	(31.0)	(23.1)	2,214.7
ValueMax Group Limited	9-Apr-21	1 rights share for 5 existing shares	\$0.3918 ⁽¹⁾	\$0.3600	(8.1)	(6.9)	(16.1)

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Discount of share price prior to announcement (%)	Discount of issue price to theoretical ex-rights share price ⁽²⁾ (%)	Premium/ (Discount) of issue price to latest NAV per share (%)
King Wan Corporation Limited	31-Mar-21	1 rights share for 1 existing shares	\$0.0420	\$0.0200	(52.4)	(35.5)	(88.2)
Amos Group Limited	23-Mar-21	3 rights shares for 8 existing shares	\$0.0190	\$0.0135	(28.9)	(22.9)	(66.1)
Fraser Property Limited	10-Feb-21	37 rights shares for 100 existing shares	\$1.2400	\$1.1800	(4.8)	(3.6)	(54.2)
MM2 Asia Ltd	3-Feb-21	1 rights share for 1 existing share	\$0.1200	\$0.0470	(60.8)	(43.7)	(74.9)
Lowest discount or highest premium					(4.8)	(3.6)	2,214.7
Highest discount					(69.7)	(53.5)	(98.2)
Average					(30.8)	(23.1)	(47.8) ⁽³⁾
Median					(29.0)	(22.9)	(62.7) ⁽³⁾
The Company	31-Mar-23	13 rights shares for 10 existing shares	\$0.003	\$0.0027	(10.0)	(4.6) ⁽²⁾	(70.7) ⁽⁴⁾

Source: Bloomberg Finance L.P. and the respective SGX-ST announcements and public documents of the above companies.

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Notes:

- (1) These companies disclosed volume weighted average price ("VWAP") instead of last traded prices in their offer information statements.
- (2) The theoretical ex-rights share price (including the Company's) is obtained by the following formula:
$$\frac{(\text{number of existing shares to rights shares} \times \text{last trade price}) + (\text{number of rights shares} \times \text{issue price})}{(\text{number of existing shares to rights shares} + \text{number of rights shares})}$$

For comparative purposes, the percentage discount of issue price of the rights shares to the theoretical ex-rights share price are formularised without rounding the discount and the theoretical ex-rights share price of the Company and the Recent Rights Issues.
- (3) Excluded as outliers as the premiums exceeds 1,000% or are negative due to negative liabilities position.
- (4) This discount has not taken into account the effect of the result of the disagreement between the Group and RGPPSEZ to the NAVEH of the Group set out in paragraph 7.2.2 of this IFA Letter and the impact of the S\$5.9 million additional liabilities to be borne by the Group for a clean exit from MJE set out in paragraph 7.2.3 of this IFA Letter. As set out in paragraph 7.2.3 of this IFA Letter, had the additional liabilities of S\$5.9 million to be borne by the Group for a clean exit from MJE been included in the balance sheet of the Group as at 31 March 2023, the Group's NAVEH per Share would be S\$0.0058 and the Rights Issue Price represents a discount of S\$0.0031 (or 53.7%) to the NAVEH per Share.

Based on the above table, we note that:

- (a) the discounts of the Rights Issue Price to the last traded price and the theoretical ex-rights price of the Shares are within the range but lower than the corresponding average and median discounts of the Recent Rights Issues. However, Shareholders may wish to note that the closing price of the Shares was much lower than the closing prices of the shares of the Recent Rights Issues. As set out in paragraph 7.4.1 of this IFA Letter, the historical transacted prices of the Shares were below S\$0.01. Any further discount to the closing price of the Shares would increase the percentage discount to the closing price and reduce the corresponding theoretical ex-rights price of the Shares as well as the proceeds to be raised by the Company materially; and
- (b) the discount of the Rights Issue Price to the NAVEH per Share is within the range but higher than the corresponding average and median discounts of the Recent Rights Issues. However, Shareholders may also wish to note that the NAVEH applied to calculate the discount has not taken into account the potential impact to the Group's NAVEH as a result of the disagreement between the Group and RGPPSEZ set out in paragraph 7.2.2 of this IFA Letter and the impact of the S\$5.9 million additional liabilities to be borne by the Group for a clean exit from MJE set out in paragraph 7.2.3 of this IFA Letter.



As set out in paragraph 7.2.3 of this IFA Letter, the Group's NAVEH per Share after taking into account the S\$5.9 million additional liabilities will be S\$0.0058 and the Rights Issue Price represents a discount of S\$0.0031 (or 53.7%) to the NAVEH per Share. Such discount will be within the range, below the median discount but above the average discount to the latest NAV per share of the Recent Rights Issues.

Shareholders should note that the statistics of the Recent Rights Issues are dependent on various factors, including but not limited to, the industry, the business, the scale of operations, the financial performance, financial position and market capitalisation of the listed companies and may be affected by the prevailing market and economic conditions. As such, any comparison made is necessarily limited and serves only as an illustrative guide and should not be conclusively relied upon.

7.4.2 Same as the issue price of Settlement Shares allotted and issued to Lecca in February 2023

Lecca had paid a refundable deposit of S\$500,000 ("**Deposit**") to the Company, which was received by the Company on 11 May 2022, in relation to the restructuring framework agreement for the debt restructuring proposal in respect of MJE.

As the financiers of MJE rejected the debt restructuring proposal, the Company issued the 185,185,185 Settlement Shares at S\$0.0027 per Settlement Share instead of refunding the Deposit to Lecca.

The Rights Issue Price is the same as the issue price of the Settlement Shares.

7.4.3 Versus the historical VWAPs and traded prices of the Shares

We compare the Rights Issue Price to the VWAPs and trading prices of the Shares for periods commencing from 1 April 2021, being 24 months prior to the Announcement Date, up to the Latest Practicable Date as follows:

	VWAP ⁽¹⁾ (S\$)	Discount of the Rights Issue Price to VWAP (%)	Highest traded price (S\$)	Lowest traded price (S\$)
<u>Periods prior to the Announcement Date</u>				
Last 24 months	0.0056	(52.00)	0.009	0.002
Last 12 months	0.0040	(31.95)	0.007	0.002

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	VWAP ⁽¹⁾ (S\$)	Discount of the Rights Issue Price to VWAP (%)	Highest traded price (S\$)	Lowest traded price (S\$)
Last 6 months	0.0036	(24.54)	0.005	0.002
Last 3 months	0.0035	(21.84)	0.004	0.003
Last 1 month	0.0030	(10.00)	0.003	0.003
31 March 2023, being the last trading day of the Shares prior to the Announcement Date	0.0030	(10.00)	0.003	0.003
<u>Period after the Announcement Date</u>				
Up to the Latest Practicable Date	0.0029	(5.56)	0.004	0.002
22 May 2023, being the last trading day of the Shares prior to the Latest Practicable Date	0.0020	35.00	0.002	0.002

Source: Bloomberg L.P.

Note:

(1) Presented in, but not rounded to, four (4) decimal places.

As set out in the table above, the Rights Issue Price represents:

- (a) discounts to the VWAPs of the Shares for the various periods prior to the Announcement Date and the VWAP of the Shares for the period after the Announcement Date up to the Latest Practicable Date; and
- (b) a premium of 35.0% to the VWAP on 22 May 2023, being the last trading day of the Shares prior to the Latest Practicable Date. However, Shareholders may wish to note that only 300 Shares were traded on 22 May 2023. Shareholders can also refer to the following page for the analysis on the trading liquidity of the Shares.

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Shareholders may also wish to note that the minimum bid and ask price for shares listed on the SGX-ST is S\$0.001. The VWAP of the Shares on 22 May 2023, being the last trading day of the Shares prior to the Latest Practicable Date, was S\$0.002 which represented a discount of S\$0.002 to the highest closing and/or trading price of S\$0.004 per Share for the period after the Announcement Date up to the Latest Practicable Date. Given the low historical transacted prices of the Shares, any movement by a single bid or ask price of S\$0.001 per Share would result in a significant premium or discount of the Rights Issue Price to the trading prices of the Shares.

As set out in the table above, the highest traded price of the Shares was S\$0.009 for the 24 months period prior to the Announcement Date while the lowest traded price of the Shares was S\$0.002 for the same period. The difference between the highest and lowest traded price of the Share was S\$0.007 which represent a significant discount of 77.78% to the highest traded price or a premium of 350.0% of the lowest traded price.

Given that the Proposed Rights Issue is a preferential offering only available to Entitled Shareholders of the Company, the discounts and/or premium are applied to all Entitlement Shareholders of the Company.

In our review of the historical transacted prices of the Shares, we have also reviewed the following:

	Average daily traded volume ("ADTV") ⁽¹⁾	ADTV as a percentage of free float ⁽²⁾	Number of market days where the Shares were traded	Number of market days where the SGX- ST is open for trading
<u>Periods prior to the Announcement Date</u>				
Last 24 months	1,494,654	0.22	246	503
Last 12 months	1,732,214	0.26	91	250
Last 6 months	1,125,275	0.17	44	125
Last 3 months	1,338,740	0.20	25	62
Last 1 month	622,525	0.09	4	23
31 March 2023, being the last trading day of the Shares prior to the Announcement Date	1,700,000	0.25	1	1

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	Average daily traded volume ("ADTV") ⁽¹⁾	ADTV as a percentage of free float ⁽²⁾	Number of market days where the Shares were traded	Number of market days where the SGX- ST is open for trading
<u>Period after the Announcement Date</u>				
Up to the Latest Practicable Date	707,986	0.11	14	42
22 May 2023, being the last trading day of the Shares prior to the Latest Practicable Date	300	Not meaningful	1	1

Notes:

- (1) Calculated based on the total number of Shares traded in the aforesaid period divided by the number of market days where the Shares were traded.
- (2) We calculate free float (being Shares are held in the hands of the public) to be 669,912,488 Shares based on the Existing Issued Share Capital of 1,741,647,873 Shares and the Shares held by the Tan Family, Lecca, the Directors and Substantial Shareholders of the Company.

As set out in the table above, while the Company had free float of 669,912,488 Shares, representing 38.46% of the Existing Issued Share Capital of the Company, the average daily traded volume of the Shares represented less than 0.30% of the Company's free float. We also calculate that the Shares were traded on less than 50% of the number of market days where the SGX-ST is open for trading.

Given the low liquidity of the Shares, the historically transacted prices of the Shares may not be a meaningful indicator of the fair value of the Shares but they nonetheless represent the prices for transactions between willing buyer and willing seller of the Shares.

Shareholders should note that past trading performance for the Shares may not be relied upon as an indication of the fair value of the Company's securities or estimation of future trading prices of the Shares.



7.4.4 Comparison against NAVEH per Share

We summarise the comparison as follows:

- (a) the Rights Issue Price represents a discount of S\$0.0065 (or 70.7%) to the NAVEH per Share of S\$0.0092 as at 31 March 2023 as set out in paragraph 7.2.2 of this IFA Letter; and
- (b) the Rights Issue Price represents a discount of S\$0.0031 (or 53.7%) to the NAVEH per Share of S\$0.0058 had the additional liabilities of S\$5.9 million to be borne by the Group for a clean exit from MJE been recognised in the balance sheet of the Group as at 31 March 2023 as set out in paragraph 7.2.3 of this IFA Letter.

Shareholders may also wish to note that the NAVEH of the Group may be materially affected by the disagreement between the Group and RGPPSEZ set out in paragraph 7.2.2 of this IFA Letter as the Group may need to impair the carrying value of the assets and liabilities of Colben PPSEZ.

7.5 FINANCIAL EFFECTS OF THE PROPOSED RIGHTS ISSUE

The full text of the proforma financial effects of the Proposed Rights Issue on the Group is set out in Section 2.12 of the Circular.

In summary, we note the following:

- (a) the audited NTA per Share would be diluted from S\$0.0096 per Share as at 31 March 2022 to between S\$0.0057 and S\$0.0065 per Share as the Company will be issuing the Rights Shares at a discount to the NTA per Share; and
- (b) the audited loss per Share would be lower at between S\$0.0020 and S\$0.0027 per Share as compared to a S\$0.0047 per Share for FY2022 with the enlarged share capital upon completion of the Proposed Rights Issue.

7.6 OTHER CONSIDERATIONS

In determining whether the Proposed Rights Issue which is the subject of the Whitewash Resolution is fair and reasonable, and whether the Whitewash Resolution is prejudicial to the interests of the Independent Shareholders, we have also considered the following:

7.6.1 The Proposed Rights Issue and the Whitewash Resolution are subject to approval from Independent Shareholders

As set out in Section 10.3 of the Circular:

- (a) TBK and his concert parties shall abstain from voting at the EGM on Ordinary Resolution 1 in relation to the Proposed Rights Issue;
- (b) TBK and his concert parties shall also abstain from voting at the EGM on Ordinary Resolution 4 in relation to the relating to the transfer of controlling interest to TBK; and
- (c) the Tan Family as well as parties not independent of them shall abstain from voting at the EGM on Ordinary Resolution 2 in relation to the Whitewash Resolution.

Accordingly, the Proposed Rights Issue and the Whitewash Resolution are subject to the approval of Independent Shareholders being obtained at the EGM.

By voting in favour of the Whitewash Resolution, the Independent Shareholders will be waiving their rights to receive a Mandatory Offer from the Concert Party Group at the highest price paid by them for the Shares in the past six (6) months preceding the Announcement Date.

7.6.2 Dilution to the Independent Shareholders

There will be no dilution impact on the Independent Shareholders in the event all Entitled Shareholders subscribe for their *pro rata* entitlements of the Rights Shares under the Proposed Rights Issue.

In the event that all resolutions relating to the Proposed Rights Issue are approved by the Shareholders at the EGM, the maximum dilution impact on the Independent Shareholders will occur when the Undertaking Shareholders are the only group of Shareholders to subscribe for their *pro rata* Rights Shares and the Undertaking Shareholders (in the case of TBK, TBY and Lecca) apply for excess Rights Shares.

In this scenario, the existing Independent Shareholders who collectively hold 1,097,512,488 Shares, representing approximately 63.02% interest in the share capital of the Company as at the Latest Practicable Date, will have their shareholdings diluted to approximately 36.33%



interest in the enlarged share capital of the Company (comprising 3,020,834,182 Shares under the Minimum Subscription Scenario) upon completion of the Proposed Rights Issue.

In such event, the existing public float of the Company (comprising Shares held by Shareholders other than the Concert Party Group, Directors and substantial Shareholders), which collectively amounted to 669,912,488 Shares, representing approximately 38.46% interest in the share capital of the Company as at the Latest Practicable Date, will be diluted to approximately 22.18% interest in the enlarged share capital of the Company (comprising 3,020,834,182 Shares under the Minimum Subscription Scenario) upon completion of the Proposed Rights Issue.

7.6.3 Scope of the Whitewash Resolution

The Whitewash Resolution is in relation to the waiver by the Independent Shareholders of their rights to receive a Mandatory Offer from the Concert Party Group in the event that the Concert Party Group increases its holding of total voting rights in the Company to 30% or more as a result of the Undertaking Tan Members subscribing for their pro rata entitlement of the Rights Shares and applying for excess Rights Shares pursuant to their respective Shareholders' Undertakings. By approving the Whitewash Resolution, the Independent Shareholders are allowing the Undertaking Tan Members to subscribe for their entitlements.

As set out in paragraph 4 of this IFA Letter, the aggregate shareholding of the Tan Family in the Company may increase to a maximum of 45.28% under the Minimum Subscription Scenario.

Accordingly, the Concert Party Group is still subject to the Code and will be required to make a Mandatory Offer if the Concert Party Group acquires Shares (other than the Rights Shares) carrying more than 1% of the voting rights of the Company, in any six (6) months period.

7.6.4 Inter-Conditionality and Conditionality

Shareholders should note that:

- (a) the passing of Ordinary Resolution 1 (the Proposed Rights Issue) is conditional upon the passing of Ordinary Resolution 3 (Potential Transfer of Controlling Interest to Lecca) and Ordinary Resolution 4 (the Potential Transfer of Controlling Interest to TBK). If any of Ordinary Resolution 3 or Ordinary Resolution 4 is not passed at the EGM, Ordinary Resolution 1 will not be carried; and
- (b) the passing of Ordinary Resolution 2 is conditional upon the passing of Ordinary Resolution 1. If Ordinary Resolution 1 is not passed at the EGM, Ordinary Resolution 2 will not be tabled.



For the avoidance of doubt, in the event that Ordinary Resolution 2 is not carried out, the Company may still proceed to with the Proposed Rights Issue except that the number of Rights Shares to be allotted and issued will be dependent on the level of subscription of the Proposed Rights Issue so that the Concert Party Group will not hold 30% or more interest in the Company after the completion of the Proposed Rights Issue.

8. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Whitewash Resolution. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Whitewash Resolution, as summarised below:

On the "fairness" of the Proposed Rights Issue

- (a) the Rights Shares will be offered to Entitled Shareholders on a *pro rata* basis. Accordingly, any discounts and/or premium of the Rights Issue Price to the historically transacted prices of the Shares or NAVEH per Share are applied to all Entitlement Shareholders of the Company;
- (b) while the Group had NAVEH of S\$16.0 million as at 31 March 2023 and the Rights Issue Price represents a substantial discount to the NAVEH per Share, the Group's NAVEH may be affected by the ongoing disagreement relating to Colben PPSEZ set out in paragraph 7.2.2 of this IFA Letter and the S\$5.9 million additional liabilities to be borne by the Group for a clean exit from MJE set out in paragraph 7.2.3 of this IFA Letter;
- (c) the discounts of the Rights Issue Price to the last traded price, the theoretical ex-rights price of the Shares and the NAVEH per Share are within the range of the corresponding discounts of the Recent Rights Issues;
- (d) the Rights Issue Price is the same as the issue price of the Settlement Shares allotted and issued to Lecca in February 2023; and
- (d) the Rights Issue Price is below the VWAPs of the Shares for the various periods prior to the Announcement Date and the VWAP for the period after the Announcement

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Date up to the Latest Practicable Date as set out in the table in paragraph 7.4.3 of this IFA Letter.

On the “reasonableness” of the Proposed Rights Issue

- (i) the Group is undertaking the Proposed Rights Issue to raise funds to secure a full discharge of the Corporate Guarantee. If the Group is unable to secure a full discharge of the Corporate Guarantee with the proceeds from the Proposed Rights Issue and the potential white knight, the NAVEH of the Group will be materially affected;
- (ii) the Group had negative working capital as at 31 March 2023 and any surplus funds arising from the Proposed Right Issue would be deployed as working capital will help to reduce the net current liabilities of the Group;
- (iii) the Group’s cash and cash equivalents amounted to only S\$997,000 as at 31 March 2023 which is not sufficient for the S\$5.9 million additional liabilities to be borne by the Group for a clean exit from MJE set out in paragraph 7.2.3 of this IFA Letter;
- (iv) the discounts of the Rights Issue Price to the last traded price and the theoretical ex-rights price of the Shares are lower than the corresponding average and median discounts of the Recent Rights Issues while the discount of the Rights Issue Price to the NAVEH per Share is higher than the corresponding average and median discounts of the Recent Rights Issues. As the closing price of the Shares was much lower than the closing prices of the shares of the Recent Rights Issues, any further discount to the closing price of the Shares would increase the percentage discount to the closing price and reduce the corresponding theoretical ex-rights price of the Shares as well as the proceeds to be raised by the Company materially. Further, the discount to the NAVEH per Share in the table has not taken into account the ongoing disagreement relating to Colben PPSEZ set out in paragraph 7.2.2 of this IFA Letter and the S\$5.9 million additional liabilities to be borne by the Group for a clean exit from MJE set out in paragraph 7.2.3 of this IFA Letter; and
- (v) other considerations set out in paragraph 7.6 of this IFA Letter.

Accordingly, after taking into account the above factors and based on the information available to us as at the Latest Practicable Date, we are of the opinion that, the terms of the Proposed Rights Issue which is the subject of the Whitewash Resolution is fair and reasonable, and the Whitewash Resolution when considered in the context of the Proposed Rights Issue is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Recommending Directors to recommend that Independent Shareholders vote FOR the Whitewash Resolution at the EGM.

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This IFA Letter, which is prepared pursuant to the Code is addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the Whitewash Resolution, and the recommendation made by them to the independent Shareholders shall remain the responsibility of the Recommending Directors. Neither the Company, its Directors or its Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Whitewash Resolution, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

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	Direct	Number of Shares Deemed	Total	Total Percentage Interest (%)(1)
Directors				
Mr. Tay Kah Chye	1,600,000	-	1,600,000	0.09
Mr. Tan Boon Kheng	141,156,004	-	141,156,004	8.10
Mr. Tan Boon Siang	140,232,000	-	140,232,000	8.05
Mr. Chia Soon Hin William	-	-	-	-
Mr. Yip Mun Foong, James	-	-	-	-
Substantial Shareholders (other than Directors)				
Sincom Holdings Pte. Ltd.	232,000,000	-	232,000,000	13.32
Twinkle Investment Pte. Ltd.	194,000,000	-	194,000,000	11.14
Stephen Leong ⁽²⁾	-	232,000,000	232,000,000	13.32
Neo Kah Kiat ⁽³⁾	-	194,000,000	194,000,000	11.14
Liew Oi Peng ⁽³⁾	-	194,000,000	194,000,000	11.14
Lecca Capital Pte. Ltd.	185,185,185	-	185,185,185	10.63
Lecca Group Pte. Ltd. ⁽⁴⁾	-	185,185,185	185,185,185	10.63
Lim Chong Ping ⁽⁴⁾	-	185,185,185	185,185,185	10.63

Notes:-

- (1) The percentage of shareholdings is computed based on the Existing Share Capital comprising 1,741,647,873 Shares.
- (2) Mr Stephen Leong is the sole director and sole shareholder of Sincom Holdings Pte. Ltd. and is deemed interested in 232,000,000 shares held by Sincom Holdings Pte. Ltd.
- (3) Mr Neo Kah Kiat and Ms Liew Oi Peng are the directors and shareholders of Twinkle Investment Pte. Ltd. and are deemed interested in 194,000,000 shares held by Twinkle Investment Pte. Ltd.
- (4) Lecca Group Pte. Ltd. is the holding company of Lecca Capital Pte. Ltd. and Mr Lim Chong Ping is the sole shareholder of Lecca Group Pte. Ltd. and are deemed interested in the 185,185,185 shares held by Lecca Capital Pte. Ltd.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ASIATIC GROUP (HOLDINGS) LIMITED

(Company Registration Number 200209290R)

(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

*Unless otherwise defined, all capitalised terms herein shall bear the same meaning as in the circular to shareholders dated 7 June 2023 issued by Asiatic Group (Holdings) Limited ("**Circular**").*

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Asiatic Group (Holdings) Limited ("**Company**") will be held by way of electronic means on 22 June 2023 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions:

ORDINARY RESOLUTION 1: THE PROPOSED RIGHTS ISSUE

That subject to and contingent upon the passing of Ordinary Resolution 3 and Ordinary Resolution 4 herein in this Notice of EGM:

- (a) the non-renounceable non-underwritten rights issue of up to 2,264,142,234 new ordinary shares ("**Rights Shares**") of the company at an issue price of S\$0.0027 ("**Issue Price**") on the basis of thirteen (13) Rights Shares for every ten (10) existing ordinary shares of the company ("**Shares**") held as at the record date to be determined, fractional entitlements to be disregarded, be and is hereby approved; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution 1 and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 2: THE WHITEWASH RESOLUTION

That subject to and contingent upon the passing of Ordinary Resolution 1 herein in this Notice of EGM, and subject to the satisfaction of all the conditions set out in the Securities Industry Council's letter of 18 April 2023, Independent Shareholders (other than the Tan Family – as defined in the Circular to Shareholders dated 7 June 2023, as well as parties not independent of them) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Tan Family in accordance with Rule 14 of the Code for all the Shares not already owned or controlled by the Tan Family as a result of the Rights Issue.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 3: THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO LECCA CAPITAL PTE. LTD.

That subject to and contingent upon the passing of Ordinary Resolution 1 herein in this Notice of EGM:

- (a) approval be and is hereby given for the allotment and issuance by the Company of Rights Shares and Excess Rights Shares to Lecca Capital Pte. Ltd. on and subject to the terms of the Rights Issue, the issuance of such Rights Shares and Excess Rights Shares constituting a transfer of Controlling Interest in the Company to Lecca Capital Pte. Ltd. pursuant to Rule 803 of the Catalist Rules; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution 3 and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 4: THE POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO TAN BOON KHEUNG

That subject to and contingent upon the passing of Ordinary Resolution 1 herein in this Notice of EGM:

- (a) approval be and is hereby given for the allotment and issuance by the Company of Rights Shares and Excess Rights Shares to Tan Boon Kheng on and subject to the terms of the Rights Issue, the issuance of such Rights Shares and Excess Rights Shares constituting a transfer of Controlling Interest in the Company to Tan Boon Kheng pursuant to Rule 803 of the Catalist Rules; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution 4 and implement any of the foregoing as they think fit and in the interests of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 5: THE GROUP'S CO-FUNDING WHICH CONSTITUTES A MAJOR TRANSACTION

That subject to and contingent upon the passing of Ordinary Resolution 6 herein in this Notice of EGM:

- (a) the Group's Co-Funding be and is hereby approved and that authority be and is hereby granted to the Directors to carry out and implement the Group's Co-Funding on the terms and subject to the conditions set out in the SPA and the SSA; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution 5 and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 6: THE PROPOSED DISPOSAL WHICH CONSTITUTES A MAJOR TRANSACTION

That subject to and contingent upon the passing of Ordinary Resolution 5 herein in this Notice of EGM:

- (a) the Proposed Disposal be and is hereby approved and that authority be and is hereby granted to the Directors to carry out and implement the Proposed Disposal on the terms and subject to the conditions set out in the SPA and the SSA; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution 6 and implement any of the foregoing as they think fit and in the interests of the Company.

By Order of the Board

Tan Boon Kheng
Managing Director
7 June 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPORTANT NOTICE FOR SHAREHOLDERS:

The Company's EGM is being convened, and will be held, by electronic means pursuant to the provisions of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("Order") and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation titled "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period".

The documents and information relating to the EGM (including the Circular, Notice of EGM and Proxy Form) have been made available on SGXNet and the Company's corporate website and may be accessed at the following URLs:

- (a) <https://www2.sgx.com/securities/company-announcements>; and
- (b) <https://www.asiatic.com.sg/news/annual-reports.html>.

Nevertheless, for Shareholders' convenience, printed copies of the Notice of EGM and the Proxy Form will be despatched to Shareholders. Shareholders may request for printed copies of the Circular by submitting the request via email to egm@asiatic.com.sg by 19 June 2023, 10.00 a.m.

Shareholders should take note of the following arrangements for the EGM:

(a) **Participation in the EGM via live webcast**

The EGM will be conducted only by electronic means, and shareholders will **not** be able to attend the EGM in person. The Company will arrange for (i) a "live" audio-visual webcast of the EGM; and (ii) a "live" audio-only feed (via telephone) ("**Live Webcast**"), which allows shareholders to participate at the EGM. The Company will utilise both (i) real-time electronic voting and (ii) real-time electronic communication at the EGM.

Details of the steps for registration to attend the EGM, appointment of proxy(ies) to attend the EGM, submission of questions and voting at the EGM are set out in items (b) to (e) below.

(b) **Pre-registration for EGM Live Webcast**

Shareholders, including investors who hold shares through Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") ("**CPF/SRS Investors**") and who wish to attend the EGM Live Webcast must pre-register online at https://conveneagm.sg/AGH_EGM2023 by **19 June 2023, 10.00 a.m.** ("**Pre-Registration Deadline**") for verification purposes. Following successful verification, an email with instruction on how to join the Live Webcast will be sent to the registered Shareholders and CPF/SRS Investors via email by 21 June 2023, 10.00 a.m.. Shareholders must not forward the email instruction to other persons who are not shareholders and who are not entitled to attend the EGM Live Webcast. This is also to avoid any technical disruptions or overload to the Live Webcast.

Shareholders and CPF/SRS Investors who have pre-registered by the Pre-Registration Deadline but did not receive the aforementioned email by 21 June 2023, 10.00 a.m. should contact the Company by email to egm@asiatic.com.sg.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act ("**Relevant Intermediary Investors**") (other than CPF/SRS Investors) will not be able to pre-register for the EGM. An Investor who wishes to participate in the EGM should approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/ her name, email address and NRIC/passport number), via email to the Company at egm@asiatic.com.sg by 19 June 2023, 10.00 a.m.

(c) **Submission of Questions**

Shareholders including CPF/SRS Investors may submit substantial and relevant textual questions related to the resolutions to be tabled for approval at the EGM in advance of, or "live" at, the EGM Live Webcast.

Submission of Questions in advance of the EGM

Shareholders and CPF/SRS Investors who have questions in relation to any agenda item in this notice of EGM can submit their questions to the Company in advance, latest by **14 June 2023, 11.59 p.m.**, through the any of the following means:

- (i) Via the pre-registration website at the URL https://conveneagm.sg/AGH_EGM2023;
- (ii) by email to egm@asiatic.com.sg; or

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) by post, to be deposited at the Company's registered office at 65 Joo Koon Circle, Singapore 629078.

Shareholders and CPF/SRS Investors must identify themselves when posting questions through email or mail by providing the following details:

- (i) Full Name;
- (ii) Contact Telephone Number;
- (iii) Email Address; and
- (iv) The manner in which you hold shares (if you hold shares directly, please provide your CDP account number; otherwise, please state if you hold your shares through CPF or SRS, or are a relevant intermediary shareholder).

Shareholders and CPF/SRS Investors are strongly encouraged to submit their questions via the pre-registration website or by email. The Company will endeavour to respond to all substantial and relevant questions through an announcement on SGXNet and the Company's corporate website by 17 June 2023, 10.00 a.m.

Relevant Intermediary Investors who wish to submit questions in advance of the EGM, should contact their relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements.

Substantial and relevant questions which are submitted after 14 June 2023, 11.59 p.m. will be consolidated and addressed either before the EGM via an announcement on SGXNet and the Company's website or at the EGM.

Submission of Questions "live" at the EGM

Shareholders including CPF/SRS Investors may submit textual questions "live" at the EGM Live Webcast in the following manner:

- (i) Shareholders including CPF/SRS Investors or, where applicable, their appointed proxy(ies) who have pre-registered and are verified to attend the EGM Live Webcast can ask questions relating to the resolutions tabled for approval at the EGM, by typing in and submitting their questions through the "live" ask question function via the audio-visual webcast platform during the EGM within a certain prescribed time limit.
- (ii) Shareholders including CPF/SRS Investors or, where applicable, their appointed proxy(ies) must access the EGM Live Webcast via the "live" audio-visual webcast in order to ask questions at the EGM Live Webcast by submitting text-based questions, and will not be able to do so via the audio-only stream of the EGM Live Webcast.
- (iii) The Company will, during the EGM itself, address as many substantial and relevant questions (which are related to the resolutions to be tabled for approval at the EGM) which have not already been addressed prior to the EGM, as well as those received at the EGM Live Webcast, as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

The Company will publish the minutes of the EGM, which will include responses from the Board and management of the Company on the substantial and relevant questions received from Shareholders and CPF/SRS Investors via an announcement on SGXNet and the Company's corporate website within one (1) month after the EGM.

(d) **Live voting or voting by appointing proxy(ies)**

For Relevant Intermediary Investors who hold shares through relevant intermediaries and/or CPF/SRS Investors, please refer to item (e) for the procedures to vote at the EGM.

Shareholders will be able to vote at the EGM Live Webcast via the "live" audio-visual webcast, or by appointing proxy(ies) to vote on their behalf.

Duly completed Proxy Forms must be submitted through any of the following means not later than **19 June 2023, 10.00 a.m.** (being no later than seventy-two (72) hours before the time appointed for holding the EGM):

- (i) by email, a copy to egm@asiatic.com.sg; or
- (ii) by post, be deposited at the Company's registered office at 65 Joo Koon Circle, Singapore 629078.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

(e) **Voting at the EGM by Relevant Intermediary Investors and CPF/SRS Investors**

Relevant Intermediary Investors (including CPF/SRS Investors) who wish to appoint the Chairman as their proxy to vote at the EGM should not make use of the Proxy Form and should instead approach their respective relevant intermediary as soon as possible to specify voting instructions. CPF/SRS Investors who wish to vote should approach their respective CPF Agent Bank or SRS Operators to submit their votes at least seven (7) working days before the EGM, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to the Company by 19 June 2023, 10.00 a.m.

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In the case of a Shareholder whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form lodged if such Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding this EGM as maintained by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

"**Personal data**" in this notice of EGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name, address and NRIC/Passport number. By submitting (a) an application to pre-register for participation in the EGM via the Webcast; (b) questions relating to the resolutions to be tabled for approval at the EGM; and/or (c) an instrument appointing Chairman of the meeting as proxy to vote at the EGM and/or any adjournment thereof, a member of the Company hereby consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the EGM) for the purposes of, (i) verifying the member's information and processing of the member's application to pre-register to participate in the EGM via the Webcast and providing the member with any technical assistance where possible; (ii) addressing any selected questions submitted by the member and following up with the member where necessary, and responding to, handling, and processing queries and requests from the member; (iii) the processing and administration by the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the EGM) of proxy forms appointing Chairman of the meeting for the EGM (including any adjournment thereof); and (iv) the preparation, compilation and disclosure (as application) of the attendance lists, minutes, questions from members and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the EGM) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ASIATIC GROUP (HOLDINGS) LIMITED

(Company Registration No. 200209290R)
(Incorporated in the Republic of Singapore)

EXTRAORDINARY GENERAL MEETING PROXY FORM

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 7 June 2023.

Important:

1. The EGM of the Company to be held on 22 June 2023 at 10.00 a.m. is being convened, and will be held by way of electronic means through live webcast. Shareholders and proxy holders are not able to attend the EGM in person.
2. This Proxy Form is not valid for use by CPF/SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to the proxy form.
4. By submitting an instrument appointing proxy(ies), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 7 June 2023.

*I/We (Name) _____

*NRIC/Passport No./Company Registration No. _____

of (Address) _____

being a member/members of ASIATIC GROUP (HOLDINGS) LIMITED (the "**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her/they, the Chairman of the extraordinary general meeting of the Company (the "**EGM**"), as *my/our proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the EGM to be held by way of electronic means on 22 June 2023 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. **If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.**

No.	ORDINARY RESOLUTIONS	For**	Against**	Abstain**
1	To approve the Proposed Rights Issue			
2	To approve the Whitewash Resolution			
3	To approve the Potential Transfer of Controlling Interest to Lecca Capital Pte. Ltd.			
4	To approve the Potential Transfer of Controlling Interest to Tan Boon Kheng			
5	To approve the Group's Co-Funding which constitutes a major transaction			
6	To approve the Proposed Disposal which constitutes a major transaction			

Notes:

* Please delete accordingly.

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate with a tick "✓" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of June 2023

Total number of Shares being held	
--------------------------------------	--

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

- (1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number of shares is inserted, this proxy form will be deemed to relate to all shares held by you.
- (2) A shareholder of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint maximum two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company. Where a shareholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) A shareholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the shareholder, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such shareholder. Where such shareholder appoints more than one proxy, the appointments shall be invalid unless the shareholder specifies the number of Shares in relation to which each proxy has been appointed. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
- (4) The instrument appointing proxy(ies) must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
- (5) The instrument appointing a proxy or proxies, duly executed, must be submitted through any of the following means by **19 June 2023, 10.00 a.m.**, which is not later than seventy-two (72) hours before the time appointed for holding the EGM:
 - (i) by email a copy to egm@asiatic.com.sg; or
 - (ii) by post, be deposited at the Company's registered office at 65 Joo Koon Circle, Singapore 629078.
- (6) The Company shall be entitled to reject the instrument appointing Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing Chairman of the Meeting as proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointment the Chairman of the Meeting as proxy lodged if the shareholder being the appointor, is not shown to have shares entered against his/her/its name in the Depositor Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) to the Company.

Personal Data Privacy:

By submitting the proxy form appointing a proxy or proxies, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 7 June 2023.