



CIVMEC LIMITED

(Incorporated in Singapore on 3 June 2010)
(Company Registration Number 201011837H)

Directors:

James Finbarr Fitzgerald (Executive Chairman)
Patrick John Tallon (Chief Executive Officer)
Kevin James Deery (Chief Operating Officer)
Chong Teck Sin (Lead Independent Director)
Wong Fook Choy Sunny (Independent Director)
Douglas Owen Chester (Independent Director)

Registered Office:

80 Robinson Road
#02-00
Singapore 068898

7 October 2020

To: The Shareholders of Civmec Limited

Dear Sir/Madam

- (1) **RENEWAL OF THE SHARE PURCHASE MANDATE (THE "SHARE PURCHASE MANDATE")**
- (2) **PROPOSED GRANT OF 1,428,000 PERFORMANCE RIGHTS TO MR JAMES FINBARR FITZGERALD UNDER THE CIVMEC KEY SENIOR EXECUTIVES PERFORMANCE RIGHTS PLAN (THE "CIVMEC PRP")**
- (3) **PROPOSED GRANT OF 1,428,000 PERFORMANCE RIGHTS TO MR PATRICK JOHN TALLON UNDER THE CIVMEC PRP**

1. INTRODUCTION

1.1 We refer to:

- (a) the Notice of the Annual General Meeting of Civmec Limited (the "**Company**") dated 7 October 2020 (the "**Notice**"), accompanying the Annual Report of the Company for its financial year ended 30 June 2020 (the "**Annual Report 2020**"), convening the Annual General Meeting of the Company which is scheduled to be held on 30 October 2020 at 2.30 pm by electronic means (the "**AGM**");
- (b) the Ordinary Resolution 12 in relation to the renewal of the Share Purchase Mandate under the heading "Special Business" set out in the Notice;
- (c) the Ordinary Resolution 13 in relation to the proposed grant of 1,428,000 performance rights, each representing a right to one ordinary share of the Company granted under, and subject to the satisfaction of performance conditions in accordance with the rules of, the Civmec PRP (the "**Performance Rights**") to Mr James Finbarr Fitzgerald, a controlling shareholder of the Company, under the heading "Special Business" set out in the Notice; and
- (d) the Ordinary Resolution 14 in relation to the proposed grant of 1,428,000 Performance Rights to Mr Patrick John Tallon, a controlling shareholder of the Company, under the heading "Special Business" set out in the Notice.

(collectively, the "**Proposals**").

- 1.2 The purpose of this Letter is to provide Shareholders with information pertaining to and reasons for the Proposals.
- 1.3 The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.
- 1.4 The exchange rate of A\$1:S\$0.979 as at 1 October 2020 has been used in this Letter. This exchange rate is used for illustration purposes only and should not be construed as a representation that the relevant amounts have been or could be converted at the rate above or at any other rate or at all.
- 1.5 The legal adviser to the Company on the Proposals as to Singapore law is Wong Tan & Molly Lim LLC, and the legal adviser to the Company on the Proposals as to Australia law is Steinepreis Paganin.
- 1.6 **Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

2. THE RENEWAL OF SHARE PURCHASE MANDATE

2.1 Background

At the Annual General Meeting of the Company held on 29 October 2019, the Shareholders of the Company had approved the renewal of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company (the “**Shares**”). As the Share Purchase Mandate will expire on the date of the forthcoming AGM, the Directors propose that the Share Purchase Mandate be renewed at the Company’s forthcoming AGM.

2.2 Rationale for the Share Purchase Mandate

The approval of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the limit described in paragraph 2.3 below at any time, subject to market conditions, during the period of which the Share Purchase Mandate is in force.

The rationale for the Company to undertake a purchase or acquisition of its Shares is as follows:

- (a) the purchase by a company of its issued shares is one of the ways in which the return on equity of the company may be improved, thereby increasing shareholder value. By obtaining a Share Purchase Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force;
- (b) the Share Purchase Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group’s financial needs in an expedient and cost-effective manner. A share purchase programme will also allow management to effectively manage and minimise the dilution impact (if any) associated with share schemes;
- (c) the Shares which are purchased or acquired may be held as treasury shares which may be transferred for the purposes of employee share schemes which may be implemented by the Company. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on Shareholders; and
- (d) the Directors further believe that Share purchases by the Company may help to mitigate short-term market volatility in the price of the Shares, offset the effects of short-term speculation and bolster Shareholders’ confidence.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to a limit of 10% of the total number of issued shares of the Company as at the date of the AGM, Shareholders should take note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and no purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Company and its subsidiaries (the “**Group**”) as a whole.

2.3 **Authority and Limits of the Share Purchase Mandate**

The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if approved at the AGM, are summarised below:

Maximum Number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the number of the Company’s issued Shares as at the date on which the resolution authorising the Share Purchase Mandate is passed at the forthcoming AGM of the Company (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act (Chapter 50) of Singapore (the “**Companies Act**”)).

Any Shares which are held as treasury shares or subsidiary holdings will be disregarded for purposes of computing the 10% limit. As at 1 October 2020, being the latest practicable date prior to the printing of this Letter (the “**Latest Practicable Date**”), the Company holds 15,000 treasury shares and did not have any subsidiary holdings.

Solely for illustrative purposes, on the basis of 501,085,000 Shares (excluding treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 50,108,500 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed renewal of the Share Purchase Mandate.

Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the AGM at which the Share Purchase Mandate is approved and renewed, up to the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the purchases or acquisitions of Shares pursuant to the proposed renewal of Share Purchase Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in general meeting.

The Share Purchase Mandate may be renewed at subsequent annual general meetings or other general meetings of the Company.

Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be effected by the Company by way of:

- (i) on-market purchases (“**Market Purchases**”), transacted on SGX-ST through the ready market through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (“**Off-Market Purchases**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the rules of the listing manual of the SGX-ST (the “**Listing Manual**”).

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Under Rule 885 of the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (I) the terms and conditions of the offer;
- (II) the period and procedures for acceptances;
- (III) the reasons for the proposed purchase or acquisition of Shares;
- (IV) the consequences, if any, of the purchase or acquisition of Shares that will arise under the Singapore Code on Take-Over and Mergers (the “**Take-over Code**”) or other applicable take-over rules;
- (V) whether the purchase or acquisition of Shares, if made, could affect the listing of the Company’s shares on the SGX-ST;
- (VI) details of any share purchase made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (VII) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

Maximum purchase price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate (both Market Purchases and Off-Market Purchases) must not exceed 105% of the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition (the “**Maximum Price**”).

For the above purposes:

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

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

2.4 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

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

(a) *Maximum Holdings*

The maximum number of treasury shares which may be held by the Company shall not exceed 10% of the total number of issued shares (excluding any treasury shares and subsidiary holdings) and in the event that the Company holds in its treasury more than 10% of the total number of issued shares (excluding any treasury shares and subsidiary holdings), it shall cancel the excess within six months or such further period as the Registrar may allow.

(b) *Voting and Other Rights*

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

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

(c) *Disposal and Cancellation*

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

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

Under Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.5 **Source of Funds**

The Companies Act permits any purchase or acquisition of shares to be made out of a company's capital or profits so long as the company is solvent. For this purpose, a company is solvent if:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b)
 - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the purchase or acquisition of its shares, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the purchase or acquisition of its shares; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase or acquisition of its shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.6 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares, whether the purchase or acquisition was made out of profits and/or capital and whether the Shares purchased or acquired are held in treasury or cancelled.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration will correspondingly reduce the share capital of the Company but the amount available for the distribution of cash dividends by the Company will not be reduced.

For illustrative purposes only, on the basis of 501,085,000 Shares (excluding treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 50,108,500 Shares.

Assuming that the Company purchases or acquires the 50,108,500 Shares at the Maximum Price of S\$0.39 for one Share (being the price equivalent to 105% of the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 50,108,500 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is S\$19,542,315 (or equivalent to A\$19,961,507).

For illustrative purposes only, on the basis of the assumptions set out above and based on the audited financial statements of the Group for the financial year ended 30 June 2020 and assuming that:

- (a) the Share Purchase Mandate had been effective on the Latest Practicable Date; and
- (b) the purchases or acquisitions of Shares are financed solely by internal resources,

the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group for the financial year ended 30 June 2020 would have been as follows:

(a) Purchases made entirely out of capital⁽¹⁾

| | Before Share Purchase (A\$'000) | After Share Purchase (A\$'000) | |
|--|------------------------------------|-----------------------------------|--------------------------------|
| | | Shares cancelled | Shares held as treasury shares |
| Capital and Reserves | 116,102 | 96,140 | 96,140 |
| Share capital | 29,807 | 10,675 | 29,807 |
| Treasury stock | (10) | (10) | (19,972) |
| Asset Revaluation Reserve | 78,487 | 78,487 | 78,487 |
| Other reserves | 7,818 | 7,818 | 7,818 |
| Retained earnings | 147,086 | 147,086 | 147,086 |
| Total Equity Attributable to Owners | 263,188 | 243,226 | 243,226 |
| Non-controlling interest | (115) | (115) | (115) |
| Total Equity | 263,073 | 243,111 | 243,111 |
| Current assets | 199,404 | 179,442 | 179,442 |
| Current liabilities | 196,415 | 196,415 | 196,415 |
| Total borrowings | 62,387 | 62,387 | 62,387 |
| Cash and cash equivalents | 27,712 | 7,750 | 7,750 |
| Number of issued Shares ('000) | 501,085,000 | 450,976,500 | 450,976,500 |
| Financial ratios | | | |
| Basic earnings per share ("EPS") (cents) | 3.51 | 3.90 | 3.90 |
| Net tangible assets ("NTA") per Share ⁽²⁾ (cents) | 52.5 | 53.9 | 53.9 |
| Current ratio | 1.02 | 0.91 | 0.91 |
| Gearing ratio ⁽³⁾ | 0.24 | 0.26 | 0.26 |
| Return on Equity ⁽⁴⁾ | 6.68% | 7.23% | 7.23% |

Notes:

- (1) Where the amount of funds required for the purchase or acquisition of Shares exceeds the share capital of the Company, the balance is taken out of profits.
- (2) "NTA per Share" is calculated based on the Net Tangible Assets (total assets less total liabilities, intangible assets and deferred tax assets, and adding back deferred tax liabilities).
- (3) "Gearing ratio" is calculated using the ratio of total borrowings to total equity.
- (4) "Return on Equity" is calculated based on the net profits attributable to owners of the Company and total equity less non-controlling interests.

(b) Purchases made entirely out of profits

| | Before Share Purchase (A\$'000) | After Share Purchase (A\$'000) | |
|---|------------------------------------|-----------------------------------|--------------------------------|
| | | Shares cancelled | Shares held as treasury shares |
| Capital and Reserves | 116,102 | 116,102 | 116,102 |
| Share capital | 29,807 | 29,807 | 49,769 |
| Treasury stock | (10) | (10) | (19,972) |
| Asset Revaluation Reserve | 78,487 | 78,487 | 78,487 |
| Other reserves | 7,818 | 7,818 | 7,818 |
| Retained earnings | 147,086 | 127,124 | 127,124 |
| Total Equity Attributable to Owners | 263,188 | 243,226 | 243,226 |
| Non-controlling interest | (115) | (115) | (115) |
| Total Equity | 263,073 | 243,111 | 243,111 |
| Current assets | 199,404 | 179,442 | 179,442 |
| Current liabilities | 196,415 | 196,415 | 196,415 |
| Total borrowings | 62,387 | 62,387 | 62,387 |
| Cash and cash equivalents | 27,712 | 7,750 | 7,750 |
| Number of issued Shares ('000) | 501,085,000 | 450,976,500 | 450,976,500 |
| Financial ratios | | | |
| Basic earnings per share ("EPS") (cents) | 3.51 | 3.90 | 3.90 |
| Net tangible assets ("NTA") per Share ⁽²⁾ (cents) | 52.5 | 53.9 | 54.1 |
| Current ratio | 1.02 | 0.91 | 0.91 |
| Gearing ratio ⁽³⁾ | 0.24 | 0.26 | 0.26 |
| Return on Equity ⁽⁴⁾ | 6.68% | 7.23% | 7.23% |

Notes:

- (1) "NTA per Share" is calculated based on the Net Tangible Assets (total assets less total liabilities, intangible assets and deferred tax assets, and adding back deferred tax liabilities).
- (2) "Gearing ratio" is calculated using the ratio of total borrowings to total equity.
- (3) "Return on Equity" is calculated based on the net profits attributable to owners of the Company and total equity less non-controlling interests.

SHAREHOLDERS SHOULD NOTE THAT ALTHOUGH THE SHARE PURCHASE MANDATE WOULD AUTHORISE THE COMPANY TO PURCHASE OR ACQUIRE UP TO 10% OF THE ISSUED SHARES, THE COMPANY MAY NOT NECESSARILY PURCHASE OR ACQUIRE OR BE ABLE TO PURCHASE OR ACQUIRE THE ENTIRE 10% OF THE ISSUED SHARES. IN PARTICULAR, THE MAXIMUM NUMBER OF SHARES THAT THE COMPANY MAY PURCHASE UNDER THE SHARE PURCHASE MANDATE IS LIMITED TO THE EXTENT THAT THE COMPANY WILL REMAIN SOLVENT. THE DIRECTORS DO NOT INTEND TO EXERCISE THE PROPOSED SHARE PURCHASE MANDATE UP TO THE MAXIMUM LIMIT IF SUCH EXERCISE WOULD MATERIALLY AND ADVERSELY AFFECT THE FINANCIAL POSITION OF THE GROUP.

Shareholders should also note that the financial effects set out above are for illustration purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, Shareholders should note that the above analysis is based on the audited financial statements of the Group for the financial year ended 30 June 2020 and is not necessarily representative of future financial performance.

2.7 Reporting Requirements

The Companies Act and the Listing Manual require the Company to make reports in relation to the Share Purchase Mandate as follows:

- (a) within 30 days of the passing of a Shareholders' resolution to approve purchases of Shares, the Company must lodge a copy of such resolution with the Accounting & Corporate Regulatory Authority ("**ACRA**");
- (b) the Company must notify ACRA, within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification in the form as may be prescribed by the ACRA shall include details of the date of the purchase, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase of Shares, the Company's issued share capital after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required;
- (c) under Rule 886 of the Listing Manual, purchases of Shares must be reported to the SGX-ST in the forms prescribed by the Listing Manual and announced to the public in the case of Market Purchases, not later than 9.00 a.m. on the Market Day following the day of purchase of any of its Shares and in the case of Off-Market Share Purchases, not later than 9.00 a.m. on the second Market Day after the close of acceptances of the offer made by the Company; and
- (d) in its annual report and accounts, the Company shall make disclosure of details pertaining to purchases of Shares made during the year, including the total number of Shares purchased during the financial year under review, the purchase price per Share or the highest and lowest prices paid for the purchases, and where relevant, the total consideration paid.

2.8 Listing Rules

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate in any of the following circumstances:

- (a) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board of Directors until the price-sensitive information has been publicly announced; and
- (b) in the case of Market Purchases, during the period of one month immediately preceding the announcement of the Company's full-year results and the period of two weeks before the announcement of the Company's first quarter, second quarter and third quarter results.

The Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities must be held by public Shareholders. As at the Latest Practicable Date, approximately 50.6% of the issued Shares are held by public Shareholders (excluding treasury shares and subsidiary holdings). Assuming that the Company undertakes purchases or acquisitions of its Shares up to the full 10% limit permitted under the proposed Share Purchase Mandate, approximately 45% of the issued Shares will be held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

(a) *Obligation to make a Take-over Offer*

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

(b) *Persons Acting in Concert*

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

Unless the contrary is established, the following persons will be presumed to be acting in concert:

- (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and

- (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

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

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

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

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Purchase Mandate.

The Directors are not aware of any fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases by the Company.

2.10 Tax implications arising from Share Purchase

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

2.11 Interested Persons

The Company is prohibited from knowingly buying Shares on the Official List of SGX-ST from an interested person, that is, a Director, the Chief Executive Officer of the Company or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

2.12 No Previous Share Purchases Within The Last 12 Months

The Company has not purchased any Shares in the 12 months immediately preceding the Latest Practicable Date, pursuant to the Share Purchase Mandate approved by the Shareholders at the annual general meeting held on 29 October 2019.

3. PROPOSED GRANT OF PERFORMANCE RIGHTS TO CONTROLLING SHAREHOLDERS UNDER THE CIVMEC PRP

3.1 Background

The Civmec PRP was adopted by Shareholders at the annual general meeting of the Company held on 25 October 2018 (the “**2018 AGM**”), and caters principally to the Key Senior Executives (as defined below) of the Group (being the Executive Chairman, Chief Executive Officer (“**CEO**”), executives who report directly to the CEO, or selected other individuals, being employees of any member of the Group holding the rank of senior manager (or such other equivalent rank which may from time to time be determined by the committee administering the Civmec PRP (the “**Committee**”)) and above, who have been selected to participate in the Civmec PRP (each, a “**Key Senior Executive**” and collectively, the “**Key Senior Executives**”). The Civmec PRP is meant to increase the Company’s overall effectiveness in its continuing efforts to reward, motivate and retain Key Senior Executives whose contributions are essential to the well-being and prosperity of the Group, and to give recognition to outstanding Key Senior Executives of the Group who have contributed to the growth of the Group. Non-executive Directors are not eligible to participate in the Civmec PRP.

Under the Listing Manual and the rules of the Civmec PRP, Controlling Shareholders¹ and their Associates (as defined in the Listing Manual) who meet the eligibility criteria set out in the rules of the Civmec PRP are eligible to participate in the Civmec PRP, provided that (i) the participation of each Controlling Shareholder or his Associate, and (ii) the actual number and terms of the Performance Rights to be granted to them have been approved by independent Shareholders in separate resolutions for each such person.

The main objective of the Civmec PRP is to reinforce the vital equity culture at the top management level, and to further align the interests of the Company’s top management with those of Shareholders. The objectives of the Civmec PRP apply equally to the Key Senior Executives who are Controlling Shareholders or Associates of Controlling Shareholders. The Company’s view is that all deserving and eligible Key Senior Executives should be motivated, regardless of whether they are Controlling Shareholders. The Company believes that as the Civmec PRP is designed to motivate, retain and reward Key Senior Executives who contribute to the growth and profits of the Company, Key Senior Executives who are also Controlling Shareholders or Associates of Controlling Shareholders should be entitled to the same benefits as other Key Senior Executives and should not be excluded from benefiting under the Civmec PRP solely for the reason that they are Controlling Shareholders or Associates of the Controlling Shareholders. The Company is also of the view that the extension of the Civmec PRP to Controlling Shareholders enhances the long-term commitment of the Controlling Shareholders to the Company as it will ensure that such Controlling Shareholders will continue to have a stake in the Company even if they decrease their shareholdings in the Company in the future.

The Company also believes that the Civmec PRP does not unduly favour Controlling Shareholders over other eligible Key Senior Executives. The terms and conditions of the Civmec PRP do not differentiate the Controlling Shareholders from other Key Senior Executives in determining the eligibility of such persons to participate in the Civmec PRP and be granted Performance Rights thereunder. As such, the Controlling Shareholders and/or their Associates will be subject to the same rules as those applicable to other Key Senior Executives who have been granted Performance Right(s) under the Civmec PRP (each, a “**Participant**”). Further, the factors taken into account in determining the number of Performance Rights for grants to other Key Senior Executives (who are not Controlling Shareholders) are, where relevant to the rank and job scope of that Participant, substantively similar as those applicable to Controlling Shareholders. These factors include the Participant’s rank, job performance, creativity, innovativeness, entrepreneurship, resourcefulness, years of service and potential for future development, the Participant’s contribution to the success and development of the Group and the degree of difficulty of fulfilling the specified performance conditions within the performance period.

For the reasons above, the Remuneration Committee of the Company is of the opinion that the Civmec PRP does not unduly favour Controlling Shareholders over other eligible Key Senior Executives.

¹ Controlling Shareholder” is defined in the Listing Manual as a person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the Company. The SGX-ST may determine that a person who satisfies the aforesaid is not a Controlling Shareholder; or (b) in fact exercises control over the Company.

The participation of each of Mr James Finbarr Fitzgerald and Mr Patrick John Tallon, who are the Executive Chairman and the Chief Executive Officer of the Company, respectively, as well as Controlling Shareholders of the Company, was approved at the 2018 AGM, in compliance with the Listing Manual and the listing rules of the Australian Securities Exchange (the “**ASX Listing Rules**”).

The total number of Shares which may be delivered pursuant to Performance Rights granted under the Civmec PRP on any date, when added to:

- (i) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares delivered and/or to be delivered, pursuant to Performance Rights granted under the Civmec PRP; and
- (ii) the number of new Shares allotted and issued and/or to be allotted and issued and issued Shares delivered and/or to be delivered, in respect of any other options or grants under share option schemes or share schemes adopted by the Company for the time being in force, as the case may be, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (or such other limit as may be prescribed by the SGX-ST) of the Company on the date preceding the date of grant of the relevant Performance Right.

Furthermore, the aggregate number of Shares available to Controlling Shareholders and their Associates shall not exceed 25% of all Shares available under the Civmec PRP, and the number of Shares available to each Controlling Shareholder or his Associate shall not exceed 10% of all Awards available under the Civmec PRP.

3.2 Proposed grant of Performance Rights to Mr James Finbarr Fitzgerald under the Civmec PRP

As the Executive Chairman of the Company, Mr James Finbarr Fitzgerald is responsible for the development and performance of the Group including the areas of safety, strategy and financial performance. In his role, he has a significant influence over the profitability and sustainability of the Company and the granting of Performance Rights will allow alignment of his remuneration with the performance of the Group without imposing a cash burden on the Group. Mr James Finbarr Fitzgerald and the Chief Executive Officer were amongst the founders of the Group.

The Company proposes to grant 1,428,000 Performance Rights under the Civmec PRP covering 1,428,000 fully-paid Shares to Mr James Finbarr Fitzgerald to (a) align the interest of Mr James Finbarr Fitzgerald with the long-term interests of the Shareholders, (b) retain Mr James Finbarr Fitzgerald whose contributions are essential to the long-term growth and profitability of the Group, (c) instill loyalty to, and a stronger identification by Mr James Finbarr Fitzgerald with the long-term prosperity of, the Group, and (d) deliver compensation in a manner that drives the long-term performance of the Group. Further details of such grant of Performance Rights are set out in paragraph 3.4 below.

Shareholder approval is sought in Ordinary Resolution 13 for the specific grant of such Performance Rights to Mr James Finbarr Fitzgerald, in accordance with the requirements of the Listing Manual and the ASX Listing Rules.

3.3 Proposed grant of Performance Rights to Mr Patrick John Tallon under the Civmec PRP

As the Chief Executive Officer of the Company, Mr Patrick John Tallon is responsible for the safety, budgets, management and development of the Group’s operations, setting all Group policies such as those relating to safety, quality and the environment and the improvement of productivity. In his role, he has a significant influence over the profitability and sustainability of the Company and the granting of Performance Rights will allow alignment of his remuneration with the performance of the Group without imposing a cash burden on the Group. Mr Patrick John Tallon and the Executive Chairman were amongst the founders of the Group.

The Company proposes to grant 1,428,000 Performance Rights under the Civmec PRP covering 1,428,000 fully-paid Shares to Mr Patrick John Tallon to (a) align the interest of Mr Patrick John Tallon with the long-term interests of the Shareholders, (b) retain Mr Patrick John Tallon whose contributions are essential to the long-term growth and profitability of the Group, (c) instill loyalty to, and a stronger identification by Mr Patrick John Tallon with the long-term prosperity of, the Group, and (d) deliver compensation in a manner that drives the long-term performance of the Group. Further details of such grant of Performance Rights are set out in paragraph 3.4 below.

Shareholder approval is sought in Ordinary Resolution 14 for the specific grant of such Performance Rights to Mr Patrick John Tallon, in accordance with the requirements of the Listing Manual and the ASX Listing Rules.

3.4 **Details of Performance Rights**

The number of Performance Rights to be granted to each of Mr James Finbarr Fitzgerald and Mr Patrick John Tallon (each, a “**relevant Participant**”) has been determined after taking into account, *inter alia*, the relevant Participant’s rank, job performance, creativity, innovativeness, entrepreneurship, resourcefulness, years of service and potential for future development, his contribution to the success and development of the Group and the degree of difficulty of fulfilling the specified performance conditions within the performance period.

Performance Rights granted under the Civmec PRP are principally performance-based with performance conditions to be set over a performance period. Performance conditions set are intended to be based on the financial performance of the Company in a given performance period. The performance conditions are stretched targets aimed at sustaining long term growth.

In relation to each Performance Right, the Committee shall, as soon as reasonably practicable after the end of the relevant performance period, review the performance conditions specified in respect of such Performance Right and determine at its discretion whether the performance conditions have been satisfied and if so, the extent to which they have been satisfied. In making any such determination, the Committee may make reference to the audited results of the Company or the Group (as the case may be), taking into account such factors as the Committee may determine as relevant, such as changes in accounting methods, taxes and extraordinary events. Further, the Committee has the right to amend the performance conditions if the Committee decides that changed performance target would be a fairer measure of performance.

Provided that (i) the relevant Participant has continued to be a Key Senior Executive from the date of grant of the Performance Rights up to the end of the relevant performance period, and (ii) the job performance of the relevant Participant over the relevant performance period has been satisfactory (as determined by the Committee), the Committee shall determine at its discretion the aggregate number of Performance Rights which shall vest in the relevant Participant and the corresponding number of Shares which are to be delivered pursuant thereto.

The respective Performance Rights to be granted to each of Mr James Finbarr Fitzgerald and Mr Patrick John Tallon will vest in two tranches of fifty per centum each, based on the performance of the relevant Participant over two performance periods, as follows:

- (a) **Tranche 1 (50%):** two (2) year performance period from 1 July 2020 to 30 June 2022; and
- (b) **Tranche 2 (50%):** three (3) year performance period from 1 July 2020 to 30 June 2023.

The aggregate number of Performance Rights which shall vest in favour of Mr James Finbarr Fitzgerald and Mr Patrick John Tallon, respectively, will be based on the achievement of certain predetermined performance targets (which are based on absolute earnings per share (“aEPS”)) as determined by the Committee in accordance with the Civmec PRP. The performance targets are calculated from the aEPS set in advance each year by the Board when approving the forthcoming year’s budgeted profits divided by the number of shares in issue. The vesting schedule is as follows:

| Long Term Incentive Proportion Vesting – Number of Performance Rights to be vested, calculated as a percentage of the number of Performance Rights for each performance period | Absolute Earnings per Share |
|--|---|
| 50% | Target – If the aEPS achieved is equal to 90% of the three-year average annual result |
| On a pro rata basis between 50% and 100% | Between Target and Stretch – If the aEPS achieved is more than 90% but not more than 110% of the three-year average annual result |
| 100% | Stretch – If the aEPS achieved is more than 110% of three-year average annual result |

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The direct and deemed interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

| | Direct Interest | | Deemed Interest | |
|--|------------------|------------------|------------------|------------------|
| | Number of Shares | Shareholding (%) | Number of Shares | Shareholding (%) |
| Directors (and their spouses) | | | | |
| James Finbarr Fitzgerald (and Olive Teresa Fitzgerald) ⁽¹⁾ | - | - | 97,720,806 | 19.51 |
| Patrick John Tallon ⁽²⁾ | 54,000 | 0.01 | 97,566,806 | 19.47 |
| Kevin James Deery (and Chaychanok Deery) ⁽³⁾ | - | - | 13,295,250 | 2.65 |
| Chong Teck Sin | - | - | - | - |
| Wong Fook Choy Sunny | - | - | - | - |
| Douglas Owen Chester | - | - | 70,000 | 0.014 |
| Substantial Shareholders (other than Directors and their spouses) | | | | |
| JF & OT Fitzgerald Family Trust ⁽¹⁾ | 97,720,806 | 19.51 | - | - |
| Goldfirm Pty Ltd ⁽²⁾ | - | - | 97,566,806 | 19.47 |
| Kariong Investment Trust ⁽²⁾ | 97,566,806 | 19.47 | - | - |
| Michael Lorrain Vaz ⁽⁴⁾ | 15,113,000 | 3.02 | 23,812,000 | 4.75 |

Notes:

- (1) Mr James Finbarr Fitzgerald, the Company's Executive Chairman, and his spouse are the trustees of the JF & OT Fitzgerald Family Trust. Pursuant to Section 4(3) of the Securities and Futures Act ("SFA"), Mr James Finbarr Fitzgerald, his spouse (Olive Teresa Fitzgerald), their children (Sean Fitzgerald, Claire Fitzgerald and Sarah Fitzgerald) and Parglade Holdings Pty Ltd (which is equally held by Mr James Finbarr Fitzgerald and his spouse) are deemed to have an interest in the Shares owned by the JF & OT Fitzgerald Family Trust, which are legally held in the names of Mr James Finbarr Fitzgerald and his spouse, Olive Teresa Fitzgerald, as trustees. Mr James Finbarr Fitzgerald also has interests in 375,000 performance rights granted under the Civmec Key Senior Executives Performance Rights Plan.
- (2) Goldfirm Pty Ltd is the trustee of the Kariong Investment Trust. Mr Patrick John Tallon, the Company's Chief Executive Officer, has a deemed interest in the Shares which are held by Goldfirm Pty Ltd as trustee. Pursuant to Section 4(3) of the SFA, Mr Patrick John Tallon is also deemed to have an interest in the Shares owned by the Kariong Investment Trust, which are legally held in the name of Goldfirm Pty Ltd, as trustee. Mr Patrick John Tallon also has interests in 375,000 performance rights under the Civmec Key Senior Executives Performance Rights Plan.
- (3) Mr Kevin James Deery, the Company's Chief Operating Officer, and his spouse are the trustees of the Deery Family Trust. Pursuant to Section 4(3) of the SFA, Mr Kevin James Deery and his spouse, Chaychanok Deery, are deemed to have an interest in the Shares owned by the Deery Family Trust, which are legally held in the names of Mr Kevin James Deery and his spouse, Chaychanok Deery, as trustees. Mr Kevin James Deery also has interests in 375,000 performance rights under the Civmec Key Senior Executives Performance Rights Plan.
- (4) Mr Michael Lorrain Vaz has a deemed interest in 23,812,000 Shares which are held by Clarendon Pacific Ventures Pte Ltd.

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed Renewal of the Share Purchase Mandate

The Directors, having considered the rationale, are of the opinion that the proposed renewal of Share Purchase Mandate is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution 12 in relation to the Share Purchase Mandate to be proposed at the AGM.

In giving the above recommendation, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

5.2 Proposed grant of Performance Rights to Mr James Finbarr Fitzgerald under the Civmec PRP

In accordance with the requirements of the Listing Manual and the ASX Listing Rules, specific Shareholders' approval must be sought for the actual number and terms of the Performance Rights to be granted to Mr James Finbarr Fitzgerald, a Controlling Shareholder and Director of the Company.

Mr James Finbarr Fitzgerald has therefore abstained from making any recommendations to the Shareholders in relation to Ordinary Resolution 13, being the Ordinary Resolution relating to the proposed grant of 1,428,000 Performance Rights covering 1,428,000 Shares to Mr James Finbarr Fitzgerald under the Civmec PRP, to be proposed at the AGM.

The non-executive Directors are of the view that the proposed grant of 1,428,000 Performance Rights covering 1,428,000 Shares to Mr James Finbarr Fitzgerald, upon such terms as may be determined by the Committee, in accordance with the rules of the Civmec PRP, is in the interests of the Company and Shareholders. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 13, being the Ordinary Resolution relating to the proposed grant of 1,428,000 Performance Rights covering 1,428,000 Shares to Mr James Finbarr Fitzgerald, upon such terms as may be determined by the Committee, in accordance with the rules of the Civmec PRP, to be proposed at the AGM.

5.3 Proposed grant of Performance Rights to Mr Patrick John Tallon under the Civmec PRP

In accordance with the requirements of the Listing Manual and the ASX Listing Rules, specific Shareholders' approval must be sought for the actual number and terms of the Performance Rights to be granted to Mr Patrick John Tallon, a Controlling Shareholder and Director of the Company.

Mr Patrick John Tallon has therefore abstained from making any recommendations to the Shareholders in relation to Ordinary Resolution 14, being the Ordinary Resolution relating to the proposed grant of 1,428,000 Performance Rights covering 1,428,000 Shares to Mr Patrick John Tallon under the Civmec PRP to be proposed at the AGM.

The non-executive Directors are of the view that the proposed grant of 1,428,000 Performance Rights covering 1,428,000 Shares to Mr Patrick John Tallon, upon such terms as may be determined by the Committee, in accordance with the rules of the Civmec PRP, is in the interests of the Company and Shareholders. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 14, being the Ordinary Resolution relating to the proposed grant of 1,428,000 Performance Rights covering 1,428,000 Shares to Mr Patrick John Tallon, upon such terms as may be determined by the Committee, in accordance with the rules of the Civmec PRP, to be proposed at the AGM.

6. ABSTENTION FROM VOTING

6.1 Shareholders who are eligible to participate in the Civmec PRP will abstain from voting on the following Ordinary Resolutions to be proposed at the AGM:

- (a) Ordinary Resolution 13, being the Ordinary Resolution in relation to the proposed grant of Performance Rights to Mr James Finbarr Fitzgerald; and
- (b) Ordinary Resolution 14, being the Ordinary Resolution in relation to the proposed grant of Performance Rights to Mr Patrick John Tallon, and

the Company will disregard any votes cast by such Shareholders in respect of their Shares on the said Ordinary Resolutions. With reference to the voting exclusion statement relating to Ordinary Resolutions 13 and 14 in the Notice of the AGM and paragraph 6.2 below, for the avoidance of doubt, the Company will also disregard any votes cast on Ordinary Resolutions 13 and 14 by Shareholders who are eligible to participate in the Civmec PRP.

Such Shareholders will also not accept nominations to act as proxies unless specific instructions have been given in the proxy instruments by the independent Shareholders appointing them on how they wish their votes to be cast in respect of each of such Ordinary Resolutions. With reference to the voting exclusion statement relating to Ordinary Resolutions 13 and 14 in the Notice of the AGM and paragraph 6.2 below, for the avoidance of doubt, the Company need not disregard a vote cast by a Shareholder who is eligible to participate in the Civmec PRP as a proxy for independent Shareholders (that is, shareholders who are not eligible to participate in the Civmec PRP) who have given specific instructions in the proxy instruments on how they wish their votes to be cast in respect of Ordinary Resolutions 13 and 14.

6.2 Mr James Finbarr Fitzgerald, Mr Patrick John Tallon and their Associates will also abstain from voting on Ordinary Resolutions 13 and 14 at the AGM and they shall also decline to accept appointment as proxies for any Shareholder to vote in respect of the said Ordinary Resolutions unless the Shareholder concerned has given specific instructions in his proxy instrument as to the manner in which his votes are to be cast in respect of such Ordinary Resolutions. In addition, as required by the ASX Listing Rules, the Company will disregard any votes cast in favour of the Ordinary Resolutions 13 and 14 by or on behalf any Director who is eligible to participate in the Civmec PRP, or any associates (as defined in the ASX Listing Rules) of those Directors (an “**Excluded Party**”). However, the Company need not disregard a vote cast in favour of Ordinary Resolutions 13 and 14 if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Ordinary Resolution, in accordance with the directions given to the proxy or attorney to vote on the Ordinary Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Ordinary Resolution, in accordance with a direction given to the Chair to vote on the Ordinary Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Ordinary Resolution; and
 - (ii) the holder votes on the Ordinary Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposals, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in the Letter 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 Letter in its proper form and context.

8. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours from the date of this Letter up to the date of the AGM:

- (a) the rules of the Civmec PRP;
- (b) the Annual Report; and
- (c) the Constitution of the Company.

Yours faithfully
For and on behalf of the Board of Directors of
CIVMEC LIMITED

James Finbarr Fitzgerald
Executive Chairman