

# YHI INTERNATIONAL LIMITED

(Company Registration Number 200007455H)  
(Incorporated in Singapore)  
(the "Company")

## MINUTES OF ANNUAL GENERAL MEETING

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Date	:	Friday, 28 April 2023
Time	:	10.00 a.m.
Place	:	2 Pandan Road, Singapore 609254
Present	:	As per the Attendance List maintained by the Company
Chairman	:	Mr Tay Tiang Guan

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### **INTRODUCTION**

Mr Tay Tiang Guan was elected as the Chairman for the purposes of the Annual General Meeting ("**AGM**" or the "**Meeting**").

The Chairman welcomed the shareholders to the AGM of the Company and introduced the Board of Directors who were all present in person.

### **QUORUM**

The Chairman stated that he had received confirmation from the Share Registrar, Tricor Barbinder Share Registration Services, that there was a sufficient number of authenticated shareholders who attended the Meeting, and as such, a quorum was present.

### **VOTING BY PROXY**

The Chairman stated that in accordance with Regulation 58(A) of the Company's Constitution, the proposed Resolutions put to vote at the Meeting would be decided on a poll.

The Chairman stated that as the chairman of the meeting, he was appointed as proxy by some shareholders to vote in accordance with their instructions on their behalf prior to the AGM. As such, all Resolutions were deemed proposed and seconded.

The Chairman stated that the proxy forms lodged have been checked by the Company's scrutineers, Anton Management Solutions Pte. Ltd., and were found to be in order.

### **NOTICE OF AGM AND LETTER TO SHAREHOLDERS**

The Chairman stated that the FY2022 Annual Report together with the Letter to Shareholders and the Notice of the Meeting have been circulated to the shareholders via publication on SGXNET and the Company's website.

The Chairman suggested that the Notice convening the Meeting be taken as read.

### **COMMENTS, QUERIES AND QUESTIONS FROM SHAREHOLDERS**

The Chairman stated that shareholders were given the opportunity to submit comments, queries and/or questions by 10.00 a.m. on Tuesday, 18 April 2023. The Chairman stated that the Company received some comments, queries and questions from shareholders, which was addressed by the Company in its announcement released on SGXNet and the Company's website on 21 April 2023.

The Chairman stated that shareholders will have the opportunity to ask questions during the course of the AGM.

During the course of the AGM, shareholders raised various comments, queries and questions, which were addressed by the Board of Directors and Management of the Company. The Company has consolidated its responses to the comments, queries and questions received in **Annex A** attached hereto.

### **ORDINARY BUSINESS**

#### **1. ORDINARY RESOLUTION 1: DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS**

The Meeting proceeded to receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon.

The Chairman stated that the Directors' Statement and the Audited Financial Statements were set out on pages 63 to 140 of the Annual Report.

The motion was put to vote by way of a poll.

The Chairman stated that there were 194,619,763 shares voting "FOR" the motion representing 100%, 0 shares voting "AGAINST" the motion, representing 0% and 0 shares abstained from voting on the motion. Accordingly, the Chairman declared the Ordinary Resolution 1 carried by a unanimous vote. It was resolved:

"That the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon be and are hereby received and adopted."

#### **2. ORDINARY RESOLUTION 2: FIRST AND FINAL TAX-EXEMPT DIVIDEND**

The Directors have recommended the payment of a first and final tax-exempt dividend of 3.60 Singapore cents per ordinary share for the financial year ended 31 December 2022. The dividend, if approved, will be paid on 18 May 2023.

The motion was put to vote by way of a poll.

The Chairman stated that there were 194,619,763 shares voting "FOR" the motion representing 100%, 0 shares voting "AGAINST" the motion, representing 0% and 0 shares abstained from voting on the motion. Accordingly, the Chairman declared the Ordinary Resolution 2 carried by a unanimous vote. It was resolved:

"That a first and final tax-exempt dividend of 3.60 Singapore cents per ordinary share be declared for the financial year ended 31 December 2022."

**3. ORDINARY RESOLUTIONS 3 AND 4: RE-ELECTION OF DIRECTORS**

**3.1 ORDINARY RESOLUTION 3: RE-ELECTION OF MR TAY TIANG GUAN**

Mr Tay Tiang Guan retired by rotation at the Meeting pursuant to Regulation 89 of the Company's Constitution and was eligible for re-election. Mr Tay Tiang Guan expressed his willingness to stand for the re-election.

The Meeting noted that Mr Tay Tiang Guan will, upon re-election as a Director of the Company, remain as an Executive Director of the Company.

The motion was put to vote by way of a poll.

The Chairman stated that there were 149,619,410 shares voting "FOR" the motion representing 100%, 0 shares voting "AGAINST" the motion, representing 0% and 45,000,353 shares abstained from voting on the motion. Accordingly, the Chairman declared the Ordinary Resolution 3 carried by a unanimous vote. It was resolved:

"That Mr Tay Tiang Guan, who is retiring pursuant to Regulation 89 of the Company's Constitution, be and is hereby re-elected as an Executive Director of the Company."

**3.3 ORDINARY RESOLUTION 4: RE-ELECTION OF MR ONG KIAN MIN**

Mr Ong Kian Min retired by rotation at the Meeting pursuant to Regulation 89 of the Company's Constitution and was eligible for re-election. Mr Ong Kian Min expressed his willingness to stand for the re-election.

The Meeting noted that Mr Ong Kian Min will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee of the Company.

The motion was put to vote by way of a poll.

The Chairman stated that there were 194,619,763 shares voting "FOR" the motion representing 100%, 0 shares voting "AGAINST" the motion, representing 0% and 0 shares abstained from voting on the motion. Accordingly, the Chairman declared the Ordinary Resolution 4 carried by a unanimous vote. It was resolved:

"That Mr Ong Kian Min, who is retiring pursuant to Regulation 89 of the Company's Constitution, be and is hereby re-elected as an Independent Director of the Company."

**4. ORDINARY RESOLUTION 5: DIRECTORS' FEES**

The Directors had, subject to shareholders' approval, recommended the payment of a sum of S\$145,000.00 as Directors' fees for the financial year ended 31 December 2022.

The motion was put to vote by way of a poll.

The Chairman stated that there were 193,959,963 shares voting "FOR" the motion representing 100%, 0 shares voting "AGAINST" the motion, representing 0% and 659,800 shares abstained

from voting on the motion. Accordingly, the Chairman declared the Ordinary Resolution 5 carried by a unanimous vote. It was resolved:

“That the payment of Directors’ fees of S\$145,000.00 for the financial year ended 31 December 2022 be and is hereby approved.”

**5. ORDINARY RESOLUTION 6: RE-APPOINTMENT OF AUDITORS**

PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants Singapore, had expressed their willingness to continue in office.

The motion was put to vote by way of a poll.

The Chairman stated that there were 194,619,763 shares voting “FOR” the motion representing 100%, 0 shares voting “AGAINST” the motion, representing 0% and 0 shares abstained from voting on the motion. Accordingly, the Chairman declared the Ordinary Resolution 6 carried by a unanimous vote. It was resolved:

“That PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants Singapore, be re-appointed as Auditors of the Company and that the Directors be authorised to fix its remuneration.”

**SPECIAL BUSINESS**

**6. ORDINARY RESOLUTION 7: AUTHORITY TO ALLOT AND ISSUE SHARES IN THE CAPITAL OF THE COMPANY (“SHARES”)**

Resolution 7 is to authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act 1967.

The motion was put to vote by way of a poll.

The Chairman stated that there were 185,408,513 shares voting “FOR” the motion representing 95.27%, 9,211,250 shares voting “AGAINST” the motion, representing 4.73% and 0 shares abstained from voting on the motion. Accordingly, the Chairman declared the Ordinary Resolution 7 carried by a majority vote. It was resolved:

“That, pursuant to Section 161 of the Companies Act 1967 of Singapore (the “**Act**”) and Rule 806 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (A) (i) allot and issue shares in the capital of the Company (the “**Shares**”) (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require the Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) allot and issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as at the time of passing of this Resolution);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be allotted and issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of convertible securities;
  - (b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Any adjustments made in accordance with sub-paragraphs (2)(a) and (2)(b) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.”

7. **ORDINARY RESOLUTION 8: AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE 2021 YHI SHARE OPTION SCHEME**

Resolution 8 is to authorise the Directors to grant options and to allot and issue shares in accordance with the rules of the 2021 YHI Share Option Scheme and pursuant to Section 161 of the Companies Act 1967.

The motion was put to vote by way of a poll.

The Chairman stated that there were 187,021,063 shares voting “FOR” the motion representing 96.10%, 7,586,200 shares voting “AGAINST” the motion, representing 3.90% and 12,500 shares abstained from voting on the motion. Accordingly, The Chairman declared the Ordinary Resolution 8 carried by a majority vote. It was resolved:

“That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be and are hereby authorised to grant Options in accordance with the rules of the 2021 YHI Share Option Scheme, and to allot and issue from time to time such number of fully paid-up shares in the Company as may be required to be allotted and issued pursuant to the exercise of the Options granted under the 2021 YHI Share Option Scheme, provided always that the aggregate number of new shares to be allotted and issued pursuant to the exercise of the Options granted or to be granted under the 2021 YHI Share Option Scheme, when added to all shares, options or awards granted under any other share option scheme, performance share plan or share incentive scheme of the Company then in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.”

**8. ORDINARY RESOLUTION 9: THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

Resolution 9 is to approve the proposed Renewal of the Share Buy-Back Mandate.

The motion was put to vote by way of a poll.

The Chairman stated that there were 194,619,763 shares voting “FOR” the motion representing 100%, 0 shares voting “AGAINST” the motion, representing 0% and 0 shares abstained from voting on the motion. Accordingly, the Chairman declared the Ordinary Resolution 9 carried by a unanimous vote. It was resolved:

“That:

- (1) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Percentage (as defined below), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined below), whether by way of:
  - (a) on-market purchases on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted (“**Other Exchange**”) (“**On-Market Purchases**”); and/or
  - (b) off-market purchases (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act 1967 of Singapore (“**Off-Market Purchases**”),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is

hereby authorised and approved generally and unconditionally (the “**Share Buy-Back Mandate**”);

- (2) the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:
- (a) the date on which the next annual general meeting of the Company is held;
  - (b) the date by which the next annual general meeting of the Company is required by law to be held;
  - (c) the date when such mandate is revoked or varied by the Shareholders of the Company in general meeting; or
  - (d) the date on which the purchases or acquisitions of issued Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.
- (3) in this Ordinary Resolution:

“**Maximum Percentage**” means that number of issued Shares representing not more than 10.0% of the total number of issued Shares as at date of the passing of this Ordinary Resolution (excluding any treasury shares and subsidiary holdings as at that date);

“**Maximum Price**” in relation to a Share to be purchased or otherwise acquired, means the purchase price as determined by the Directors (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) and not exceeding:

- (a) in the case of an On-Market Purchase, 105.0% of the Average Closing Price of the Shares. For this purpose, the Average Closing Price is:
    - (i) the average of the closing market prices of the Shares over the last five (5) market days (on which transactions in the Shares were recorded) immediately before the date of the Share Purchase by the Company; and
    - (ii) deemed to be adjusted for any corporate action that occurs during the relevant five (5) market day period and the day on which the Share Purchase is made; and
  - (b) in the case of an Off-Market Purchase, 105.0% of the highest price at which a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an Off-Market Purchase offer stating the purchase price and the relevant terms of the equal access scheme.
- (4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

**CONCLUSION**

The Chairman informed that the minutes of the Meeting will be published on the Company's website and SGXNET within one month after the Meeting and thanked all shareholders for their attendance at the Meeting.

There being no other business, the Chairman declared the Meeting closed.

Certified as a True Record of Minutes

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**Tay Tiang Guan**  
Chairman of Meeting



## ANNEX A

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### A. Questions pertaining to Ordinary Resolution 1

**Q1: The shareholders would like to congratulate the Board of Directors and Management of the Company for maintaining the stability of the Company's business and continuing to generate profits over the last 3 years – accomplishments which other businesses found challenging to achieve.**

**That said, from a financial perspective, the Company's wheels manufacturing business has not been generating a large amount of returns in the last few years. Hence, is it worthwhile to continue the Company's manufacturing business in the long run?**

#### Company's Response

*Over the last 2 years, the Company has in fact been re-evaluating the direction of the manufacturing business.*

*The manufacturing business has contributed greatly to the Company's growth in the past 5 to 15 years. However, the manufacturing business has undergone many changes in the last 5 years, such as the shutting down of the Company's Shanghai factory in 2016.*

*That said, manufacturing is still one of the main businesses of the Group, and hence, the Company will still maintain its manufacturing business in the long run, but would be developing it in a different direction, by focusing on higher-end retail.*

*The Company also intends to move the manufacturing business to Malaysia this year (as there is a lower cost and competition climate in Malaysia), and restructure its factories in Taiwan and Shenzhou. In addition, the Company intends to strengthen its worldwide marketing strategy and will look into the production of wheels for electronic vehicles.*

*The Company sets itself apart from its competitors because apart from producing goods for its customers, the Company is also able to distribute them. Moving forward, the Company is confident that its manufacturing business will be able to stand alone from the Company's other businesses and will remain competitive.*

**Q2: The Company's value lies in its distribution business, in which the Company possesses geographical breadth and depth, as the Group has established a local presence in many countries.**

**Will the Company be looking into distributing goods for sea, lake and/or mountain usage (in addition to distributing goods for land use)?**

#### Company's Response

*As can be seen from the Company's Annual Report, the Company's distribution business contributes the most to the Company in terms of revenue.*

*The Company's distribution business is already very diverse. The Company distributes multiple brands of tyres and energy goods which encompass automotives and rechargeable batteries for commercial and industrial use. Furthermore, the Company does not only focus on distributing automotive goods – it also distributes industrial goods, such as solar panels, inverter, chargers and uninterrupted power supply (UPS). As such, the Company's distribution business has developed very rapidly over the past few years.*

*The Company also has distribution branches in 15 different countries. Each of these branches distributes different products of varying qualities ranging from premium, medium-range or budget.*

*That said, the Company will strive to further improve and develop its distribution business. Over the past 2 years, the Company has been exploring suitable countries (such as South Asia and the Middle East) to expand its distribution business and has successfully identified manufacturers who are willing to work with the Company.*

*In deciding the steps to take to further improve and develop its distribution business, the Company will also consider the global economy – which is currently not conducive, in light of factors such as the Russian-Ukraine war and inflation in the United States of America.*

**Q3: The shareholders would like to express their gratitude to the Board of Directors and Management for managing the Company well during the challenging economic climate.**

**Yokohama Rubber Co., Ltd. (“Yokohama”) is an important counterparty to the Company. However, Yokohama took over a majority of the Company’s shares in the Malaysian market. Is there a risk that Yokohama will behave similarly in other markets which the Company has a large market share?**

Company’s Response

*It is true that Yokohama acquired a majority of the Company’s market share in the Malaysian market (via the sale of 51% of shares in Yokohama Tyre Sales Malaysia Sdn Bhd to Yokohama). Malaysia is a very important market to the Company and continues to be so. That said, the Company is of the view that Yokohama is unlikely to take over the Company’s market share in its other markets in the next 5 to 10 years, for the following reasons.*

*Firstly, the other markets where the Company has captured a large market share are not ideal for Yokohama. For example, the Singapore market is too small for Yokohama and is also very costly. Another example would be the Indonesia market where although is a big market, it has a protectionist system and a quota system in place, which limits the importation of tyres. Furthermore, there are several large international manufacturing plants in Indonesia – including Bridgestone, Michelin, Goodyear and Dunlop. As such, competition is stiff in Indonesia.*

*Secondly, in the past few years, Yokohama has acquired many companies which focus on commercial, agricultural, off-highway and forklift tyres. This shows that Yokohama is not expanding into markets in which the Company’s strength lies.*

*Thirdly, the Company also has a good and long-working relationship of 50 years with Yokohama. Mr Tay Tian Hoe, Richard was previously on Yokohama’s Board of Directors.*

*In light of the reasons above, the Company does not anticipate that Yokohama will attempt to take over the Company’s market share in other countries in the next 10 years, and the Company will continue to build its relationship with Yokohama.*

*At the same time, the Company will expand its distribution business into other sectors and products as well.*

**B. Questions pertaining to Ordinary Resolution 3**

**Q1: Is Mr Tay Tiang Guan a Non-Executive or Executive Director?**

Company’s response

*Mr Tay Tiang Guan, upon re-election, will be an Executive Director of the Company.*

**Q2: How do the Company's Executive Directors split the responsibilities of running the Company between themselves?**

Company's Response

*Mr Tay Tiang Guan oversees the Company's distribution business. He has also managed the Company's relationship with Yokohama for the past 20 years.*

*Mr Tay Tian Hoe, Richard oversees the Company's other businesses, especially its manufacturing business.*

*Responsibilities in respect of the Company's group sourcing center have been delegated to the successors of the Executive Directors. However, the Executive Directors will continue to provide direction and control over the aforesaid matter.*

**C. Question pertaining to Ordinary Resolution 7**

**Q1: Does the Company require new capital?**

Company's Response

*To clarify, Ordinary Resolution 7 is a standard resolution tabled for shareholders' approval. It is to ensure that the Board of Directors have the authority to allot and issue shares, in the event of an emergency or should the need arise.*

*In the past 10 years, no new shares have been allotted and issued.*

**D. Questions pertaining to Ordinary Resolution 8**

**Q1: Is the 2021 YHI Share Option Scheme (the "Scheme") being actively utilized, as part of compensation for employees?**

Company's Response

*The Scheme operates as part of the reward system for employees to provide incentives and motivation for employees.*

*For example, the Scheme may be utilized to reward middle-level and senior employees, who have helped the Company navigate its business through the pandemic, in the past 3 years.*

**Q2: Are share options awarded under the Scheme based on the performance of employees?**

Company's Response

*Yes, the share options are awarded based on the individual performance of employees.*

**Q3: Are the share options awarded under the Scheme similar to the way in which monetary bonuses are awarded? Will share options be awarded every year or this year only?**

Company's Response

*Share options were first issued under the Scheme towards the end of 2021.*

*The share options are exercisable after 2 years from the date of grant. By the end of 2023, employees will be eligible to exercise the share options.*

*The Board of Directors and Management will review the Scheme again and may grant more share options to reward employees, subject to the terms and criteria laid down by the Board of Directors.*

**Q4: It is a positive thing for the Company's employees to become shareholders.**

**However, in addition to share options, will employees also be awarded monetary bonuses?**

Company's Response

*The rationale behind awarding share options is to retain employees and to motivate and encourage them to align their interests with the Company and shareholders.*

*Share options are awarded after considering the overall remuneration package of each employee as a whole. Share options are usually awarded to employees who occupy the positions of senior managers and above.*

**Q5: There is a difference between monetary bonuses and bonuses in the form of share options.**

**If share options are being issued to employees under the Scheme as a form of bonus, will existing shareholders of the Company face the issue of share dilution?**

Company's Response

*There will be no share dilution for existing shareholders of the Company as the Company uses its treasury shares instead of issuing and allotting new shares for share options which have been exercised.*

*The Company will conduct a share buy-back exercise to acquire shares (and kept as treasury shares), which will be issued if and when the share options are exercised.*

**Q6: Will employees be able to exercise these share options for free?**

Company's Response

*No. Employees are still required to pay for the shares, if and when they exercise the share options.*

**Q7: It is assumed that recipients of the share options awarded under the Scheme will only exercise their share options if the current market price of the shares is higher than the share option price.**

**Are there any forms of restrictions in place to prevent the recipients from selling their shares immediately? Otherwise, employees will only be shareholders for a short period of time, and this will defeat the rationale as to why share options were granted to employees in the first place.**

Company's Response

*Generally, employees are required to hold onto the shares acquired by exercising share options for at least one (1) year.*

*The circular to shareholders in respect of the Scheme also provides for a restriction on the discount in which share options can be granted. Shareholders' approval must be sought before granting share options at a discount.*

*Furthermore, there are guidelines by the Singapore Exchange Securities Trading Limited ("SGX-ST") which provides that the maximum discount which may be granted for exercising share options is 20%.*

## **E. Questions pertaining to Ordinary Resolution 9**

**Q1: The Company currently has 1.8 million shares in the market.**

**In what circumstances will the Company exercise its share buy-back mandate? Will the Company only exercise its share buy-back mandate to acquire the necessary shares in relation to the share options awarded under the Scheme?**

### Company's Response

*The Company will observe the market price of its shares. The Company may decide to conduct a share buy-back exercise if the Company is comfortable with the market price, and after taking into consideration other factors such as the Company's cash flow requirements and gearing ratio.*

*The Board of Directors and Management will also consider the Company's overall situation, and the external market environment, such as interest rates, when deciding to conduct a share buy-back exercise.*

*For example, the market faced high interest rates in 2022. As such, the Company preserved its cash to repay existing bank loans, in order to reduce its interest expenses. This resulted in a decrease in the Company's bank loans by S\$20 million in the last financial year.*

**Q2: Will the Company be utilizing its share buy-back mandate as a tool to support the Company's share price and to prevent certain market players from lowering it?**

### Company's Response

*Before any share buy-back exercise may be conducted, authorization must first be obtained from the Board of Directors and Management.*

*The Company's share price has always been stable and does not fluctuate significantly. As such, the Company generally does not utilize its share buy-back mandate to support the Company's share price.*

*The Company last utilized its share buy-back mandate two (2) years ago, for the purposes of acquiring shares for granting share options pursuant to the Scheme.*

*The shares acquired through any share buy-back exercise will be kept as treasury shares, which will be issued if and when share options are exercised. These shares may also be utilized in future merger and acquisition ("M&A") transactions.*

**Q3: Will the Company be issuing scrip dividends in the future?**

### Company's Response

*Generally, the Company only issues cash dividends to its shareholders.*

*As of now, the Company does not intend to issue scrip dividends to its shareholders. However, the Company will continue to monitor its financial health when deciding to issue dividends.*

*Furthermore, the Company notes that some shareholders have requested for higher dividend payouts from the Company and there are also concerns regarding the dilutive effects on EPS as scrip dividends increase the number of shares outstanding and this may impact share price negatively.*

*Nevertheless, the Company has taken note of this suggestion and may consider script dividends option in the future.*

**Q4: The Scheme is a good reason for the Company to exercise its share buy-back mandate.**

**However, if the Company has a healthy cash flow and the market faces an economic downturn, will the Company consider conducting a share buy-back exercise to enhance the value of the remaining shares?**

Company's Response

*The Company has considered that option and it will monitor the Company's share price. When the opportunity presents itself, the Company may consider to buy back more shares than necessary for its share options scheme.*

*These shares will be kept as treasury shares and could be utilized for future share options or M&A transactions.*

**Q5: Does the Company currently have treasury shares?**

Company's Response

*Yes, the Company has approximately 1.89 million treasury shares.*

**Q6: Are these treasury shares entitled to a dividend payout?**

Company's Response

*No, the treasury shares are not entitled to dividend payouts.*

**Q7: Given that the Company's current share price is quite low, does the Company have plans to privatize itself in the near future?**

Company's Response

*No, the Company does not have any current plans to privatize itself.*

*That said, the Company has received a few proposals for privatization, and the Board of Directors and Management have discussed this matter with consultants. Notwithstanding the foregoing, the current priority of the majority shareholders of the Company (i.e., Mr Tay Tiang Guan and Mr Tay Tian Hoe, Richard) is to ensure the Company's future growth.*

*While generating profits continues to be the Company's responsibility and duty, the Company's current focus is on ensuring the continuity and succession of the Company. Plans for privatization (if any) would be left to the successors of the Company.*