

## CIRCULAR DATED 14 APRIL 2021

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

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

This Circular has been published electronically on the SGXNET (as defined herein) at the URL <https://www.sgx.com/securities/company-announcements> and the website of VibroPower Corporation Limited (the "**Company**") at the URL <https://www.vibropower.com>. Printed copies of this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form will NOT be despatched to shareholders of the Company (the "**Shareholders**").

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately inform the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee that this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, could be accessed via the the SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.vibropower.com>.

Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the Extraordinary General Meeting (the "**EGM**") in person. Instead, alternative arrangements have been put in place to allow Shareholders who pre-register to participate at the EGM by (a) observing and/or listening to the proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions related to the resolutions to be tabled for approval in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM. Shareholders should refer to the Company's announcement dated 14 April 2021, which is available at the SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.vibropower.com>, for further information, including the steps to be taken by Shareholders to participate at the EGM.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.



### CIRCULAR TO SHAREHOLDERS

#### IN RELATION TO

- (1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND
- (2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

#### IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	28 April 2021 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	30 April 2021 at 9.30 a.m. by way of electronic means (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held by way of electronic means at 9.00 a.m. on the same day)
Place of Extraordinary General Meeting	:	The Extraordinary General Meeting will be held by way of electronic means

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# DEFINITIONS

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

- “ACRA” : Accounting and Corporate Regulatory Authority of Singapore
- “AGM” : The annual general meeting of the Company to be held by way of electronic means on 30 April 2021 at 9.00 a.m.
- “associate” : (a) In relation to any Director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board” : The board of Directors of the Company for the time being
- “CDP” : The Central Depository (Pte) Limited
- “Circular” : This circular dated 14 April 2021
- “Companies Act” : The Companies Act, Chapter 50 of Singapore, as may be amended or modified or supplemented from time to time
- “Company” : VibroPower Corporation Limited
- “Controlling Shareholder” : A person who:
- (a) holds directly or indirectly 15% or more of the total voting rights in the Company (unless the SGX-ST determines that such a person is not a controlling shareholder); or
  - (b) in fact exercises control over the Company
- “Covid-19 Act” : The COVID-19 (Temporary Measures) Act 2020, as amended, modified or supplemented from time to time, passed by Parliament on 7 April 2020 which, *inter alia*, enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means
- “Covid-19 Order” : The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as amended, modified or supplemented from time to time, which was gazetted on 13 April 2020 and deemed to have come into operation on 27 March 2020, and which sets out the alternative arrangements in respect of, *inter alia*, the general meetings of companies

## DEFINITIONS

“Directors”	:	The directors of the Company for the time being
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out on pages 34 to 38 of this Circular
“EPS”	:	Earnings per Share
“Group”	:	The Company and its subsidiaries
“Interested Persons”	:	The interested persons of the Company who fall within the IPT Mandate, as set out under sections 3.2 and 3.3 of this Circular
“Interested Person Transactions”	:	The categories of transactions with Interested Persons which fall within the IPT Mandate, as set out under section 3.4 of this Circular
“IPT Mandate”	:	The general mandate given by Shareholders to authorise the Directors to enter into any of the mandated transactions with specified classes of the Company’s Interested Persons in accordance with the terms set out in this Circular
“Latest Practicable Date”	:	12 April 2021, being the latest practicable date prior to the publication of this Circular for ascertaining information included herein
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NTA”	:	Net tangible assets
“Relevant Period”	:	The period commencing from the date of the EGM on which the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate is passed and expiring on the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier
“SGXNET”	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST for the purpose of the SGX-ST making that information available to the market
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase”	:	The purchase or acquisition of issued Shares by the Company in accordance with the terms of the Share Purchase Mandate
“Share Purchase Mandate”	:	The general and unconditional mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, issued Shares in accordance with the terms of the Share Purchase Mandate set out in this Circular as well as the applicable provisions set forth in the Companies Act and the Listing Manual
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose securities accounts are credited with Shares

## DEFINITIONS

“Shares”	:	Ordinary shares in the capital of the Company
“subsidiary”	:	A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act
“subsidiary holdings”	:	Any of the Shares held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
“treasury shares”	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company
“S\$” and “cents”	:	Singapore dollars and cents respectively
“%”	:	Percentage or per centum

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore, or any statutory modification thereof, as the case may be.

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

Words importing persons shall, where applicable, include corporations.

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

Any reference in this Circular to any statute or enactment is a reference to any statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be, unless otherwise provided.

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

Any discrepancies in figures in the tables included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as total in certain tables may not be an arithmetic aggregation of the figures which precede them. Where applicable, figures and percentages are rounded to the nearest two decimal places.

The Company has engaged Messrs K&L Gates Straits Law LLC as its legal adviser for the proposed renewal of the Share Purchase Mandate and the proposed renewal of the IPT Mandate.

# LETTER TO SHAREHOLDERS

## VIBROPOWER CORPORATION LIMITED

(Company Registration Number 200004436E)  
(Incorporated in the Republic of Singapore on 23 May 2000)

### Directors

Benedict Chen Onn Meng (*Executive Director and Chief Executive Officer*)  
Ernest Yogarajah s/o Balasubramaniam (*Non-Independent and Non-Executive Director, Non-Executive Chairman*)  
Toh Shih Hua (*Independent and Non-Executive Director, Lead Independent Director*)  
Tan Poh Chye Allan (*Independent and Non-Executive Director*)

### Registered Office

11 Tuas Avenue 16  
Singapore 638929

14 April 2021

To: The Shareholders of VibroPower Corporation Limited

Dear Sir/Madam

### (I) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND

### (II) THE PROPOSED RENEWAL OF THE IPT MANDATE

## 1. INTRODUCTION

The Directors are convening the EGM to be held by way of electronic means on 30 April 2021 at 9.30 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM scheduled to be held by way of electronic means at 9.00 a.m. on the same day) to seek Shareholders' approval for the following proposals:

- (a) the proposed renewal of the Share Purchase Mandate; and
- (b) the proposed renewal of the IPT Mandate.

The purpose of this Circular is to provide Shareholders with information relating to the above proposals to be tabled at the EGM and to seek Shareholders' approval for such proposals at the EGM. The notice of EGM is set out on pages 34 to 38 of this Circular.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular. If any Shareholder is in doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

## 2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

### 2.1 Background

The Share Purchase Mandate was originally approved by Shareholders at an extraordinary general meeting of the Company held on 15 April 2008 and was renewed at subsequent extraordinary general meetings of the Company held on 30 April 2009, 30 April 2010, 25 April 2011, 23 April 2012, 26 April 2013, 28 April 2014, 28 April 2015, 28 April 2016, 28 April 2017, 30 April 2018, 29 April 2019 and 11 May 2020.

The Share Purchase Mandate, renewed at the last extraordinary general meeting of the Company held on 11 May 2020, will expire on 30 April 2021, being the date of the forthcoming AGM.

Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the EGM.

# LETTER TO SHAREHOLDERS

## 2.2 Application

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by, the Companies Act and the Listing Manual and such other laws and regulations as may, for the time being, be applicable. During the validity period of the Share Purchase Mandate, the Directors of the Company will have the authority to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Purchase Mandate.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interests of the Company. It should also be noted that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full extent mandated, or to such an extent that would, or in the circumstances which might, result in a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

## 2.3 Rationale

The renewal of the Share Purchase Mandate will give the Company the flexibility to undertake Share Purchases at any time, subject to market conditions, during the period that the Share Purchase Mandate is in force. Share Purchase is one of the methods by which return on equity may be enhanced. Share Purchase also provides the Company with a mechanism to return surplus cash over and above its financial and possible investment needs to Shareholders and the opportunity to purchase or acquire Shares when such Shares are undervalued. Share Purchase will also allow the Directors greater flexibility over the Company's share capital structure with a view to enhancing the EPS and/or NTA per Share.

## 2.4 Authority and Limits on the Share Purchase Mandate

The authority and limits of the Share Purchase Mandate, if renewed at the EGM, are the same as were first approved by Shareholders at the extraordinary general meeting of the Company held on 15 April 2008. The authority and limits of the Share Purchase Mandate are summarised below:

### 2.4.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares 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 total number of issued Shares of the Company as at the date of the EGM, unless the Company has effected a reduction of its issued share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered. For purposes of calculating the percentage of issued Shares above, any Shares which are held as treasury shares or as subsidiary holdings will be disregarded.

**Purely for illustrative purposes only**, on the basis of 73,696,114 issued Shares (excluding 1,076,800 treasury shares currently held by the Company and there being no subsidiary holdings) as at the Latest Practicable Date, and assuming that between the Latest Practicable Date and the date of the EGM (i) no new Shares are issued by the Company and (ii) no further Shares are purchased or acquired by the Company and cancelled or held as treasury shares, not more than 7,369,611 Shares, representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at that date, may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

# LETTER TO SHAREHOLDERS

## 2.4.2 Duration of Authority

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

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

## 2.4.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose (the "**Market Purchases**"); and/or
- (b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act (the "**Off-Market Purchases**").

In an Off-Market Purchase, the Directors may impose such terms and conditions which are consistent with the Share Purchase Mandate, the Listing Manual, the Companies Act and the Constitution of the Company 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.

Under the Companies Act, an equal access scheme must 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 to them; and
- (C) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:
  - (i) differences in consideration attributable to the fact that the offers may relate to shares with different accrued dividend entitlements;
  - (ii) differences in consideration attributable to the fact that the offers may relate to shares with different amounts remaining unpaid; and
  - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.



# LETTER TO SHAREHOLDERS

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it must issue an offer document to all Shareholders containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchase or acquisition of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions of Shares; and
- (7) whether the Shares purchased or acquired by the Company would be cancelled or kept as treasury shares.

## 2.4.4 Maximum Purchase Price

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares purchased or acquired pursuant to the Share Purchase Mandate will be determined by a committee of Directors constituted for the purpose of effecting Share Purchases. However, the purchase price to be paid for the Shares pursuant to any Share Purchase must not exceed:

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

(the "**Maximum Price**") in either case, excluding related expenses of the Share Purchase.

For the above purposes of determining the Maximum Price:

**"Average Closing Price"** means the average of the closing market prices of the Shares traded on the SGX-ST over the last five (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 (as defined below) pursuant to an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the date of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase.

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

# LETTER TO SHAREHOLDERS

## 2.5 Status of Purchased or Acquired Shares

### 2.5.1 Cancellation of Shares

Any Share which is purchased or acquired by the Company shall, unless held as treasury share to the extent permitted under the Companies Act (as set out below), be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share shall expire on cancellation. All Shares purchased by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and not held as treasury shares.

### 2.5.2 Treasury shares held by the Company

Under the Companies Act, Shares which are purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) *Maximum holdings*

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

(b) *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 its 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 the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares comprised in the usage.

# LETTER TO SHAREHOLDERS

(c) *Voting and other rights*

The Company cannot exercise any right in respect of the treasury shares, including:

- (a) the right to attend or vote at meetings; and
- (b) the right to receive dividend or any other distribution (whether in cash or otherwise) of its assets (including any distribution of assets to members on a winding up).

However, the Company may allot Shares as fully paid bonus shares in respect of its treasury shares and its treasury shares may be sub-divided or consolidated so long as the total value of the treasury shares after the sub-division or consolidation is the same as before the sub-division or consolidation, as the case may be.

## 2.6 Reporting Requirements

Within thirty (30) days of the passing of the Shareholders' resolution to approve the proposed renewal of the Share Purchase Mandate, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase or acquisition of Shares such as the date of the purchase or acquisition of Shares, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares and whether the Shares were purchased out of profits or capital of the Company and such other particulars as may be required in the prescribed form.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company shall lodge with ACRA, in the prescribed form, the notice of cancellation or disposal of treasury shares.

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the market purchase was made; and
- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

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

# LETTER TO SHAREHOLDERS

## 2.7 Source of Funds

The Companies Act provides that any purchase or acquisition of Shares by the Company may be made out of its capital and/or profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance purchases or acquisitions of its Shares pursuant to the Share Purchase Mandate. The Directors will only make purchases or acquisitions of Shares 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.

## 2.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the EPS and NTA per Share as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition of Shares is made out of capital or profits, the purchase price paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions of Shares and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration will not affect the amount available for distribution in the form of dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for distribution in the form of dividends by the Company.

Where the Company chooses to cancel any of the Shares which it purchased or acquired (as opposed to such Shares being held as treasury shares to the extent permitted under the Companies Act), the Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price (including expenses such as brokerage or commission incurred directly by the Company in its purchase or acquisition of Shares) paid by the Company for the Shares cancelled.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group or on the financial position of the Company and the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Purchase Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group.

# LETTER TO SHAREHOLDERS

**Purely for illustrative purposes only**, the financial effects of Share Purchases on the Company and the Group, based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2020 are based on the assumptions set out below:

- (A) based on 73,696,114 Shares in issue (excluding 1,076,800 treasury shares currently held by the Company) as at the Latest Practicable Date and assuming no new Shares are issued and no further Shares are purchased or acquired by the Company and cancelled or held as treasury shares on or prior to the EGM and there being no subsidiary holdings, the exercise in full of the Share Purchase Mandate, on the Latest Practicable Date, would result in the purchase or acquisition of 7,369,611 Shares, representing not more than 10% of the total number of issued Shares of the Company (excluding treasury shares and there being no subsidiary holdings); and
- (B) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 7,369,611 Shares at the Maximum Price of S\$0.070 for each Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the amount of funds required would be approximately S\$515,873.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 7,369,611 Shares at the Maximum Price of S\$0.080 for each Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the amount of funds required would be approximately S\$589,569.

**Purely for illustrative purposes only**, and based on the assumptions set out in sub-paragraphs (A) and (B) above and assuming that (i) the purchase or acquisition of Shares was financed solely by internal sources of funds; and (ii) the Share Purchase Mandate had been effective on 1 January 2020, the financial effects of:

- (I) the purchase or acquisition of 7,369,611<sup>1</sup> Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases and such Shares are cancelled;
- (II) the purchase or acquisition of 7,369,611<sup>1</sup> Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases and such Shares are cancelled;
- (III) the purchase or acquisition of 6,400,491<sup>2</sup> Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases and such Shares are held as treasury shares; and
- (IV) the purchase or acquisition of 6,400,491<sup>2</sup> Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases and such Shares are held as treasury shares,

1 Being the maximum number of Shares which the Company may purchase or acquire pursuant to the Share Purchase Mandate and such Shares are cancelled. This is based on the assumption that, between the Latest Practicable Date and the date of the EGM, (i) there are no changes to the number of issued Shares and the number of treasury shares held by the Company and (ii) there being no subsidiary holdings.

2 Being the maximum number of Shares which the Company may purchase or acquire pursuant to the Share Purchase Mandate and hold such Shares as treasury shares in compliance with Section 76I of the Companies Act. This is based on the assumption that, between the Latest Practicable Date and the date of the EGM, (i) there are no changes to the number of issued Shares and the number of treasury shares held by the Company and (ii) there being no subsidiary holdings.

# LETTER TO SHAREHOLDERS

on the audited financial statements of the Company and the Group for the financial year ended 31 December 2020 are set out below:

- (I) **Pro-forma financial effects on the Group and the Company assuming that 7,369,611 Shares are purchased or acquired pursuant to the Share Purchase Mandate by way of Market Purchases and such Shares are cancelled immediately on purchase or acquisition**

As at 31 December 2020	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds (S\$'000)	17,658	17,142	18,341	17,825
Current Assets (S\$'000)	19,249	18,733	3,286	3,310
Current Liabilities (S\$'000)	7,217	7,217	399	399
Total Borrowings (S\$'000)	7,355	7,355	–	–
Cash and Cash Equivalents (S\$'000)	3,417	2,901	35	–
Number of Shares <sup>(1)</sup>	73,696,114	66,326,503	73,696,114	66,326,503
<b>Financial Ratios</b>				
NTA <sup>(2)</sup> per Share (cents)	23.96	25.84	24.89	26.87
Weighted average number of Shares	57,409,778	50,040,167	57,409,778	50,040,167
EPS <sup>(3)</sup> (cents)	0.27	0.31	(0.36)	(0.41)
Gearing <sup>(4)</sup> (%)	22.30	25.98	(0.19)	–
Current Ratio <sup>(5)</sup> (times)	2.67	2.60	9.59	8.30

Notes:

- (1) Excluding 1,076,800 Shares held by the Company as treasury shares as at the Latest Practicable Date.
- (2) NTA equals total shareholders' funds less intangible assets.
- (3) EPS is computed based on the profit/(loss) after tax, for the financial year ended 31 December 2020, of S\$156,000 and S\$(207,000) for the Group and the Company respectively divided by the weighted average number of Shares as stated above. For calculation of EPS after the purchase or acquisition of Shares, it was assumed that such purchase or acquisition of Shares was made on 1 January 2020.
- (4) Gearing equals total borrowings less cash and cash equivalents divided by shareholders' funds.
- (5) Current ratio equals current assets divided by current liabilities.

# LETTER TO SHAREHOLDERS

- (II) **Pro-forma financial effects on the Group and the Company assuming that 7,369,611 Shares are purchased or acquired pursuant to the Share Purchase Mandate by way of Off-Market Purchases and such Shares are cancelled immediately on purchase or acquisition**

As at 31 December 2020	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds (S\$'000)	17,658	17,068	18,341	17,751
Current Assets (S\$'000)	19,249	18,659	3,826	3,236
Current Liabilities (S\$'000)	7,217	7,217	399	399
Total Borrowings (S\$'000)	7,355	7,355	–	–
Cash and Cash Equivalents (S\$'000)	3,417	2,827	35	–
Number of Shares <sup>(1)</sup>	73,696,114	66,326,503	73,696,114	66,326,503
<b>Financial Ratios</b>				
NTA <sup>(2)</sup> per Share (cents)	23.96	25.73	24.89	26.76
Weighted average number of Shares	57,409,778	50,040,167	57,409,778	50,040,167
EPS <sup>(3)</sup> (cents)	0.27	0.31	(0.36)	(0.41)
Gearing <sup>(4)</sup> (%)	22.30	26.53	(0.19)	–
Current Ratio <sup>(5)</sup> (times)	2.67	2.59	9.59	8.11

Notes:

- (1) Excluding 1,076,800 Shares held by the Company as treasury shares as at the Latest Practicable Date.
- (2) NTA equals total shareholders' funds less intangible assets.
- (3) EPS is computed based on the profit/(loss) after tax, for the financial year ended 31 December 2020, of S\$156,000 and S\$(207,000) for the Group and the Company respectively divided by the weighted average number of Shares as stated above. For calculation of EPS after the purchase or acquisition of Shares, it was assumed that such purchase or acquisition of Shares was made on 1 January 2020.
- (4) Gearing equals total borrowings less cash and cash equivalents divided by shareholders' funds.
- (5) Current ratio equals current assets divided by current liabilities.

# LETTER TO SHAREHOLDERS

- (III) **Pro-forma financial effects on the Group and the Company assuming that 6,400,491 Shares are purchased or acquired pursuant to the Share Purchase Mandate by way of Market Purchases and such Shares are held as treasury shares**

As at 31 December 2020	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds (S\$'000)	17,658	17,210	18,341	17,893
Current Assets (S\$'000)	19,249	18,801	3,826	3,378
Current Liabilities (S\$'000)	7,217	7,217	399	399
Total Borrowings (S\$'000)	7,355	7,355	–	–
Cash and Cash Equivalents (S\$'000)	3,417	2,969	35	–
Number of Shares <sup>(1)</sup>	73,696,114	67,295,623 <sup>(2)</sup>	73,696,114	67,295,623 <sup>(2)</sup>
<b>Financial Ratios</b>				
NTA <sup>(3)</sup> per Share (cents)	23.96	25.57	24.89	26.59
Weighted average number of Shares	57,409,778	51,009,287	57,409,778	51,009,287
EPS <sup>(4)</sup> (cents)	0.27	0.31	(0.36)	(0.41)
Gearing <sup>(5)</sup> (%)	22.30	25.49	(0.19)	–
Current Ratio <sup>(6)</sup> (times)	2.67	2.61	9.59	8.47

Notes:

- (1) Excluding 1,076,800 Shares held by the Company as treasury shares as at the Latest Practicable Date.
- (2) Excluding 7,477,291 treasury shares of which 1,076,800 treasury shares are already held by the Company as at the Latest Practicable Date. Pursuant to Section 76I of the Companies Act, the Company is allowed to hold not more than 10% of its total number of issued Shares as treasury shares, being 7,477,291 Shares.
- (3) NTA equals total shareholders' funds less intangible assets.
- (4) EPS is computed based on the profit/(loss) after tax, for the financial year ended 31 December 2020, of S\$156,000 and S\$(207,000) for the Group and the Company respectively divided by the weighted average number of Shares as stated above. For calculation of EPS after the purchase or acquisition of Shares, it was assumed that such purchase or acquisition of Shares was made on 1 January 2020.
- (5) Gearing equals total borrowings less cash and cash equivalents divided by shareholders' funds.
- (6) Current ratio equals current assets divided by current liabilities.



# LETTER TO SHAREHOLDERS

- (IV) **Pro-forma financial effects on the Group and Company assuming that 6,400,491 Shares are purchased or acquired pursuant to the Share Purchase Mandate by way of Off-Market Purchases and such Shares are held as treasury shares**

As at 31 December 2020	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds (S\$'000)	17,658	17,146	18,341	17,829
Current Assets (S\$'000)	19,249	18,737	3,826	3,314
Current Liabilities (S\$'000)	7,217	7,217	399	399
Total Borrowings (S\$'000)	7,355	7,355	–	–
Cash and Cash Equivalents (S\$'000)	3,417	2,905	35	–
Number of Shares <sup>(1)</sup>	73,696,114	67,295,623 <sup>(2)</sup>	73,696,114	67,295,623 <sup>(2)</sup>
<b>Financial Ratios</b>				
NTA <sup>(3)</sup> per Share (cents)	23.96	25.48	24.89	26.49
Weighted average number of Shares	57,409,778	51,009,287	57,409,778	51,009,287
EPS <sup>(4)</sup> (cents)	0.27	0.31	(0.36)	(0.41)
Gearing <sup>(5)</sup> (%)	22.30	25.95	(0.19)	–
Current Ratio <sup>(6)</sup> (times)	2.67	2.60	9.59	8.31

Notes:

- (1) Excluding 1,076,800 Shares held by the Company as treasury shares as at the Latest Practicable Date.
- (2) Excluding 7,477,291 treasury shares of which 1,076,800 treasury shares are already held by the Company as at the Latest Practicable Date. Pursuant to Section 76I of the Companies Act, the Company is allowed to hold not more than 10% of its total number of issued Shares as treasury shares, being 7,477,291 Shares.
- (3) NTA equals total shareholders' funds less intangible assets.
- (4) EPS is computed based on the profit/(loss) after tax, for the financial year ended 31 December 2020, of S\$156,000 and S\$(207,000) for the Group and the Company respectively divided by the weighted average number of Shares as stated above. For calculation of EPS after the purchase or acquisition of Shares, it was assumed that such purchase or acquisition of Shares was made on 1 January 2020.
- (5) Gearing equals total borrowings less cash and cash equivalents divided by shareholders' funds.
- (6) Current ratio equals current assets divided by current liabilities.

**Shareholders should note that the financial effects illustrated above are based on certain assumptions and are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Group for the financial year ended 31 December 2020 and is not necessarily representative of the future financial performance of the Company or the Group.**

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of the Share Purchase before execution. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings), ascertained as at the date of the EGM, the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

The Directors do not intend to exercise the Share Purchase Mandate up to the maximum limit if such exercise would materially and adversely affect the financial position of the Company or the Group.

# LETTER TO SHAREHOLDERS

## 2.9 Taxation

Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

## 2.10 Requirements under the Listing Manual

While the Listing Manual does not expressly prohibit the purchase or acquisition of shares by a listed company during any particular time or times, because a listed company would be considered to be an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in 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 until the price-sensitive information has been publicly announced; and
- (b) in the case of Market Purchases, during the period of one (1) month before the announcement of the Company’s result for its half year or full financial year.

The Listing Manual requires a company to ensure that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is held by the public. The term “public” is defined in the Listing Manual as persons other than directors, chief executive officer, substantial shareholders or controlling shareholders of the issuer or its subsidiary companies and associates of such persons.

As at the Latest Practicable Date, there were 40,555,354 Shares in the hands of the public, representing approximately 55.03% of the total number of issued Shares of the Company excluding treasury shares. Assuming that the Company purchases or acquires its issued Shares through Market Purchases up to the full 10% limit or 7,369,611 Shares pursuant to the Share Purchase Mandate from the public, the number of Shares in the hands of the public would be reduced to 33,185,743 Shares, representing approximately 50.03% of the reduced issued share capital of the Company. Accordingly, based on information available as at the Latest Practicable Date, the Company is of the view that there is, at present, a sufficient number of Shares held by public Shareholders which would permit it to undertake purchases and acquisitions of its Shares up to the full 10% limit pursuant to the Share Purchase Mandate, without adversely affecting the listing status of its Shares on the SGX-ST.

In undertaking any Share Purchase, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisitions of Shares by the Company, a sufficient float in the hands of the public will be maintained so that Share Purchases will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

## 2.11 Take-over implications

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

### 2.11.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition of Shares for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

# LETTER TO SHAREHOLDERS

## 2.11.2 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), co-operate, 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 Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (i) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (ii) 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;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

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

# LETTER TO SHAREHOLDERS

## 2.11.3 Effect of Rule 14 and Appendix 2

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

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder 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 6 months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Purchase Mandate.

## 2.11.4 Application of the Take-over Code

Mr Benedict Chen Onn Meng is a Director and Controlling Shareholder of the Company. Mr Chen Siew Meng, a Shareholder, is the brother of Mr Benedict Chen Onn Meng. Due to their relationship, Mr Benedict Chen Onn Meng and Mr Chen Siew Meng are presumed under the Take-over Code to be persons acting in concert with each other (the "**Concert Party Group**").

As at the Latest Practicable Date, the shareholdings of each of the persons within the Concert Party Group before and after Share Purchases (assuming (i) the Company acquires or purchases a maximum of 7,369,611 Shares, being 10% of the total number of issued Shares (excluding treasury shares and there being no subsidiary holdings), and (ii) there is no change in the number of Shares held or deemed to be held by such persons) were or would be as follows:

	Interest <sup>(1)</sup> before Share Purchase (%) <sup>(2)</sup>	Interest <sup>(1)</sup> after Share Purchase (%) <sup>(3)</sup>
Benedict Chen Onn Meng	16.52	18.36
Chen Siew Meng	8.76	9.73
<b>Total Interest</b>	<b>25.28</b>	<b>28.09</b>

Notes:

- (1) Interest in the Shares is determined based on the number of Shares held by each of the persons within the Concert Party Group as recorded in the Company's register of substantial shareholders.
- (2) Based on the issued share capital of 73,696,114 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (3) Based on the issued share capital of 66,326,503 Shares (excluding treasury shares) assuming the Company acquires or purchases a maximum of 7,369,611 Shares pursuant to the Share Purchase Mandate.

Assuming that the Company acquires or purchases a maximum of 7,369,611 Shares pursuant to the Share Purchase Mandate and assuming that the voting rights of the Concert Party Group as at the Latest Practicable Date of 25.31% remain unchanged, the voting rights of the Concert Party Group will increase from 25.28% to 28.09% solely as a result of Share Purchases up to the full 10% limit pursuant to the Share Purchase Mandate. Accordingly, as the Concert Party Group's combined shareholding interest in the Company before and after such acquisitions or purchases of Shares by the Company remains below 30%, the Concert Party Group will not become obligated to make a mandatory take-over offer in the event that the Company acquires or purchases the maximum number of Shares pursuant to the Share Purchase Mandate.

The Directors are not aware of any other Shareholder who may become obligated to make a mandatory take-over offer in the event that the Company purchases or acquires the maximum number of Shares as permitted under the Share Purchase Mandate.

# LETTER TO SHAREHOLDERS

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.**

## 2.12 Shares purchased in the previous 12 months

The Company has not purchased any Shares in the 12 months immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, an aggregate of 1,076,800 Shares are held by the Company as treasury shares of which (i) 100,000 Shares were purchased or acquired in September 2015 (ii) 248,800 Shares were purchased or acquired on 3 December 2012 and (iii) the balance 728,000 Shares were purchased or acquired during the period from 15 April 2008 to 3 March 2009.

## 3. PROPOSED RENEWAL OF THE IPT MANDATE

### 3.1 Background

The Directors propose to seek Shareholders' approval at the EGM in relation to the proposed renewal of the IPT Mandate which was first approved by Shareholders at the extraordinary general meeting of the Company held on 28 August 2006. The IPT Mandate was renewed at subsequent extraordinary general meetings of the Company held on 26 April 2007, 15 April 2008, 30 April 2009, 30 April 2010, 25 April 2011, 23 April 2012, 26 April 2013, 28 April 2014, 28 April 2015, 28 April 2016, 28 April 2017, 30 April 2018, 29 April 2019 and 11 May 2020.

The IPT Mandate allows the Group and its associated companies to enter into certain transactions with persons who are considered to be "interested persons" under Chapter 9 of the Listing Manual. The salient terms of the IPT Mandate and the types of Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed, remains unchanged.

Chapter 9 of the Listing Manual governs transactions which a listed company or any of its subsidiaries or associated companies proposes to enter into with an interested person of the listed company. Under Chapter 9, where a listed company or any of its subsidiaries or associated companies which is an "entity at risk" proposes to enter into a transaction with an "interested person", shareholders' approval and/or an immediate announcement is required in respect of such transaction if the value of the transaction is equal to or exceeds certain thresholds.

In particular, an immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, 3% of the group's latest audited NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group's latest audited NTA.

Further, shareholders' approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, 5% of the group's latest audited NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5% of the group's latest audited NTA.

For the purposes of aggregation, any transaction with an interested person below S\$100,000 in value will be excluded. While transactions with an interested person below S\$100,000 are not normally aggregated, the SGX-ST may nevertheless aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction.

# LETTER TO SHAREHOLDERS

The following definitions under the Listing Manual are relevant:

- (a) An **"approved exchange"** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.
- (b) In the case of a company, an **"associate"**:
  - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
    - (1) his immediate family (that is, the person's spouse, child, adopted child, step-child, sibling and parent);
    - (2) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (3) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
  - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- (c) A **"controlling shareholder"** means a person who:
  - (i) holds directly or indirectly 15% or more of the total voting rights in the company (unless the SGX-ST determines otherwise); or
  - (ii) in fact exercises control over a company.
- (d) An **"entity at risk"** means:
  - (i) the issuer;
  - (ii) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or
  - (iii) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.
- (e) In the case of a company, an **"interested person"** means a director, chief executive officer or controlling shareholder of the issuer or an associate of any such director, chief executive officer or controlling shareholder.
- (f) An **"interested person transaction"** means a transaction between an entity at risk and an interested person.

Based on the latest audited financial statements of the Group for the financial year ended 31 December 2020, the audited NTA of the Group as at 31 December 2020 was approximately S\$19,341,000.

Accordingly, Shareholders' approval would be required where:

- (a) the transaction is of a value equal to, or more than, S\$967,050 (the **"Threshold"**), being 5% of the latest audited NTA of the Group; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year (excluding transactions below S\$100,000 in value, as provided for in Rule 906(2) of the Listing Manual), is of a value equal to, or more than, the Threshold.

# LETTER TO SHAREHOLDERS

The Group has entered into various interested person transactions with the Interested Persons and of the nature described in section 3.4 of this Circular. Information on the value of these transactions in the last two financial years appears in the Notes to Financial Statements in the Company's Annual Reports for the respective financial years ended 31 December 2019 and 31 December 2020.

As at the Latest Practicable Date, none of the said transactions with the Interested Persons have crossed the Threshold described above. There is a possibility that the value of such transactions with the Interested Persons may cross the Threshold described above in the current financial year, and upon the recommendation of the Audit Committee, the Company is seeking to renew the IPT Mandate to ensure that it remains in compliance with the requirements of Chapter 9 of the Listing Manual.

## 3.2 Classes of Interested Persons

- (a) Mason Industries Pte Ltd ("**Mason Industries**") is a company incorporated in Singapore. It is principally engaged in the manufacturing of, and trading in, a range of component parts used in the manufacturing of power generators (the "**Parts**").

As at the Latest Practicable Date, 95.5% of the issued and paid-up share capital of Mason Industries is held by Mr Chen Siew Meng, who is the brother of Mr Benedict Chen Onn Meng, a Director and Controlling Shareholder of the Company. The remaining 4.5% of the issued and paid-up share capital of Mason Industries is held by Pineda Epifanio Mendoza (Manny), who is not an interested person. As at the Latest Practicable Date, Mr Benedict Chen Onn Meng holds, directly and indirectly, approximately 16.52% of the issued share capital of the Company (excluding treasury shares).

Pursuant to Chapter 9 of the Listing Manual, Mason Industries is an associate of Mr Benedict Chen Onn Meng, and therefore an interested person. Accordingly, transactions between Mason Industries and the Company constitute interested person transactions.

- (b) Mason Industries (Hong Kong) Limited ("**Mason HK**") is a company incorporated in Hong Kong. As at the Latest Practicable Date, 39% of the issued and paid-up share capital of Mason HK is held by Mr Benedict Chen Onn Meng, a Director and Controlling Shareholder of the Company. The remaining 61% of the issued and paid-up share capital of Mason HK is held by Mr Yiu Kam Chung, who is not an interested person. Mason HK is principally engaged in the manufacturing of, and trading in, the Parts.

Pursuant to Chapter 9 of the Listing Manual, Mason HK is an associate of Mr Benedict Chen Onn Meng, and therefore an interested person. Accordingly, transactions between Mason HK and the Company constitute interested person transactions.

- (c) Vibro Holdings Pte Ltd ("**Vibro Holdings**") is a company incorporated in Singapore. As at the Latest Practicable Date, 100% of the issued and paid-up share capital of Vibro Holdings is held by Mr Chen Siew Meng, who is the brother of Mr Benedict Chen Onn Meng, a Director and Controlling Shareholder of the Company.

Pursuant to Chapter 9 of the Listing Manual, Vibro Holdings is an associate of Mr Benedict Chen Onn Meng, and therefore an interested person. Accordingly, transactions between Vibro Holdings and the Company constitute interested person transactions.

- (d) The Company anticipates that it would, in its ordinary course of business, continue to enter into transactions with Mason Industries, Mason HK and Vibro Holdings and possibly other associates of Mr Benedict Chen Onn Meng. These are recurrent transactions of a revenue or trading nature or necessary for the day-to-day operations of the Company, such as the purchase and sale of services, supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses).

# LETTER TO SHAREHOLDERS

## 3.3 Scope of the IPT Mandate

- (a) The IPT Mandate will apply to transactions in the categories described in section 3.4 of this Circular, between any member of the Group and any of the following (each an “**Interested Person**”, and collectively, the “**Interested Persons**”):
- (i) Mr Benedict Chen Onn Meng;
  - (ii) Mason Industries;
  - (iii) Mason HK;
  - (iv) Vibro Holdings; and
  - (v) any other associate of Mr Benedict Chen Onn Meng.
- (b) The entity-at-risk group, that is, the entities with whom the Interested Persons may transact for the purposes of the IPT Mandate, comprises:
- (i) the Company;
  - (ii) subsidiaries of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange) from time to time; and
  - (iii) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) from time to time over which the Group, or the Group and its interested person(s) has or have control over.

Reference to the “**Group**” in this section 3 shall include a reference to all the entities in this entity-at-risk group.

- (c) The IPT Mandate will not cover any Interested Person Transaction that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions. In addition, the IPT Mandate only covers recurrent transactions of a revenue or trading nature or those necessary for the day-to-day operations such as the purchase and sale of services, supplies and materials but will not cover transactions relating to the purchase or sale of assets, undertakings or businesses.
- (d) Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

## 3.4 Categories of Interested Person Transactions

- (a) Purchase of Parts

In the ordinary course of its business, the Group purchases Parts from Mason HK and Mason Industries, on a job-by-job basis. These Parts are incorporated into the products manufactured by the Group.

Currently, the Parts comprise vibration isolators (both spring and rubber), acoustic attenuators (both intake and discharge), acoustic enclosures, exhaust mufflers and radiator fans. In future, other components may be included.

The Directors are of the view that the price and terms of such Parts offered by the Interested Persons are not less favorable than those offered by unrelated third parties taking into account industry norms.

These transactions are recurrent and of a trading nature.



# LETTER TO SHAREHOLDERS

(b) Supply of Skilled Labor

Mason Industries is one of the suppliers of skilled factory and site labor to the Group. Using external sources of labor allows the Group to respond more efficiently to changes in its manpower requirements from time to time, without carrying the overheads of a larger workforce.

Mason Industries supplies some of the skilled factory and site labor to the Group to carry out production activities.

The Directors are of the view that the charges offered by the Interested Persons are not less favorable than those offered by unrelated third parties taking into account industry norms.

These transactions are recurrent and necessary to facilitate the day-to-day operations of the Group.

(c) Provision of Administrative Services and Reimbursement of Expenses

Mason Industries bears certain office expenses for the Group companies, for administrative convenience. The Company reimburses these expenses to Mason Industries at cost.

The Company also uses the services of some of Mason Industries' employees who perform clerical duties and technical support for both the Company and Mason Industries. The costs of these employees are shared between the two companies, with the allocation based on the estimated time spent for performing duties for each company. The Company's portion of these costs is reimbursed to Mason Industries at cost.

These transactions are recurrent and necessary to facilitate the day-to-day operations of the Group.

## 3.5 Rationale and Benefit

(a) The Directors are of the view that it will be beneficial to the Group to transact or to continue to transact with the Interested Persons.

(b) The Group can leverage on the familiarity of Mason Industries with the Group's products and the Group's standing as a priority customer of Mason Industries, to ensure a reliable supply of the Parts consistent with the Group's product quality standards.

These advantages will augment the efficiency of the Group's manufacturing process thereby enhancing the timeliness of production and delivery.

(c) The transactions, being recurrent in nature, will occur from time to time at differing intervals.

The IPT Mandate and the subsequent renewals on an annual basis will eliminate the need to prepare and make announcements and/or convene separate general meetings on a continual basis to seek prior approval for the entry into these transactions. This will enhance the ability of the Group to pursue business opportunities which are time-sensitive or cost-sensitive in nature. In addition, it will substantially reduce the time and expenses which would otherwise be incurred to convene general meetings on an *ad hoc* basis, and considerably improve the Company's efficiency in administration of such interested person transactions, without compromising corporate objectives.

# LETTER TO SHAREHOLDERS

## 3.6 Review Procedures for Interested Person Transactions

The Company has an established process of implementing the guidelines and procedures to ensure that interested person transactions, and in particular the Interested Person Transactions are transacted with the Group on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders:

### *Specific Review Procedures*

#### (a) Purchases of Parts

In the case of procurement of products and services from an Interested Person, at least two other comparative quotations are obtained from unrelated third party suppliers for similar or substantially similar type of Parts as bases for comparison. These comparative quotations are obtained on a periodical basis and not for each transaction, given the frequency and large volume of the transactions. The price and terms offered by the Interested Person shall not be less favorable than those offered by unrelated third parties.

In the case where it is impractical or not possible to obtain comparable quotes from unrelated third parties, a Director (who has no interest, direct or indirect, in the transaction) will review the price and terms offered, to ensure that the same are fair and reasonable, and beneficial to the Group, taking into account industry norms, and whether the transactions would result in cost savings, increased profit margins or other advantages to the Group.

The Group may enter into transactions with Interested Persons in certain circumstances, notwithstanding that the price offered may be higher than the comparative quotes. The reason is that in order to maintain its product quality and to meet or exceed customer expectations, a choice of supplier must be predicated not only on price but on qualitative factors as well. In selecting a supplier, the Group considers factors such as credit terms, whether the supplier can meet the volume of production required, timeliness and costs of delivery, logistics issues, preferences of customers for particular brands of parts, import or export regulations, consistency of quality and supply, service response, market conditions and many others. Prior approval of a Director (who has no interest, direct or indirect, in the transaction) must be obtained when the price offered by Interested Persons is higher than the comparable quotes.

Notwithstanding the above, all Interested Person Transactions in excess of S\$100,000 in value are subject to the prior approval of the Audit Committee. The Audit Committee will also review all Interested Person Transactions in the Register (as defined in sub-paragraph (d) below) quarterly to ensure that they are transacted on terms and prices not more favorable to the Interested Persons than if they were transacted with an unrelated third party and are not prejudicial to the interests of the Company and/or its minority Shareholders.

#### (b) Supply of Skilled Labor

When procuring a supply of skilled labor from the Interested Persons, a Director (who has no interest, direct or indirect in the transaction) will review the charges for the supply of skilled labor to ensure that these are at prevailing market rates, by comparison with quotations from unrelated third parties. In the event that it is impractical or not possible to obtain comparable quotes from unrelated third parties due to special skill requirements, nature of the job or prevailing market conditions, a Director (who has no interest, direct or indirect, in the transaction) will review the charges to ensure that such charges for the supply of skilled labor are fair and reasonable according to industry norms.

# LETTER TO SHAREHOLDERS

(c) Provision of Administrative Services and Reimbursement of Expenses

The cost of certain administrative services provided by Interested Persons is shared between the Group and the Interested Persons. Such services are obtained on a cost recovery basis. Where possible, comparative costs for the administrative services are obtained. In the event that it is impractical or not possible to obtain comparable quotes from unrelated third parties, a Director (who has no interest, direct or indirect, in the transaction) will review the charges to ensure that such charges are fair and reasonable according to industry norms.

Interested Persons occasionally bear certain office expenses (including utilities bills) for the Group, for administrative convenience. The Group reimburses these expenses to such Interested Persons at cost.

## **General Review Procedures**

(d) Register

The Company's Finance Department maintains a register for all transactions (including transactions below S\$100,000 in value) carried out with interested persons (the "**Register**") recording the basis, including the quotations obtained to support such basis, on which they were entered into. This Register is updated on a monthly basis.

Subsidiaries of the Group are required to inform the Finance Department of any significant upcoming transactions with interested persons so that the Register can be updated, and so as to obtain prior approval of the Audit Committee or Shareholders, where necessary.

The Finance Department will maintain a list of the Group's directors and controlling shareholders and disclose this to the Board to facilitate identification of interested persons. This list of interested persons will be reviewed by the Audit Committee, where necessary.

Further, as part of the Company's internal audit plan, the Audit Committee conducts a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the IPT Mandate.

(e) Review by Audit Committee

The Audit Committee reviews the records and audit reports on a quarterly basis in respect of all ongoing interested person transactions.

All interested person transactions are reviewed by the Audit Committee. Interested person transactions in excess of S\$100,000 in value are subject to prior approval by the Audit Committee. All other interested person transactions having a value of up to S\$100,000 (whether or not quotes from unrelated third parties have been secured) are reviewed quarterly by the Audit Committee to ensure that they are on normal commercial terms and on an arms' length basis, consistent with the Group's usual business practices and policies, that is, the transactions are transacted on terms and prices not more favorable to the interested persons than if they were transacted with an unrelated third party and are not prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee has the overall responsibility for the determination of the review procedures for all interested person transactions (including the Interested Person Transactions) and has the authority to delegate such responsibility to individuals or committee within the Group.

# LETTER TO SHAREHOLDERS

The Audit Committee will consider whether the established review procedures and the prevailing rules and regulations of the Listing Manual have been complied with. If, during periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures in place have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that the Interested Person Transactions will be at arm's length and on normal commercial basis.

If any member of the Audit Committee has an interest in any interested person transaction to be reviewed, such member will abstain from any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

(f) Review by the Internal Auditors

All interested person transactions, including the review policy and procedures established by the Group, are reviewed by the Group's internal auditors as part of the Group's standard internal audit process.

(g) Review by the Board of Directors

As the Audit Committee makes periodic reports to the Board, the Board takes cognizance of the Audit Committee's review of interested person transactions. The Board will ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

### 3.7 Validity Period of the IPT Mandate

The IPT Mandate will take effect from the date of the passing of the ordinary resolution approving the renewal of the same and will (unless revoked or varied by the Company in general meeting) continue in force until the next annual general meeting of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent annual general meeting, subject to satisfactory review by the Audit Committee of its continued application.

### 3.8 Disclosure of the Interested Person Transactions pursuant to the IPT Mandate

- (a) The Company will announce the aggregate value of the Interested Person Transactions conducted pursuant to the IPT Mandate for the financial periods which the Company reports on, in accordance with applicable financial reporting standards and within the time required for the announcement of such reports.
- (b) Disclosure will also be made in the Company's annual report of the aggregate value of Interested Person Transactions conducted pursuant to the IPT Mandate during the current financial year, and for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

# LETTER TO SHAREHOLDERS

## 3.9 Interest of Directors

Save for Mr Benedict Chen Onn Meng, the other Directors of the Company have no interest, direct or indirect, in the Interested Person Transactions described above.

## 3.10 Statement of the Audit Committee

As at the Latest Practicable Date, the Audit Committee of the Company comprises Ms Toh Shih Hua, Mr Tan Poh Chye Allan and Mr Ernest Yogarajah s/o Balasubramaniam.

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee confirms that:

- (a) the methods and review procedures for determining the transaction prices of the Interested Person Transactions, set out in section 3.6 of this Circular, have not changed since Shareholders first approved the IPT Mandate at the Company's extraordinary general meeting held on 28 August 2006; and
- (b) the methods and review procedures of the Interested Person Transactions established by the Company for determining the transaction prices of the Interested Person Transactions, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, in its review, the Audit Committee is of the view that the review procedures are no longer sufficient to ensure that the Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, it will direct the Company to seek a fresh mandate from the Shareholders based on new guidelines and procedures for Interested Person Transactions.

## 3.11 Voting

Rule 919 of the Listing Manual provides that interested persons and their associates must not vote on any shareholders' resolution approving any mandate or renewal thereof in respect of any interested person transactions nor accept appointments as proxies unless specific instructions as to voting are given.

Mr Benedict Chen Onn Meng will abstain from voting his shareholdings, and undertakes to ensure that his associates will abstain from voting in respect of Ordinary Resolution 2 relating to the proposed renewal of the IPT Mandate at the EGM. Further, Mr Benedict Chen Onn Meng undertakes to decline to accept, and undertakes to ensure that his associates will decline to accept, appointment as proxy to vote at the EGM in respect of Ordinary Resolution 2 relating to the proposed renewal of the IPT Mandate unless the Shareholder appointing any of them has given specific instructions as to the manner in which his votes are to be cast for the said resolution.

# LETTER TO SHAREHOLDERS

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

### 4.1 Interests in Shares

As at the Latest Practicable Date, the interests of Directors and substantial shareholders of the Company in the Shares, based on the Company's register of interest of Directors and register of substantial shareholders respectively, are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<u>Directors</u>				
Benedict Chen Onn Meng <sup>(2)</sup>	12,000,180	16.28	175,200	0.24
Ernest Yogarajah s/o Balasubramaniam	–	–	–	–
Toh Shih Hua	–	–	–	–
Tan Poh Chye Allan	–	–	–	–
<u>Substantial Shareholders</u>				
Benedict Chen Onn Meng <sup>(2)</sup>	12,000,180	16.28	175,200	0.24
Chen Siew Meng <sup>(3)</sup>	4,793,000	6.50	1,661,200	2.25
Chng Beng Hock <sup>(4)</sup>	1,939,150	2.63	5,572,030	7.56
Wong Kim Seng	7,000,000	9.50	–	–

Notes:

- (1) Based on the issued share capital of the Company of 73,696,114 Shares excluding 1,076,800 treasury shares held by the Company as at the Latest Practicable Date.
- (2) Mr Benedict Chen Onn Meng is deemed interested in 175,200 Shares held through his Central Provident Fund investment account (UOB Kay Hian Private Limited).
- (3) Mr Chen Siew Meng is deemed interested in 12,900 Shares held under OCBC Nominees Singapore Pte Ltd and 1,648,300 Shares held under OCBC Securities Pte Ltd.
- (4) Mr Chng Beng Hock is deemed interested in 3,081,800 Shares held through Phillip Securities Pte Ltd and 2,490,230 Shares held through OCBC Securities Pte Ltd.

### 4.2 Interests in warrants under the deed poll dated 17 December 2019

As at the Latest Practicable Date, the interests of Directors in the warrants of the Company, based on the Company's register of interest of Directors, are as follows:

	Direct Interest		Deemed Interest	
	No. of warrants	% <sup>(1)</sup>	No. of warrants	% <sup>(1)</sup>
<u>Directors</u>				
Benedict Chen Onn Meng	4,000,060	51.91	–	–
Ernest Yogarajah s/o Balasubramaniam	–	–	–	–
Toh Shih Hua	–	–	–	–
Tan Poh Chye Allan	–	–	–	–

Notes:

- (1) As a percentage of the total number of outstanding warrants of 7,705,598 warrants as at the Latest Practicable Date.

# LETTER TO SHAREHOLDERS

## 5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 34 to 38 of this Circular, will be held by way of electronic means on 30 April 2021 at 9.30 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM scheduled to be held by way of electronic means at 9.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM.

Due to the current COVID-19 situation, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by:

- (a) observing and/or listening to the EGM proceedings via “live” audio-visual webcast or “live” audio-only stream;
- (b) submitting questions related to the resolutions to be tabled for approval in advance of the EGM; and/or
- (c) voting by appointing the Chairman as proxy at the EGM.

Shareholders should refer to the Company’s announcement dated 14 April 2021, which is available at the SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <https://www.vibropower.com>, for further information, including the steps to be taken by Shareholders to participate at the EGM.

In addition, Shareholders should note that the Company may make further changes to its EGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNET.

## 6. NO DESPATCH OF PRINTED COPIES OF THIS CIRCULAR, NOTICE OF EGM AND PROXY FORM

In line with the provisions under the COVID-19 Order, no printed copies of the Circular, the Notice of EGM and the Proxy Form in respect of the EGM will be despatched to Shareholders.

A copy of this Circular, the Notice of EGM and the Proxy Form has been uploaded on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <https://www.vibropower.com>. A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNET and the Company’s website.

# LETTER TO SHAREHOLDERS

## 7. ACTION TO BE TAKEN BY SHAREHOLDERS

### 7.1 Appointment of Proxies

Shareholders (whether individual or corporate) who wish to vote on the resolutions at the EGM must vote by proxy only and appoint only the Chairman of the EGM as their proxy by completing the Proxy Form as attached to the Notice of EGM.

Each Shareholder appointing the Chairman of the EGM as proxy must give specific instructions as to his manner of voting, or abstention from voting, failing which the appointment will be treated as invalid.

Please refer to the alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM as set out in the Notice of EGM, and in the Company's announcement dated 14 April 2021 which have been uploaded together with this Circular on SGXNET and the Company's website at [www.vibropower.com](http://www.vibropower.com) on the same day.

All Shareholders are encouraged to complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company (i) by email to [vote@vibropower.com](mailto:vote@vibropower.com) or (ii) by post to the Company's registered office at 11 Tuas Avenue 16, Singapore 638929, not later than 48 hours before the time appointed for the EGM.

In view of the current COVID-19 situation, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

An investor who holds Shares under the Central Provident Fund Investment Scheme (the "**CPF Investor**") and/or the Supplementary Retirement Scheme (the "**SRS Investor**") who wish to appoint the Chairman of the EGM as their proxy should approach their respective relevant intermediaries or agent banks to submit their votes no later than 9.30 a.m. on 20 April 2021, being seven (7) working days before the date of the EGM. CPF Investors and SRS Investors should not directly appoint the Chairman as proxy to direct the vote. The Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

### 7.2 When Depositor regarded as Shareholder

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

## 8. DIRECTORS' RECOMMENDATIONS

### 8.1 Proposed Renewal of the Share Purchase Mandate

Having considered, *inter alia*, the terms, the rationale for and the benefits of the Share Purchase Mandate, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 1 relating to the proposed renewal of the Share Purchase Mandate at the EGM.

### 8.2 Proposed Renewal of the IPT Mandate

Having considered, *inter alia*, the terms, the rationale for and the benefits of the IPT Mandate, the Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate, namely Mr Ernest Yogarajah s/o Balasubramaniam, Ms Toh Shih Hua and Mr Tan Poh Chye Allan, are of the opinion that the proposed renewal of the IPT Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 2 relating to the proposed renewal of the IPT Mandate at the EGM.



# LETTER TO SHAREHOLDERS

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the proposed renewal of the IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

## 10. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 11 Tuas Avenue 16, Singapore 638929 during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 December 2020.

In light of the prevailing safe distancing measures due to the COVID-19 situation, Shareholders should provide their names, contact number, proposed date and time of inspection to the Company Secretary, Sia Huai Peng at +65 6868 5168 at least three (3) working days' in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents.

Yours faithfully,  
for and on behalf of the Board of Directors of  
VibroPower Corporation Limited

Benedict Chen Onn Meng  
Executive Director and Chief Executive Officer

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## VIBROPOWER CORPORATION LIMITED

(Company Registration Number 200004436E)  
(Incorporated in the Republic of Singapore on 23 May 2000)

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of VibroPower Corporation Limited (the "**Company**") will be held by way of electronic means on 30 April 2021 at 9.30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company scheduled to be held by way of electronic means at 9.00 a.m. on the same day) for the purpose of considering and, if thought fit, passing with or without modifications, the following Ordinary Resolutions:

### ORDINARY RESOLUTION 1

#### Proposed Renewal of the Share Purchase Mandate

That:

- (A) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or
  - (ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST 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,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

- (B) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase 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 earlier of:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held; and
  - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out in full to the Maximum Limit mandated;

## NOTICE OF EXTRAORDINARY GENERAL MEETING

(C) in this Ordinary Resolution:

**“Maximum Limit”** means such number of issued Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of its issued share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit;

**“Relevant Period”** means the period commencing from the date of the extraordinary general meeting at which the renewal of the Share Purchase Mandate is approved and expiring on the date the next annual general meeting is held or required by law to be held, whichever is earlier, after the date of this Ordinary Resolution; and

**“Maximum Price”**, in relation to a Share to be purchased or acquired pursuant to the Share Purchase Mandate, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:

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

where:

**“Average Closing Price”** means the average of the closing market prices of a Share traded on the SGX-ST over the last five (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 (as hereinafter defined) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the date of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase; and

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

- (D) the Directors of the Company be and are hereby authorised to deal with the Shares purchased or acquired by the Company, pursuant to the Share Purchase Mandate, in any manner as they think fit, which is permitted under the Companies Act; and
- (E) 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 such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## ORDINARY RESOLUTION 2

### Proposed Renewal of the Shareholders' General Mandate for Interested Person Transactions

That:

- (A) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (the "**Chapter 9**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of interested person transactions set out in section 3.4 of the circular to shareholders of the Company dated 14 April 2021 (the "**Circular**") with any person who is of the class or classes of interested persons described in sections 3.2 and 3.3 of the Circular, provided that such transactions are made on normal commercial terms in accordance with the review procedures for interested person transactions set out in section 3.6 of the Circular (the "**IPT Mandate**");
- (B) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company;
- (C) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and
- (D) the Directors of the Company and/or any of them be and are hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

By Order of the Board

**Sia Huai Peng**  
Company Secretary  
Singapore

14 April 2021

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## NOTES:

- (1) In respect of the Share Purchase Mandate, the Company may use internal sources of funds or external borrowings or a combination of both to finance the purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of Extraordinary General Meeting as these will depend on the number of Shares purchased or acquired, whether the purchase or acquisition of Shares is made out of capital or profits, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held as treasury shares or cancelled.

Purely for illustrative purposes only, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 December 2020, based on certain assumptions, are set out in section 2.8 of the Circular. Please refer to the Circular for more details.

- (2) The Extraordinary General Meeting (the "**EGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Printed copies of this Notice of EGM, the accompanying Proxy Form and the Circular will not be sent to members. Instead, this Notice of EGM, the accompanying Proxy Form and the Circular will be published electronically on (i) SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and (ii) the Company's website at the URL <https://www.vibropower.com>.
- (3) Alternative arrangements for the EGM relating to, amongst other things, attendance at the EGM via electronic means (including arrangements by which the EGM may be electronically accessed via live webcast), submission of questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in the Company's announcement dated 14 April 2021. Such announcement may be accessed at the Company's website at the URL <https://www.vibropower.com> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
- (4) Due to the current COVID-19 situation, the EGM will be held by electronic means and a member will NOT be able to attend the EGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. Please note that a member may not vote at the EGM otherwise than by way of appointing the Chairman of the Meeting as the member's proxy. Printed copies of the Proxy Form for the EGM will not be sent to members. The Proxy Form for the EGM may be accessed at the Company's website at the URL <https://www.vibropower.com> and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the EGM (i.e. by 9.30 a.m. on 20 April 2021) in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by 9.30 a.m. on 28 April 2021.

- (5) The Chairman of the Meeting, acting as proxy, need not be a member of the Company.

# NOTICE OF EXTRAORDINARY GENERAL MEETING

- (6) The Proxy Form must be submitted to the Company in the following manners:
- (a) if submitted by post, be deposited at the registered office of the Company at 11 Tuas Avenue 16, Singapore 638929; or
  - (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at [vote@vibropower.com](mailto:vote@vibropower.com),

in either case, at least 48 hours before the time fixed for holding the EGM. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above.

**In view of the current COVID-19 situation, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

## PERSONAL DATA PRIVACY:

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

**VIBROPOWER CORPORATION LIMITED**  
(Company Registration Number: 200004436E)  
(Incorporated in the Republic of Singapore)

**EXTRAORDINARY GENERAL MEETING**  
**PROXY FORM**

**IMPORTANT**

1. Alternative arrangements for the EGM relating to, amongst other things, attendance at the EGM via electronic means (including arrangements by which the EGM may be electronically accessed via live webcast), submission of questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in the Company's announcement dated 14 April 2021. Such announcement may be accessed at the Company's website at the URL [www.vibropower.com](http://www.vibropower.com) and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
2. A member will not be able to attend the EGM in person. A member will also not be able to vote online at the resolutions to be tabled for approval at the EGM. If a member (whether individual or corporate) wishes to exercise his/her/its votes, he/she/it must submit this Proxy Form to appoint the Chairman of the EGM to vote on his/her/its behalf. A member (whether individual or corporate) appointing the Chairman of the Meeting as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in this Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") who wishes to vote at the EGM should approach his/her agent bank to submit his/her votes at least seven (7) working days before the date of the EGM. CPF Investors and/or SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to appointment of the Chairman of the Meeting as proxy for the EGM.
4. For CPF Investors/SRS Investors who have used their CPF/SRS monies to buy VibroPower Corporation Limited's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, \_\_\_\_\_ (Name)

\_\_\_\_\_ (NRIC/Passport No./Company Registration No.) of

\_\_\_\_\_ (Address)

being a member/members of VIBROPOWER CORPORATION LIMITED (the "**Company**") hereby appoint the Chairman of the Meeting as my/our\* proxy to attend, speak and vote for me/us\* on my/our\* behalf, at the Extraordinary General Meeting of the Company (the "**EGM**") to be held by way of electronic means on 30 April 2021 at 9.30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company scheduled to be held by way of electronic means at 9.00 a.m. on the same day) and at any adjournment thereof.

	<b>For*</b>	<b>Against*</b>	<b>Abstain*</b>
<b>Ordinary Resolution 1</b> To approve the proposed renewal of the Share Purchase Mandate			
<b>Ordinary Resolution 2</b> To approve the proposed renewal of the Shareholders' General Mandate for Interested Person Transactions			

\* Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to exercise all your votes for or against or abstain from voting in respect of all your Shares for the above Resolutions, please indicate with a tick (✓) in the relevant boxes provided. Alternatively, if you wish the Chairman of the EGM as your proxy to exercise some and not all of your votes for or against and/or abstain from voting for the Resolutions, please indicate the number of votes "For", the number of votes "Against" and/or the number of votes "Abstain" in the boxes provided. In the absence of specific directions, the appointment of the Chairman of the EGM as your proxy for that Resolution will be treated as invalid.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

<b>Total number of Shares in:</b>	<b>No. of Shares</b>
(a) Depository Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s) / Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

## NOTES:

- (1) Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289 of Singapore) (the “SFA”), you should insert that number of Shares. If you have Shares registered in your name in the register of members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and the register of members of the Company, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the register of members of the Company. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
- (2) A member will not be able to attend the EGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its votes, he/she/it must submit this Proxy Form to appoint the Chairman of the EGM to vote on his/her/its behalf. A member (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in this Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid. This Proxy Form may be accessed via SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at URL <https://www.vibropower.com>.
- (3) Relevant intermediaries shall also appoint the Chairman of the EGM to act as proxy and direct the vote at the EGM. Together with the instrument appointing a proxy, the Relevant Intermediaries shall provide to the Company a list of attendees who would like to attend the EGM by way of a “live” webcast with such information that may be requested by the Company.

“Relevant intermediary” means: (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore or its wholly-owned subsidiary which provides nominee services and who holds shares in that capacity; (b) a capital markets services license holder which provides custodial services for securities under the SFA and who holds shares in that capacity; or (c) the Central Provident Fund (“CPF”) Board, established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased on behalf of CPF investors.

- (4) The Chairman of the EGM, as proxy, need not be a member of the Company.
- (5) The instrument appointing the Chairman of the EGM as proxy must be completed and arrive (a) by email to [vote@vibropower.com](mailto:vote@vibropower.com) OR (b) by post to the Company’s registered office at 11 Tuas Avenue 16, Singapore 638929, not less than 48 hours before the time appointed for the EGM.

**In view of the current COVID-19 situation, members are strongly encouraged to submit completed Proxy Forms electronically via email.**

- (6) The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.
- (7) Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- (8) A corporation which is a member may authorise by resolution of its directors or other governing body person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.
- (9) The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy. In addition, in the case of a member whose Shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the EGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 14 April 2021.